

REAR ADMIRAL DOUGLAS & MARIE SCHUMANN FOUNDATION

PROMISSORY NOTE

Name and Permanent Address

Date of Birth

Area Code and Telephone Number

Driver's License State and Number

Social Security Number

E-Mail Address

School Name and Address

This is a Promissory Note for a loan from the Rear Admiral Douglas & Marie Schumann Scholarship Foundation (The Foundation). You are receiving this loan to help cover the costs related to your education. You may receive additional loans for up to four years to help cover educational expenses. You may cancel a loan or request a lower amount by contacting The Foundation or returning all or a portion of a loan disbursement that is made.

I promise to pay to The Foundation all loan amounts disbursed on my behalf, plus interest. I understand that more than one loan may be made to me and that by accepting any disbursement issued on my behalf at any time under this agreement, that I agree to repay the loan associated with that disbursement.

If I do not make a payment on a loan when it is due, I will also pay reasonable collection costs including but not limited to attorney fees and court costs.

My signature certifies that I have read, understand, and agree to the terms and conditions of this Promissory Note.

Borrowers Signature _____

Today's Date _____

TERMS AND CONDITIONS

You may use your loan money only to pay for educational expenses (for example: tuition, room, books, fees and living expenses) at the school indicated on your application to The Foundation. Loan proceeds will be applied directly from The Foundation to the college or trade school that you attend. You must repay this loan even if you are unhappy with your education, do not complete your program of study, or cannot find work in your area of study. Borrow only the amount you can afford to repay even if you are eligible to borrow more.

The principle amount that you owe and are required to repay will be the sum of all disbursements that are made on your behalf (reduced by any prepayments) plus any unpaid interest that is added to the principle balance.

While you are still in school, you must notify The Foundation of your progress. You are also responsible to notify The Foundation of any change of address, telephone number, change of name (for example, married name to maiden name); or if you stop attending school or drop below at least half-time, or transfer to another school. You must also notify The Foundation of any of the above changes at any time after you receive your loan, including during the repayment phase.

Repayment. Loans will be without interest for up to four consecutive years. Repayment will commence following a 6-month grace period that starts the day after you stop attending school or drop below half-time enrollment. You do not have to begin making payments until after your grace period ends. At the conclusion of the grace period, repayment will consist of monthly payments over a period of eight years. The interest rate of repayment will be a fixed rate equal to one-half of one percent less than the prime rate at the time of the loan commencement

Demand for immediate repayment. The entire amount of your loan becomes due and payable if you receive loan money but do not enroll at least half-time at the school that you applied for funds; use your loan money to pay for anything other than educational expenses; make a false statement that causes you to receive a loan that you are not eligible to receive; or default on your loan.

Default. You are in default on your loan if you have not made a payment on your loan for at least 90 days; or do not comply with other terms and conditions of your loan, and we conclude that you no longer intend to honor your obligation to repay your loan. If you default on your loan, we will report your default to nationwide consumer reporting agencies. We may sue you and require you to pay reasonable collection fees and costs, plus court costs and attorney fees.

Loan discharge. We may discharge (forgive) all or part of your loan if you die or you become totally and permanently disabled. Also, The Foundation, at its discretion, may give you a forbearance. A forbearance allows you to temporarily stop making payments on your loan. For instance, loan payments might be deferred due to a call to active military duty, financial hardship or illness.

HYPOTHETICAL LOAN PAYMENT SCHEDULES

Based on \$10,000 principle balance and 8 year payment schedule

The following illustrations are for informational purposes only and not a commitment to terms.

Rate	Payment
2.00%	112.81
2.50%	115.04
3.00%	117.30
3.50%	119.58
4.00%	121.89
4.50%	124.23
5.00%	126.60
5.50%	128.99
6.00%	131.41
6.50%	133.86
7.00%	136.34
7.50%	138.84
8.00%	141.37
8.50%	143.92
9.00%	146.50
9.50%	149.11
10.00%	151.74
10.50%	154.40
11.00%	157.08
11.50%	156.79
12.00%	162.53
12.50%	165.29
13.00%	168.07
13.50%	170.88
14.00%	173.72
14.50%	176.57
15.00%	179.45