

DEFINITIONS

In this Note, the words “I,” “me,” “my” and “mine” refer to the Borrower and the Surety, unless the context or language specifically refers to only one or the other; “you,” “your,” and “yours” refers to College Foundation, Inc., its successors and assigns, or any subsequent holder of this Note; and “loan” refers to the EXTRA Education Loan made under this Note. The following capitalized terms used in this Note shall have the respective meanings set forth below:

“**Capitalized Interest**” means any accrued, unpaid interest that is added to the principal balance of my loan under this Note.

“**Date of Disbursement**” means the date or dates on which you lend money to me in consideration for this Note. If the disbursement is made by check, it will be the date shown on my loan check. If the disbursement is made by electronic funds transfer, it will be the date the loan funds are electronically transferred to my School.

“**Interim Period**” means the period beginning on the date my loan is first disbursed and ending six months after I graduate or cease to be enrolled at least half time (unless enrolled during summer terms which immediately follow enrollment on at least a half-time basis) at an eligible institution as that term is defined in the Higher Education Act of 1965, as amended (20 U.S.C. 1070 et seq.).

“**Lender**” means the original lender, College Foundation, Inc., acting as agent of the State Education Assistance Authority, and its successors and assigns, including any subsequent holder of this Note.

“**Loan Amount**” means the total of all disbursements made to me under this Note.

“**Repayment Period**” means the period during which I am required to repay the Loan Amount in accordance with this Note; the Repayment Period begins on the day after the Interim Period ends and continues for no more than 360 months as determined by the Lender based upon the Loan Amount of all EXTRA Education Loans that have been approved for me.

“**School**” means an eligible institution that is approved by the Lender for the EXTRA Education Loan Program.

“**State**” means the State of North Carolina.

“**Variable Rate**” means the rate at which interest accrues on my EXTRA Education Loan as set by the Lender in accordance with the provisions of this Note under the heading, “INTEREST.”

PROMISE TO PAY

I promise to pay the Lender all of the sums disbursed under this Note plus interest, Capitalized Interest and other charges and fees that may become due as provided in this Note. If I fail to make any payment on my loan when due, I also will pay reasonable collection costs, including but not limited to attorney’s fees, court costs and other fees to the extent permitted by State law.

INTEREST

Interest on my loan will accrue at the Variable Rate on the unpaid principal balance of my EXTRA Education Loan from the Date of Disbursement until the Loan Amount, including any Capitalized Interest, is paid in full.

For loans first disbursed on or after July 1, 2008, the Variable Rate for both the Interim Period and the Repayment Period is equal to the sum of the 3-month LIBOR Rate plus 3% per annum. The Variable Rate will change quarterly on the first day of January, April, July and October of each year using the 3-month LIBOR Rate as published by Bloomberg L.P. for the day that is two business days prior to the beginning of the applicable quarter. In the event that the 3-month LIBOR Rate is no longer available from Bloomberg L.P., the Lender will choose a comparable substitute. The Variable Rate for loans first disbursed on or after July 1, 2008 will never exceed the maximum interest rate allowed by State law.

For loans first disbursed on or after July 1, 2009, the Variable Rate for both the Interim Period and the Repayment Period is equal to the sum of the 3-month LIBOR Rate plus 3% per annum with a minimum Variable Rate of 7%. The Variable Rate will change quarterly on the first day of January, April, July and October of each year using the 3-month LIBOR Rate as published by Bloomberg L.P. for the day that is two business days prior to the beginning of the applicable quarter. In the event that the 3-month LIBOR Rate is no longer available from Bloomberg L.P., the Lender will choose a comparable substitute. The Variable Rate for loans first disbursed on or after July 1, 2009 will never be less than 7% per annum or more than the maximum interest rate allowed by State law.

TERMS OF REPAYMENT

I may, but am not required to, make payments on my loan during the Interim Period. You will add unpaid, accrued interest to the principal balance of the loan at the commencement of the Repayment Period.

During the Repayment Period, I will make consecutive monthly payments of principal and interest of at least the amounts, and on or before the due dates, stated on my monthly statements until I have paid all of the principal, interest and any other charges or fees I may owe under this Note. I understand that as the Variable Rate on my loan is adjusted quarterly, the monthly payment amount may be increased or decreased in order to repay the loan in full, including interest, within the maximum allowable Repayment Period. Regardless of the Loan Amount, I will pay at least \$50.00 per month on all my EXTRA Education Loans or the unpaid balance, whichever is less.

Payments will be applied first to fees, then to accrued, unpaid interest, and the remainder to principal. My next payment due date will be advanced by one month for each multiple of the scheduled payment amount received including partial payments that, in total, equal my scheduled payment amount. If I have more than one education loan with the Lender and do not provide instructions as to which loan a payment is to be applied, you may determine how to apply it at your discretion.

I agree to make all payments in U.S. dollars. I also understand and agree that the Lender reserves the right to reject a check, money order, or other payment instrument marked “payment in full.” The acceptance of such tender will not satisfy or discharge my obligation under this Note, disputed or otherwise, even if such instrument is inadvertently processed by the Lender, unless such payment is in fact sufficient to pay the amount due hereunder according to your records.

LATE CHARGES

If you receive any payment fifteen (15) days or more after its due date, you may, to the extent permitted by State law, charge me a late fee at the maximum rate permitted by State law or \$5.00, whichever is less.

PREPAYMENT

I have the right to prepay all or part of the amount due under this Note (including principal, accrued, unpaid interest and fees) at any time without penalty.

FORBEARANCE

If I am unable to repay my loan in accordance with the terms of this Note, I may request that you modify the terms of repayment. I understand that any such modification will be at your discretion and that if payments are forborne, I will remain responsible for interest that accrues during the forbearance period. Any accrued, unpaid interest that is outstanding at the end of the forbearance period will be added to the principal balance of my loan.

DEFAULT

I will be in default, and you shall, at your sole discretion, have the right to declare the entire principal balance, accrued interest and all other amounts that I owe under this Note at once due and payable without further notice to me, if: (a) you determine that I make any false written statement in applying for this loan or in any communication with you concerning this loan; (b) I fail to make my monthly payment to you when due, provided that my failure persists for at least 270 days; (c) I fail to notify you of a change in my name, mailing address or telephone number within fifteen (15) days of such change; (d) any bankruptcy proceeding is instituted by or against me, or I assign any of my assets for the benefit of my creditors; or (e) I break any of my promises in this Note. Your failure or delay to exercise your right to declare this Note in default under this paragraph shall not constitute a waiver of the right to exercise the same at any later time. My failure to receive a monthly statement does not relieve me of my obligation to make my required monthly payments in accordance with this Note. You may report my payment history to credit bureaus.

Following any of the events listed above, you will have all rights allowed under applicable State or federal law, including the right to give me and my Surety notice that the outstanding principal balance, accrued interest, and all other amounts payable to you under this Note, are due and payable immediately. I understand that, if I default, the State Education Assistance Authority may capitalize all accrued, unpaid interest and charge me for collection costs. In the event that I am in default as provided herein, I understand that I will be required to pay interest on this loan accruing after default at the Variable Rate or at a fixed rate of ten percent (10%) per annum, at the option of the State Education Assistance Authority.

COLLECTION COSTS

In the event of a default under this Note, I agree to pay you all reasonable costs of collection, including without limitation attorney’s fees and court costs, that are permitted by State and federal law and are necessary for the collection of any amount not paid when due.

NOTICES

I will notify you of a change in my name, mailing address or telephone number within fifteen (15) days of such change. Any notice required to be given to me by you will be effective when mailed by first-class mail to the latest address you have for me.

ADDITIONAL AGREEMENTS

The proceeds of this loan will be used only for my educational expenses at the School. I understand that when you accept my application, you are not agreeing to lend me money and that there will be no such agreement until such time as the Loan Amount, or any portion thereof, is actually disbursed. You have the right to lend me an amount less than the amount I requested. I will be required to repay only the actual amount that you lend to me.

I understand that I will receive a “Truth-In-Lending Disclosure Statement” identifying scheduled disbursements and other information as required by applicable law. Within 15 days of receipt of the Disclosure Statement, I will review it and if I am not satisfied with the terms of the loan as approved, I will contact you to cancel this Note and all disbursements. I will return uncashed loan checks, or, if funds are transmitted electronically to my School, I will instruct the School to return the funds to you. If all of the loan funds disbursed are returned to you within 15 days of receipt of the Disclosure Statement, you will charge no interest on the funds returned.

I understand that College Foundation, Inc., is a nonprofit corporation organized under the laws of the State of North Carolina and its only office is located in Raleigh, North Carolina. I further understand that this loan is funded by the State Education Assistance Authority, an agency of the State. This Note will be entered into in the same State; accordingly, the provisions of this Note will be governed by and construed in accordance with the laws of the State of North Carolina and any applicable federal laws, without regard to conflict of law rules.

A provision of this Note may only be modified if jointly agreed upon in writing by you and me. No modification will affect the validity or enforceability of the remainder of this Note.

If any provision of this Note is held to be illegal, invalid or unenforceable, such provision shall be fully severable, and the remaining provisions of this Note shall remain in full force and effect and shall not be affected by the illegal, invalid or unenforceable provision.

If this Note is assigned, the assignee will become the owner of this Note and as my creditor will have all the rights of the Lender to enforce this Note against me.

By accepting late payments or past due payments, you do not waive or affect any right to accelerate this Note. I waive presentment for payment, demand, protest, notice of dishonor, and all other notices or demands in connection with this Note.

I understand that this Note represents an educational loan that is made under a program which is funded by a governmental unit, and as such, the obligations hereunder are not dischargeable in bankruptcy except as permitted under 11 U.S.C. § 523(a)(8).

I may not assign this Note or any of its benefits or obligations. You may assign this Note at any time.

I hereby waive any defenses to this Note based upon suretyship.

I consent to the use of my Social Security Number, if available, as an account number throughout the life of my loan.

BORROWER CERTIFICATIONS AND AUTHORIZATIONS

I certify that the information that I provided on the application and as updated by me from time to time is true, complete and correct to the best of my knowledge and belief and is provided in good faith. I further certify that I am eligible for this loan and I will repay it according to the terms of this Note.

I authorize my School to certify my eligibility for the loan under this Note.

I certify that I have complied with the registration requirements of the Military Selective Service Act or I am exempt from the registration requirements.

I understand that I must immediately repay any Loan Amount that cannot be attributed to educational expenses related to attendance on at least a half-time basis at the School or summer enrollment that immediately follows enrollment on at least a half-time basis. I also authorize the School to pay you any refund that may be due to me up to the Loan Amount I further authorize any school that I may attend to release to you any requested information pertinent to this loan (e.g. eligibility, enrollment status, current address, employment). I further authorize you to release information on any of my outstanding education loans to the School and other schools I attend, to any other lender or holder of any of my other educational loans, and to members of my immediate family unless I submit written direction otherwise. I also authorize you to obtain credit reports from and make reports to credit bureaus throughout the life of this loan. I understand and agree that you may contact the references listed on my application for this loan in the event I do not make my payments as required and may discuss the details of this loan with them.

At your option, I understand that you may either electronically transmit funds to the School to be applied to my account or if you issue checks, I authorize you to issue a check made payable to me, or jointly payable to me and the School, and to send the check to the School. I authorize the School to transfer loan proceeds received by electronic funds transfer to my student account.

I certify that I have read and understand the provisions of this Note.

I certify that I am not now in default on any loan received under any education loan program.

I further certify that I have applied for all available financial aid, including federal student loans, and have determined that I need the EXTRA Education Loan to meet the remaining costs of my education at the School.

CORRECTION OF ERRORS

All parties to this Note agree to fully cooperate and adjust all typographical or clerical errors discovered in any or all of the loan documents including the application, Note and Truth-In-Lending Disclosure Statement. In the event that the Lender discovers any errors of this nature, I understand that I will be notified and will receive a corrected copy of the applicable document.