

## PROMISSORY NOTE

Mechanicsburg, Pennsylvania

Dated: \_\_\_\_\_

The JOHN G. WILLIAMS SCHOLARSHIP FOUNDATION, a non-profit student loan program under Section 501(c)(3) of the Internal Revenue Code (the "Foundation"), P.O. Box 1229, Camp Hill, Pennsylvania 17001-1229, was created pursuant to an Indenture of Trust dated September 17, 1984, for the purpose of providing education financial assistance to deserving students, who are residents of the Commonwealth of Pennsylvania, for the pursuit of college, post-graduate, advanced and/or professional educational opportunities.

\_\_\_\_\_(the "Student"), Social Security Number \_\_\_\_\_, whose current address is \_\_\_\_\_ has been designated by the Board of Trustees of the Foundation (the "Board") as a "John G. Williams Scholar" for the academic year 2012-2013 for the purpose of attending \_\_\_\_\_. The Student has submitted required application papers to the Foundation and the Board has relied upon the accuracy of the information contained therein in granting this designation.

Amount of Loan. Upon execution of this Promissory Note, the Foundation shall make, and the Student accepts, a scholarship student loan in the amount of \$ \_\_\_\_\_ (the "Loan"). Student promises to repay to the Foundation the full amount of the Loan, plus interest thereon, as set forth below.

Distribution of Loan Proceeds. Student authorizes the Foundation to issue a check covering the proceeds of the Loan, in full, or in part, made payable to the Student, or at the Foundation's option, jointly payable to the Student and the educational institution named above.

Interest. The Loan shall bear no interest until the first day of the twelfth (12th) calendar month after Student ceases to be a full-time student (the "Grace Period") at the educational institution named above (or at such other institution specifically pre-approved in writing by the Board). At the expiration of the Grace Period, interest shall begin to accrue on the total outstanding amount of the Loan at a fixed rate equal to the greater of (i) three percent (3%) below the prime rate of interest published by the Chase Manhattan Bank in New York (or its successor, or if none, then another comparable prime interest rate of a major New York based bank selected by the Board) in effect as of sixty (60) days prior to the expiration of the Grace Period, or (ii) a floor interest rate of three percent (3%) per annum. The Foundation will provide Student with a repayment schedule approximately thirty (30) days prior to expiration of the Grace Period, which schedule shall set forth the applicable interest rate, dates of repayment, and the amount of each installment payment.

Repayment Terms: Date Note Comes Due. Upon expiration of the Grace Period, the then-outstanding principal balance of this Loan (together with any and all other loans that may have been granted by the Foundation to the Student) shall be amortized at the above-referenced applicable interest rate, on the basis of ten (10) years, resulting in fixed monthly payments of principal and interest (provided, however, that notwithstanding anything to the contrary herein, the monthly repayment amount shall not be less than Fifty Dollars (\$50) per month, which may result in an accelerated principal repayment schedule for certain smaller Loan amounts). The Student shall begin repayment to the Foundation on the first day of the twelfth (12th) calendar month after the Student ceases to be a full-time student at the educational institution named above (or at such other institution specifically pre-approved in writing by the Board), and shall continue the monthly repayments for a period not to exceed one hundred twenty (120) consecutive months. At any time, the Student may request (i) that repayment begin before the Grace Period ends, and/or (ii) that a shorter repayment period be granted. As provided in the Default paragraph below, repayment of this Loan shall be accelerated and immediately due in full, without any Grace Period, if a default occurs under this Note.

Place and Application of Payments. All payments shall be made to the Foundation at its address set forth above, or to such other place as the holder of this Note may designate in writing. All payments tendered under this Note shall be applied first to late payment charges or other sums owed to the Foundation, next to accrued interest, and then to principal, or in such other order, proportion, or to other loans made by the Foundation to the Student as the Foundation, in its sole discretion, may elect from time to time.

Acceptance Agreement Terms and Student Certification. As a condition of accepting this Loan from the Foundation, the Student agrees and certifies as follows:

a. Student declares under the penalties of perjury that the information contained in his/her application to the Foundation for financial assistance is true, complete and correct to the best of his/her knowledge and belief. Student certifies that the proceeds of this Loan will be used for qualified tuition and related expenses (tuition, fees, books, supplies, and equipment required for courses of study) for the Loan period covered by the application, and that Student must immediately repay any Loan funds received which cannot reasonably be attributed to meeting such educational expenses. Student specifically acknowledges that the Foundation is making the Loan, and the Student accepts the Loan, as a qualified educational loan under Section 221(d)(1) of the Internal Revenue Code, for the purpose of attending an eligible educational institution as defined in Section 221(d)(2) of the Internal Revenue Code, and that the Loan is incurred for costs of attendance as defined in Section 472 of the Higher Education Act (as all of the aforesaid provisions may be amended or modified from time to time).

b. Student acknowledges that he/she has submitted his/her enrollment deposit at the above educational institution, is enrolled there as a full-time student, and will promptly notify the Foundation when he/she ceases to be a full-time student at the educational institution named above, or at such other institution pre-approved in writing by the Board. If the Student changes/transfers educational institutions, the Student shall notify the Foundation within sixty (60) days of the change/transfer.

c. Student authorizes any school that he/she may attend to release to the Foundation any information requested by the Foundation relating to the education for which the Loan was granted (e.g., enrollment status, current address, course, grades). Student shall notify the Director of Financial Aid at his/her educational institution to provide such records upon request by the Foundation.

d. Student understands that he/she must maintain a minimum grade point average (GPA) of 3.0 to remain eligible for continued financial assistance from the Foundation.

e. Student understands that he/she must reapply each year to the Foundation in order to receive continued financial assistance in future years, in accordance with the then-current application requirements.

f. Student agrees to provide updated information to the Foundation, within thirty (30) days of the date of request, which shall include, but not necessarily be limited to, the Student's current academic status, anticipated graduation date, and current contact information. Failure to timely provide such information shall be a default under this Loan.

Prepayment. This Note may be prepaid at any time in whole or in part without premium or penalty.

Late Charges and Collection Costs. The Student promises to pay, at the Foundation's option, a "late charge" equal to five percent (5%) of the monthly installment payment provided above, if any monthly payment is made more than fifteen (15) days after the due date thereof. Student further promises to pay all of the Foundation's reasonable costs, fees and expenses (including, without limitation, attorney's fees) paid or incurred by the Foundation in collecting this Note.

Default. A default under this Note may be declared (i) if the Student fails to enroll at and continue to attend, full-time, the education institution named above (or such other institution as pre-approved by the Board in writing), or (ii) if the Student fails to provide the Foundation, within thirty (30) days of the date of request, with annual update information, which shall include, but not necessarily be limited to, the Student's current academic status, anticipated graduation date, and current contact information, (iii) if the Student fails, after thirty (30) days written notice by the Foundation, to make any installment payment when due; or (iv) if the Student fails to meet any other terms and conditions of this Note, or (v) if bankruptcy or insolvency proceedings are brought by or against the Student. In the event of default, the entire unpaid balance of the Loan, with accrued interest and unpaid late charges under this Note, shall be accelerated and due and payable at once, without any Grace Period. Default status may be disclosed by the Foundation to the Student's school(s), which may make Student ineligible to receive assistance from other programs.

Applicable Law. This Note shall be governed by and construed in accordance with the laws of the Commonwealth of Pennsylvania. The Student, by execution of this Note, hereby consents to the jurisdiction and venue of the courts of any county in the Commonwealth of Pennsylvania, or to the jurisdiction and venue of any United States District Court, in Pennsylvania or elsewhere, in any action or proceeding brought by the Foundation to enforce, construe, interpret or otherwise act upon this Note.

Miscellaneous Provisions. The provisions and obligations under this Note shall be binding upon the Student, and each and both of the parents of the Student co-signing this Note, jointly and severally, and his/her and their heirs, personal and legal representatives and assigns. Any notice required to be given to the Student will be effective when mailed by first class mail to the latest address provided by the Student to the Foundation. The failure of the Foundation to enforce or insist upon compliance with any term of this Note is not a waiver of the Foundation's rights. No provision of this Note can be waived or modified except in writing. The Student understands and agrees that he/she must repay this Loan even though he/she may be under 18 years of age. Student agrees to notify the Foundation of a change in name, address or any applicable school enrollment status within 30 days. If any provision of this Note is determined to be unenforceable or is prohibited by law, such provision shall be considered ineffective without invalidating the remaining provisions of this Note.

IN WITNESS WHEREOF, the Student has caused these premises to be executed as of the day and year first above written.

WITNESS:

\_\_\_\_\_, "Student" (SEAL)

COMMONWEALTH OF PENNSYLVANIA :  
: ss  
COUNTY OF \_\_\_\_\_ :

I HEREBY CERTIFY that on this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, before me, the undersigned officer, personally appeared the Student, \_\_\_\_\_, known to me (or satisfactorily proven) to be the person whose

name is subscribed to the within instrument, and acknowledged that he/she executed the same for the purposes therein contained. In witness whereof, I hereunto set my hand and official seal.

\_\_\_\_\_  
Notary Public (SEAL)

My Commission Expires:

**NOTICE TO CO-SIGNOR(S)**

**IF YOURSON/DAUGHTER/SPOUSE HAS APPLIED FOR A SCHOLARSHIP LOAN FROM THE JOHN G. WILLIAMS SCHOLARSHIP FOUNDATION (THE "FOUNDATION") AND YOU CLAIM HIM/HER AS A DEPENDENT FOR FEDERAL TAX PURPOSES, YOU ARE REQUIRED BY THE FOUNDATION TO CO-SIGN THIS NOTE AS A CONDITION OF THE LOAN. YOU ARE BEING ASKED TO GUARANTEE A DEBT FROM YOUR SON/DAUGHTER/SPOUSE ("BORROWER"), AS APPLICABLE, TO THE FOUNDATION FOR EDUCATIONAL FINANCIAL ASSISTANCE. THINK CAREFULLY BEFORE YOU DO SO. IF THE BORROWER DOES NOT PAY THE DEBT, YOU WILL HAVE TO, WHICH MAY INCLUDE THE FULL PRINCIPAL AMOUNT ALONG WITH LATE FEES AND COLLECTION COSTS. BE SURE YOU CAN AFFORD TO PAY IF YOU HAVE TO, AND THAT YOU WANT TO ACCEPT THIS RESPONSIBILITY. THE FOUNDATION CAN COLLECT THIS DEBT FROM YOU WITHOUT FIRST TRYING TO COLLECT FROM THE BORROWER. THE FOUNDATION CAN USE THE SAME COLLECTION METHODS AGAINST YOU THAT CAN BE USED AGAINST THE BORROWER, SUCH AS SUING YOU, GARNISHING YOUR WAGES, ETC. IF THE DEBT IS EVER IN DEFAULT, THAT FACT MAY BECOME PART OF YOUR CREDIT RECORD. BY CO-SIGNING THIS NOTE BELOW, YOU ACKNOWLEDGE HAVING READ AND UNDERSTOOD THIS NOTICE.**

I/We, parent(s)/spouse (as applicable) of the above-named Student, in consideration of the Foundation being willing to grant the Loan to the Student if I/we co-sign this Promissory Note, do hereby jointly and severally promise to pay to the Foundation the full amount of the Loan due or becoming due under the terms more fully set forth in the foregoing Promissory Note, together with all interest, late charges, attorneys' fees and any other amounts due or becoming due under this Note, in accordance with its terms. I/We intend and agree to be legally bound by all of the provisions of this Promissory Note, including but not limited to these provisions by which I/we obligate myself/ ourselves to pay this Note in accordance with its terms. I/We intend to be considered and treated as if I/we were and are a primary Borrower under this Promissory Note.

\_\_\_\_\_  
Witness \_\_\_\_\_, Parent/Spouse (SEAL)  
Current Address: \_\_\_\_\_  
\_\_\_\_\_

SSN \_\_\_\_\_

\_\_\_\_\_  
Witness \_\_\_\_\_, Parent/Spouse (SEAL)  
Current Address: \_\_\_\_\_  
\_\_\_\_\_

SSN \_\_\_\_\_

COMMONWEALTH OF PENNSYLVANIA :  
: ss  
COUNTY OF \_\_\_\_\_ :

I HEREBY CERTIFY that on this \_\_\_\_ day of \_\_\_\_\_, 20\_\_, before me, the undersigned officer, personally appeared \_\_\_\_\_ and \_\_\_\_\_, Parent(s)/Spouse of the above-named Student, which Parent(s) are known to me (or satisfactorily proven) to be the person(s) whose name(s) is/are subscribed to the within instrument, and acknowledged that he/she/they executed the same for the purposes therein contained. In witness whereof, I hereunto set my hand and official seal.

\_\_\_\_\_  
Notary Public (SEAL)

My Commission Expires: