

MELA Private Consolidation LoanSM

APPLICATION AND PROMISSORY NOTE

Mail to: MELA c/o MES
One City Center 11th Floor
Portland, ME 04101

Customer Service
800-922-6352
207-791-3600

A. BORROWER

1. DATE OF BIRTH	2. SOCIAL SECURITY NUMBER	3. NAME – LAST		FIRST	M.I.	SUFFIX <small>(JR, SR, 3rd, etc.)</small>
4. EMAIL ADDRESS				5. DRIVERS LICENSE #		STATE
6. PERMANENT ADDRESS – STREET			CITY	STATE	ZIP CODE	
7. ARE YOU A U.S. CITIZEN? <input type="checkbox"/> YES <input type="checkbox"/> NO <small>If no, Alien ID # _____</small>		8. HOME TELEPHONE <small>() _____</small>		9. BUSINESS TELEPHONE <small>() _____</small>		
10. PRESENT EMPLOYER	ADDRESS <small>() _____</small>		HR/PERSONNEL PHONE # <small>() _____</small>		YEARS THERE	
11. GROSS MONTHLY SALARY <small>*You do not have to list income from alimony, child support or separate maintenance unless you want us to consider it for a basis of repayment for this loan.</small> \$ _____/mo.		12. LAST SCHOOL STUDENT ATTENDED		CITY	STATE	
13. REFERENCE INFORMATION (nearest adult relative not living with you, cannot be Co-Borrower) NAME – LAST		FIRST	M.I.	RELATIONSHIP TO BORROWER		
PERMANENT ADDRESS – STREET		CITY	STATE	ZIP CODE	TELEPHONE <small>() _____</small>	
14. HOUSING (check one) <input type="checkbox"/> OWN: Name of Mortgage Holder(s) _____ <input type="checkbox"/> RENT <input type="checkbox"/> OTHER (please explain) _____			15. TOTAL MONTHLY RENT OR MORTGAGE PAYMENT(S) <small>If mortgage, please include mortgage payment, any home equity payment(s), tax and insurance</small> \$ _____/mo.			
16. HOW DID YOU HEAR ABOUT THIS LOAN?						

B. CO-BORROWER 1

17. ARE YOU THE PARENT, GUARDIAN OR SPOUSE OF THE STUDENT LISTED ON THIS APPLICATION? <input type="checkbox"/> YES <input type="checkbox"/> NO		18. EMAIL ADDRESS		19. DRIVERS LICENSE #		STATE
20. DATE OF BIRTH	21. SOCIAL SECURITY NUMBER	22. NAME – LAST		FIRST	M.I.	SUFFIX <small>(JR, SR, 3rd, etc.)</small>
23. PERMANENT ADDRESS – STREET			CITY	STATE	ZIP CODE	
24. ARE YOU A U.S. CITIZEN? <input type="checkbox"/> YES <input type="checkbox"/> NO <small>If no, Alien ID # _____</small>		25. HOME TELEPHONE <small>() _____</small>		26. BUSINESS TELEPHONE <small>() _____</small>		
27. PRESENT EMPLOYER	ADDRESS <small>() _____</small>		HR/PERSONNEL PHONE # <small>() _____</small>		YEARS THERE	
28. GROSS MONTHLY SALARY <small>*You do not have to list income from alimony, child support or separate maintenance unless you want us to consider it for a basis of repayment for this loan.</small> \$ _____/mo.		29. REFERENCE INFORMATION (nearest adult relative not living with you, cannot be borrower) NAME – LAST		FIRST	M.I.	RELATIONSHIP TO CO-BORROWER 1
PERMANENT ADDRESS – STREET		CITY	STATE	ZIP CODE	TELEPHONE <small>() _____</small>	
30. HOUSING (check one) <input type="checkbox"/> OWN: Name of Mortgage Holder(s) _____ <input type="checkbox"/> RENT <input type="checkbox"/> OTHER (please explain) _____			31. TOTAL MONTHLY RENT OR MORTGAGE PAYMENT(S) <small>If mortgage, please include mortgage payment, any home equity payment(s), tax and insurance</small> \$ _____/mo.			

C. CO-BORROWER 2

32. ARE YOU THE PARENT, GUARDIAN OR SPOUSE OF THE STUDENT LISTED ON THIS APPLICATION? <input type="checkbox"/> YES <input type="checkbox"/> NO		33. EMAIL ADDRESS		34. DRIVERS LICENSE #		STATE
35. DATE OF BIRTH	36. SOCIAL SECURITY NUMBER	37. NAME – LAST		FIRST	M.I.	SUFFIX <small>(JR, SR, 3rd, etc.)</small>
38. PERMANENT ADDRESS – STREET			CITY	STATE	ZIP CODE	
39. ARE YOU A U.S. CITIZEN? <input type="checkbox"/> YES <input type="checkbox"/> NO <small>If no, Alien ID # _____</small>		40. HOME TELEPHONE <small>() _____</small>		41. BUSINESS TELEPHONE <small>() _____</small>		
42. PRESENT EMPLOYER	ADDRESS <small>() _____</small>		HR/PERSONNEL PHONE # <small>() _____</small>		YEARS THERE	
43. GROSS MONTHLY SALARY <small>*You do not have to list income from alimony, child support or separate maintenance unless you want us to consider it for a basis of repayment for this loan.</small> \$ _____/mo.		44. REFERENCE INFORMATION (nearest adult relative not living with you, cannot be borrower) NAME – LAST		FIRST	M.I.	RELATIONSHIP TO CO-BORROWER 2
PERMANENT ADDRESS – STREET		CITY	STATE	ZIP CODE	TELEPHONE <small>() _____</small>	
45. HOUSING (check one) <input type="checkbox"/> OWN: Name of Mortgage Holder(s) _____ <input type="checkbox"/> RENT <input type="checkbox"/> OTHER (please explain) _____			46. TOTAL MONTHLY RENT OR MORTGAGE PAYMENT(S) <small>If mortgage, please include mortgage payment, any home equity payment(s), tax and insurance</small> \$ _____/mo.			

A. LOAN AMOUNT

1. I am sending you this signed Note with the understanding that this Note will be binding on me if you agree to lend me money, but you have no obligation to agree to do so. You have the right to make a loan to me, to lend an amount less than the amount required to payoff the loans held by my existing creditors, and/or to reject my Co-Borrower(s). Any portion of the loan that is advanced to pay existing debt will be disbursed directly to the identified holders of the existing debt.
2. If you agree to make a loan to me, you will notify me in writing and will disclose the amount and terms of the Agreement, as required by state and Federal regulations. In addition to other information, the Disclosure Statement you send me will tell me the amount of my loan, the amount of the guarantee fee that is being added to my loan at the time of disbursement, and my expected disbursement date. The Disclosure Statement is incorporated herein by reference and made a part hereof.
3. I will review my Disclosure Statement and will notify you if I have any questions. If I am not satisfied with the terms of my loan as approved, I may cancel this Note and all disbursements. To cancel this Note, I must contact you in writing within three days of receiving your Disclosure Statement. If loan proceeds have been disbursed, I agree that I will immediately instruct the creditors of my existing loans and/or debts to return the loan proceeds to you. If I give notice of cancellation but do not comply with the requirements of this paragraph, this Agreement will not be cancelled and I will be in default of this Agreement.

B. DEFINITIONS

1. **Disbursement Date** - The "Disbursement Date" is the date on which you lend money to me in consideration for my Note. If my loan is disbursed by check, it will be the date shown on my loan check, not the date on which the checks are endorsed or negotiated. Otherwise it will be the date on which funds are first transferred to the creditors of my existing loans and/or debts.
2. **Deferment Period** - The "Deferment Period" will begin on the date that I am enrolled at least half time at a school offering post-secondary education which is accredited by an organization satisfactory to you.
3. **Repayment Period** - The "Repayment Period" will begin on the date after the Deferment Period ends. (If there is no Deferment Period for my loan then the Repayment Period will begin on the first Disbursement Date, although you may choose to delay my first payment date to as late as 51 days after my loan is fully disbursed.) The Repayment Period shall be as set forth in Paragraph D.4. below.

C. INTEREST

I will be responsible for and will pay the interest, which will be based on the principal sum of the loan outstanding and until the principal sum of this Note is paid in full. Interest begins to accrue on the first Disbursement Date and will continue to accrue until the principal is paid in full. Should I elect the deferment option, interest will accrue on the outstanding principal balance and any outstanding interest will be capitalized when my loan enters into a repayment status. Interest will be calculated on the basis of either the actual number of days in the year or 365.25 days and the actual number of days elapsed including holidays and days on which you are not open for the conduct of business. Interest will be at a variable rate determined as follows: The interest rate on this Note will be equal to the interest rate (determined as of June 1 of each year) on that portion of the bonds the Maine Educational Loan Authority issued and which were used to fund my loan or any bonds refunding the same, plus a spread rate determined by the Authority in accordance with the Indenture under which such bonds were issued, or if none of such bonds are outstanding then the interest rate on this Note will be equal to the one year Treasury constant maturity as of the most recent auction immediately preceding each June 1, provided that in all such cases the interest rate shall not exceed the maximum rate allowable by law.

D. TERMS OF REPAYMENT

1. **Deferment Period** - If I have elected to defer payment of principal and interest, interest will accrue on the outstanding principal amount of my loan during the Deferment Period. I will be advised of the accrued interest on my Note and will have an opportunity to make interest payments if I so choose to do so.
2. **Repayment Period** - During my Repayment Period I will make consecutive monthly payments in the amounts and on the first day of each month or on such other payment due dates as you may specify in writing from time to time until I have paid all of the principal and interest and any other charges I may owe under this Note.
3. **Repayment Terms** - I will repay my loan in consecutive monthly payments of principal and interest, made up partly of principal and partly of interest. Initially, principal of this Note shall be amortized over the applicable Repayment Period as set forth in Paragraph D.4. or as otherwise disclosed to me and based on the interest rate in effect on the Disbursement Date, so that my monthly payments (including principal and interest) are substantially equal over the life of the loan; provided, however, that as of June 1 of each year, my loan payments will be reamortized based upon the interest rate then in effect on such date such that my monthly payments (including principal and interest) are substantially equal over the then remaining life of my loan. I understand that this may result in different monthly payments taking effect as of each June 1. My minimum payment will always be at least \$50 each month or the entire unpaid balance of my loan, whichever is less.
4. **Principal Repayment Period** - The Principal Repayment Period for this Note is fixed by the Lender beginning with the date on which principal repayments begin in accordance with the following:

If the principal amount equals or exceeds:	Up to a principal amount of:	The Principal Repayment Period is:
\$ 10,000	\$ 20,000	180 months (15 years)
\$ 20,001	\$ 40,000	240 months (20 years)
\$ 40,001	\$60,000	300 months (25 years)
\$60,001 and above	N/A	360 months (30 years)

5. **Application of Payments** - Each payment you receive will be applied first to any applicable late charges to the extent permitted by law, second to interest accrued to the date you receive the payment, and third to the outstanding principal balance of this Note.
6. **Obligation to Pay Survives Death or Disability** - I acknowledge that if I should die or become disabled while any amount due under this Note remains unpaid, a claim will be made against my estate in the case of death, and any deficiency not paid by my estate will be the responsibility of my Co-Borrower(s). If I should become disabled my obligation to pay this loan will remain in force.
7. **Prepayment Without Penalty** - I have the right to repay all or any part of my loan at any time without penalty.

E. LATE CHARGES

If my payment or any portion of my payments is more than 15 days late, I agree to pay at your request a late charge not exceeding \$10.00 or 5% of the amount that is late, whichever is less, subject to the maximum permitted by law. I will pay only one late charge for any monthly payment, regardless of the number of days it is late.

F. GUARANTEE FEE

I agree to pay you a total guarantee fee based upon guidelines established by the Lender. The guarantee fee will not exceed a maximum of six (6%) percent of my approved loan amount. This fee

assessed will be identified in your disclosure statement. I acknowledge that you will be adding this fee to the principal balance of my loan at the time the loan is disbursed, for the guaranty of the Note. If for any reason you do not add my fee at the time the loan is disbursed, I agree to pay it when you bill me for it.

G. FORBEARANCE

If I am unable to repay my loan in accordance with the terms established under Paragraph D. of this Note, I may request that you modify these terms. I understand that such modification would be at your option. I also understand that interest will continue to accrue during any period of forbearance. If I choose not to make interest payments during the forbearance period, I agree that the holder will capitalize such interest at the end of the forbearance period. Any such modification approved by you at your discretion shall not result in an extension of the final maturity of this Note by more than 30 months.

H. DEFAULT: WHOLE LOAN DUE

To the extent permitted by law, I will be in default and you will have the right to give me notice that the whole outstanding principal balance, accrued interest and all other amounts payable to you under the terms of this Note, are due and payable at once (subject to any law which may give me a right to cure my default) if:

1. I fail to make any monthly payments to you when due; or
2. I fail to notify you of a change in my name, address, or school enrollment status within ten days after a change occurs; or
3. I break any of my other promises in this Note; or
4. Any bankruptcy proceeding is begun by or against me, or I assign any of my assets for the benefits of my creditors; or
5. I make any false statement in applying for this loan or in any subsequent communication with you.

If I default, I will be required to pay interest on this loan accruing after default. All the provisions of Paragraph C. above will continue to apply after default. I understand that this loan is an educational loan and is made under a program which is funded in part by a governmental unit and as such is generally not dischargeable in bankruptcy, pursuant to Section 523(a)(8) of the United States Bankruptcy Code.

I. COLLECTION COSTS

I agree to pay you all reasonable amounts, including reasonable collection agency and attorney's fees and court and other collection costs, that you incur in enforcing the terms of this Note if I am in default, up to the maximum permitted by law.

J. NOTICES; ADDRESSES

1. I will send written notice to you within ten days after any change in my name, address, or school enrollment status.
2. Any notice that you are required to give me will be effective when mailed by first class mail to the latest address you have for me.
3. Any notice under this Paragraph J. may be sent by or to whatever servicer may be authorized by you to service my loan account. I understand that payments and notices should be sent to that servicer, if any, rather than to you, unless I am otherwise advised in writing.

K. PRIVACY

1. You will give me notice of your policies regarding the disclosure of nonpublic information regarding me to your affiliates and unrelated third parties, and I will be given the right to restrict such disclosures as required by law.
2. I must update the information on my application whenever you ask me to do so. I authorize you from time to time to furnish information about my loan to consumer reporting agencies and to others legally allowed to receive such information. I understand that if I default on my loan, disclosure of information about my loan to consumer reporting agencies may adversely affect my credit rating.
3. I authorize you from time to time to request and receive from others credit related information about me, and about my spouse if I live in a community property state. If I ask you, you will tell me whether you have requested information from a consumer reporting agency and will provide me with the name and address of any agency that furnished you with a report.
4. Unless prohibited by law, you are authorized to share information about my loan, including, but not limited to, my name, social security number, and address, with your subsidiaries and affiliates, and/or with my school.

L. ADDITIONAL AGREEMENTS

1. The proceeds of this loan will be used only to pay off education loans of mine.
2. My responsibility for paying this Note is and will be unaffected by the liability of any other person to me or to you for repayment of this Note, by your release of any other person from liability to pay this Note, or by your failure to notify me that a required payment has not been made. Without losing any of your rights under this Note you may accept (a) late payments, or (b) as permitted by law, partial payments, even if marked "payment in full." You may delay or fail to exercise, or waive any of your rights on any occasion without losing your entitlement to exercise the right at any future time or on any future occasion. You will not be obligated to make any demand upon me, send me any notice, present this Note to me for payment or make protest of nonpayment to me before suing to collect on this Note. If I am in default, and to the extent permitted by applicable law, I hereby waive any right I might otherwise have to require such actions.
3. You are located in Maine. This note will be deemed to be entered into in Maine. Your decision on whether to lend me money will be made in Maine. Consequently, the provisions of this Note will be governed by federal laws and the laws of Maine, without regard to conflict of law rules. I agree that any suit I bring against you must be brought in a court of competent jurisdiction in whatever place (currently Maine) you have your principal place of business at the time. I agree that any suit against me in the event I default on this Note may, to the extent permitted by law, be brought in any court located in Maine, regardless of where I am now living or where I may be living at the time of suit.
4. I may not assign this Note or any of its benefits or obligations. You may assign this Note at any time.
5. The terms and conditions set forth in this Note constitute the entire agreement between you and me.
6. If any provision of this Note is held invalid or unenforceable, that provision shall be considered omitted from this Note without affecting the validity or enforceability of the remainder of the Note.
7. A provision of this Note may only be modified if jointly agreed upon in writing and signed by both you and me. No modification will affect the validity or enforceability of the remainder of the Note.
8. If this Note is executed by more than one borrower, each borrower agrees that any communication between you and any of the borrowers will be binding on all of the borrowers, and that the provisions of this Note will apply to all borrowers individually and collectively.

MELA Private Consolidation LoanSM

APPLICATION AND PROMISSORY NOTE

Maine's lowest cost private consolidation loan

APPLICATION CHECKLIST

Borrower as indicated [and Co-Borrower(s) if appropriate] must enclose the following items with the MELA Private Consolidation Loan application. Application must be typed or completed in blue or black ink. Complete all sections by writing N.A. if not applicable.

- Proof of income/employment for you and your Co-Borrower(s) (one of the following):
 - ~ Copy of the most recent pay stub and last year's W-2
 - ~ If self-employed, most recent 1040 with schedule C, and/or E, and/or F (must be signed copy)
 - ~ If retired, last year's 1099 or Social Security or pension statement of benefits
- Include documentation for other sources of income, if any, listed for consideration
- Loan payoff information:
 - ~ Current loan payment statements from your lender(s)
- Proof of identity (provide a copy of one of the following forms of ID):
 - ~ Driver's license
 - ~ Government issued photo ID
 - ~ Military ID
 - ~ Passport or travel visa
 - ~ If not a U.S. citizen, a copy of both sides of a Permanent Resident Card (Form I-551 Alien Registration Receipt Card) must be provided. At least one cosigner must be a U.S. Citizen or permanent resident. Each party must have a U.S. Social Security Number.

Please be assured that MELA will handle your income and personal information with complete confidentiality.

MAILING INSTRUCTIONS

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Portland, ME 04101

QUESTIONS?

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800-922-6352
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