

**Enclosure K**  
(Promissory Note and Disclosure Statement)

<b>Borrower Information</b>			<i>Please print neatly or type</i>	
1. Last Name		First Name	2. Social Security Number	
3. Mailing Address		4. Home Telephone ( )	5. Date of Birth (mo/day/year)	
City	State	Zip Code	6. E-Mail address	
7. Contacts: Provide two contacts with addresses different from your own that will always know your current address. The first contact should be a relative.				
Name	A.		B.	
Permanent Address				
City, State, Zip Code				
Area Code/Telephone				
Relationship to Borrower				
8. Current Unit:				

**INTERPRETATION.** *The terms of this contract shall be construed in light of the legislation establishing the Washington National Guard Conditional Scholarship Program, RCW 28B.103, TAGI 0100.01 dated 11/04/15, and any other regulations or instructions issued by The Adjutant General, hereafter referred to as TAG, for the administration of the Program, which are incorporated herein by reference.*

**TERMS**

**1. PURPOSE.** This agreement is for the purpose of providing conditional scholarship funds for attendance at an eligible institution by an eligible student (herein the Borrower) as part of the National Guard Conditional Scholarship Program in exchange for completion of a required service obligation in the Washington National Guard as required by RCW 28B.103 and explained in the terms below. A conditional scholarship means funds provided are considered a loan that is either forgiven if the recipient fulfills a required service obligation or is repaid to the Washington Military Department with required interest.

**2. BORROWER OBLIGATIONS.** The Borrower agrees to:

a. Execute an extension of Borrower's current term of enlistment in the Washington Army or Air National Guard prior to disbursement of conditional scholarship loan funds.

b. Complete Borrower's additional year of service obligation by serving in the Washington Army or Air National Guard in accordance with Table E-1 (Service Obligation by Level and Credits) of TAGI 0100.01 dated 11/04/15, as applicable. If any period of additional service

obligation is not completed, the entire amount paid as a conditional scholarship related to the uncompleted service obligation is considered a debt due and owing to be repaid by the Borrower with interest.

c. Satisfactorily complete the academic term at the institution enrolled in for higher education for which the conditional scholarship was awarded.

d. Repay to the Military Department the unsatisfied portion of the conditional scholarship loan owed to the State of Washington with interest (after consideration of any service obligation completed).

e. Receive forgiveness of the loan in exchange for completion of Borrower's required service obligation in the Washington Army or Air National Guard.

(1) The Borrower will receive credit for completing each additional year of service obligation during which the Borrower attends all unit training assemblies, annual training, and individual military training as may be directed.

(2) The Borrower will receive no credit toward completion of service obligation owing for service concurrent with the scholarship disbursement period.

**3. LOAN PAYMENT PLAN.** In the event the Borrower fails to complete the required additional service obligation or withdraws from the institution of higher education prior to completion of the academic term in which enrolled, the Borrower will be deemed to have elected to repay the conditional scholarship loan. The Military Department Finance Office will provide the Borrower with a loan repayment plan. The period of repayment shall be four years, with payments accruing quarterly commencing nine months from the date the Borrower left the Washington National Guard or withdrew from the institution of higher education. The interest rate on repayments shall be eight percent (8%) per year.

**4. DEFERMENT OF LOANS.** No interest accrues and no payments are required of a Borrower during periods of deferment. All deferments must be pre-approved by TAG, or his or her designee, and must comply with deferment policies.

**5. FORBEARANCE.** TAG, or his or her designee, may approve a limited deferment of payment of principal based on special circumstances, such as a financial hardship to the Borrower. The Borrower's loan account will be assessed interest during the period of forbearance.

**6. CANCELLATION OF LOANS.** In the event of a Borrower's death or total and permanent disability, the Borrower's unpaid indebtedness may be cancelled after required documentation is submitted and approved by TAG, or his or her designee.

**7. PREPAYMENT.** The Borrower will not be penalized if they choose to prepay all or any part of the unpaid balance at any time. Note: Prepayment is not recommended for a Borrower who may qualify for loan forgiveness due to service. Payments are non-refundable and once principal is repaid by the Borrower, that amount is no longer eligible for loan deferments, forbearance, or loan forgiveness. Prepayment will, however, reduce the total amount of interest paid.

**8. REPAYMENT.** Repayment applies to a Borrower who does not complete the intended educational program, does not complete the required additional year of service, or is not in deferment status. The following applies to a Borrower in repayment status:

a. The unsatisfied portion of the loan owed to the State of Washington (after consideration of any service obligation rendered) will be due and payable.

b. The Borrower must make quarterly payments until the loan principal, interest, and any additional fees or charges are paid in full.

c. The first payment will be due nine months from the date that the Borrower leaves the Washington National Guard or withdraws from the institution of higher education in which enrolled for award of the conditional scholarship loan, or one month following the end of the deferment or forbearance period, whichever date is first.

d. All payments and prepayments will be applied in the following order: late charges, collection charges, returned check charges and legal fees first; outstanding interest second; and outstanding principal last.

e. The Borrower is responsible for making payments on time even if the Borrower does not receive a bill or repayment notice.

f. TAG may institute legal action to enforce repayment and recover the costs of collection as well as attorney fees.

**9. INTEREST.** Interest on the outstanding principal balance accrues at the rate of eight percent (8%) per year.

**10. LATE, RETURNED CHECK AND COLLECTION CHARGES AND FEES.** A late charge of five percent (5%) of the installment payment may be charged on any payment received later than 20 days after the due date. The Borrower promises to pay costs and expenses incurred by the Military Department for collection of any amount not paid when due (to the extent permitted by law) including reasonable attorneys' fees, whether or not suit is commenced. The Borrower shall pay a returned check charge of \$25 on each check returned unpaid in addition to any charges or fees imposed by banks or other institutions.

**11. REPAYMENT DEFAULT.** At the option of TAG, the entire unpaid indebtedness may be declared in default, including interest due, and shall become immediately due and payable in the event of such default. Default occurs when the Borrower fails to file cancellation or deferment forms, or make a scheduled repayment within 90 days of a loan payment due date. Under default:

a. The Borrower will lose all rights to deferments, forbearance, or loan forgiveness.

b. TAG, or his or her designee, may institute legal action to enforce repayment and recover the costs and expenses of collection as well as attorneys' fees.

c. Upon default, TAG, or his or her designee, may report the failure to pay to a credit bureau, which may adversely affect Borrower's credit rating.

**12. TAXABILITY.** Refer to IRS Publication 970 Tax Benefits for Education (Chapter 5 – Student Loan Cancellations) and/or consult a tax expert.

**13. PLACE OF NOTE.** The laws of the state of Washington shall govern the terms and conditions of this Note in the event of dispute.

**14. NOTIFICATIONS.** The Borrower shall promptly notify TAG, in writing, of any change in Borrower's name, contact information, educational plan, academic status, or military status.

**15. LIABILITY.** The Adjutant General, the Washington Military Department, and the Washington National Guard are not liable for any damages to the Borrower caused by:

- a. Lack of funds appropriated by the Washington Legislature for conditional scholarships;
- b. Late disbursement of scholarship proceeds; or
- c. Cancellation of scholarship award due to the Borrower's failure to meet program eligibility criteria.

#### **INTEREST RATES, CHARGES, FEES AND COST EXAMPLES**

The interest, fees and cost examples shown in the Repayment Cost Example Table (page K-5) are based on a scenario if a Borrower withdraws from school or fails to complete one additional year of service. Interest will begin accruing on the principal balance quarterly commencing nine months from the date that the Borrower leaves the Washington National Guard or withdraws from the institution of higher education.

#### **INTEREST**

<b>Your interest rate during the life of the repayment is:</b>  <b>8 %</b>  <b>Per Year</b>	<b>Interest Rate During The Life of The Repayment</b>  The interest rate you will pay will be 8% per year on the unpaid balance.
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#### **REPAYMENT Charges AND FEES**

**Late Charge:** A late charge of 5% of the payment due may be charged on any payment received later than 20 days after the due date.

**Returned Check Charge:** Up to \$25 (*does not include any fees charged by banks or other institutions*)

**Collection and Legal Fees:** Any necessary expenses for collection of any amount not paid when due (to the extent permitted by law) including attorney's fees, whether or not suit is commenced.

**REPAYMENT COST EXAMPLES**

	Amount Borrowed (total amount paid to you by the program before going into Repayment)	Service Credit Earned	Interest Rate (highest possible starting rate)	Loan Term (how long it takes you to pay off the loan)	Assumes Monthly Payment of:	Total Paid (includes interest paid)
<b>Example 1</b>	\$500	None	8.00%	1 years	\$43.49	<b>\$521.93</b>
<b>Example 2</b>	\$1,000	None	8.00%	2 years	\$45.23	<b>\$1,085.45</b>

**About this example**

The total amount you will pay for this loan will vary depending upon how long you take to repay it and whether or not you have earned any service credit before going into repayment. This example provides two estimates assuming a minimum payment is made each month for the total amount of years shown in each example. Examples are based on the highest starting interest rate currently charged. Service obligations and service credit rates may vary for each individual. The total paid could be different if other fees/legal costs are assessed. **Interest rates and amounts borrowed are for example purposes only and do not reflect your actual repayment.**

**BORROWER CERTIFICATION. *The undersigned Borrower agrees to:***

- ◆ ***Notify TAG of any changes to name, address, phone number, email address, educational plan, academic status, or military status;***
- ◆ ***Use loan proceeds only for educationally related purposes;***
- ◆ ***Repay this loan in accordance with the terms of this Note;***
- ◆ ***Fulfill all terms of this Note.***

***I, the Borrower, agree to serve as a member of the Washington Army or Air National Guard for one additional year and complete the academic term at the institution for higher education enrolled in for which the conditional scholarship was awarded or pay back the amount owed (after any service provided has been considered) plus interest.***

***I understand that multiple loans may be made to me under this Promissory Note. I have the right to accept, decline, or request a lower loan amount(s). I authorize the Washington National Guard to transfer loan proceeds to my school on my behalf. By endorsement of warrants or by notification of disbursement(s) of the loan proceeds to my student account at the school I am acknowledging receipt of the funds under the terms of this Note.***

***I have reviewed and understand the terms of this agreement based on the repayment cost examples shown.***

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*Borrower Signature* *Date*

WA NG Use Only. This contract is not effective until signed by an authorized Washington National Guard representative.		
Printed Name:	Signature:	Date:

Form Revised 6 OCT 2015