

# NURSE FACULTY LOAN PROGRAM (NFLP) PROMISSORY NOTE

I, (Borrower Name) (hereinafter "the Borrower"), promise to pay to Duke University (hereinafter "the school") located at Office of Student Loans 2127 Campus Drive, Box 90755 Durham NC 27708-0755, the sum of such loan amount(s) as may be advanced to me and endorsed in the Schedule of Advances below, with interest at the rate of three (3) percent per annum or the prevailing market rate, together with all attorney's fees, collection agent costs, and other related costs and charges for the collection of any amount not paid when in default according to the terms of this Promissory Note, (hereinafter "the Note").

## SCHEDULE OF ADVANCES

This Note represents the total of combined NFLP loans, as identified below.

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1				
2				
3				
4				
5				

**The Borrower and the school further understand and agree that:** An eligible beneficiary must be a citizen, national, or permanent resident of the United States. Individuals on temporary or student visas are not eligible to receive NFLP support. Award recipients must use this funding to support a beneficiary: (1) Enrolled in a course of study in an advanced education nursing degree program; (2) Who maintains an acceptable level of academic standing; and (3) Is eligible to work in the United States, and (4) have no judgment liens entered against him/her based on the default on a federal debt, 28 U.S.C. 3201(e). The borrower must maintain full-time or part-time enrollment status during an academic year while receiving the NFLP loan.

**Loan Support:** The Award recipient must ensure that: NFLP loan support is only made to eligible students to cover the cost of tuition, fees, books, lab expenses, and other reasonable education expenses (including student nurse educator development activities) for the duration of their course of study; NFLP loan support must not exceed 40,000 per student for any academic period; and NFLP funds may only be used for loan support with the exception of covering the costs of collection of loaned principal and accrued interest and/or penalty, and cost of student nurse educator development activities as reasonable expenses.

**Cancellation Provision:** The NFLP is a loan cancellation program with a service obligation for recipients of the loans. To be eligible for the maximum 85 percent cancellation, the Borrower must agree to serve as full-time nurse faculty at an accredited school of nursing for up to four-years following graduation from the program. To qualify for loan cancellation for Nurse Faculty full-time

employment, the Borrower must meet one of the following criteria: (1) employment as a full-time faculty member at an accredited school of nursing; (2) employment as a part-time faculty member at an accredited school of nursing in combination with another part-time faculty position or part-time clinical preceptor/educator position affiliated with an accredited school of nursing that together equates to full-time employment; or 3) employment as designated joint-appointment nurse faculty serving as full-time advanced practice registered nurse (APRN) preceptor within an academic-practice partnership framework affiliated with an accredited school of nursing. Following graduation, the Borrower must submit certification of employment within a reasonable timeframe to be determined by the school. NFLP borrowers are limited to a 12-month timeframe to establish employment as full time nurse faculty at an accredited school of nursing following graduation from the program. If employment verification is not submitted within the 12-month period, the borrower will NOT be eligible for the loan cancellation provision.

**1.Cancellation:** To receive loan cancellation, the Borrower must be employed full-time as nurse faculty at an accredited school of nursing for a complete academic year as defined by the employing institution. Full-time employment for NFLP is defined in the most recent Notice of Funding Opportunity. The school will cancel an amount up to 85 percent of the original loan(plus interest) as follows:

A.Upon completion by the Borrower of each of the first, second and third year of full-time employment as a faculty member in an accredited school of nursing, the school will cancel 20 percent of the original principal of, and the interest on, the amount of the unpaid loan on the first day of employment.

B.Upon completion by the individual of the fourth year of full-time employment as a faculty member in an accredited school of nursing, the school will cancel 25 percent of the original principal of, and the interest on, the amount of the unpaid loan on the first day of employment. To receive loan cancellation, the Borrower must submit the Request for Partial Cancellation of Loan form to the lending school at the end of each complete year of full-time employment as nurse faculty.

**2. Postponement:** The beginning of the Borrower's repayment period may be postponed only if the borrower is employed full-time as nurse faculty and will request loan cancellation at the end of each complete year of this employment. To receive postponement of the repayment period, the Borrower must submit an initial ***Request for Postponement of Installment Payment*** form to the lending school 30 days after the end of the 12-month employment grace period. Subsequent requests for postponement must be filed 30 days before the expiration date of the initial request for postponement for each year of employment. If the Borrower ceases to be employed full-time as nurse faculty prior to completion of a year, the postponement ends, and the repayment period begins immediately.

**3. Grace Period:** The repayment grace period begins immediately following voluntary termination as a student for a period of nine(9) consecutive months. During the grace period, repayment of the loan is NOT required. Following completion of the program borrowers are allowed up to 12 months grace period to gain employment following completion of their program/course of study. Loan repayment must officially start after the 9th month, but institutions should administer the repayment for the employment grace period (10, 11, & 12th months) according to internal policies.

**4. Repayment Period:** The NFLP loan is repayable in equal or graduated periodic installments (with the right of the Borrower to accelerate repayment) over a 10-year period that begins 9 months after the Borrower completes the program, ceases to be enrolled as a student in the advanced nurse education program, or ceases to be employed as full-time nurse faculty.

**5. Interest:** The NFLP loan will bear interest on the original unpaid balance of the loan at the **rate of 3 percent per annum** beginning 3 months after the Borrower graduates from the program. For borrowers employed as full-time nurse faculty for a minimum of one year, the NFLP loans will bear interest at the rate of 3 percent for the remaining years of the "repayment period". If the borrower does not complete the course of study or does not obtain full-time employment as nurse faculty within the required timeframe, the NFLP loan will bear interest at the prevailing market rate.

**6. Prepayment:** The Borrower may, at his or her option and without penalty, prepay all or any part of the principal and accrued interest on the original loan amount at anytime.

**7. Acceleration:** If the Borrower fails to make a scheduled repayment or fails to comply with any other term of this Promissory Note, the entire unpaid balance of the loan, including interest due and accrued will at the option of the school, become immediately due and payable.

**8. Deferment:** NFLP borrowers are eligible for deferment for up to 3 years, (1) when the borrower is ordered to active duty as a member of a uniformed service of the United States (Army, Navy, Marine Corps, Air Force, Coast Guard, the National Oceanic and Atmospheric Administration Corps, service as a volunteer under the Peace Corps Act or the U.S. Public Health Service Commissioned Corps); a borrower who voluntarily joins a uniformed service is NOT eligible for deferment, nor is a borrower who is employed by one of the uniformed services in a civilian capacity, or (2) for up to 10 years, when the borrower graduates or is employed, and decides to return to a graduate nursing education program to pursue an advanced degree to further their preparation as nurse faculty.

**9. Death and Disability:** In the event of the Borrower's total and permanent disability or death, the school will cancel any remaining payments on the Note. Schools must notify HRSA by submitting an official notification letter and a completed NFLP Due-Diligence Form through the electronic handbook (EHB) system. Loan cancellation due to death and total/permanent disability must also be reported in the NFLP Annual Performance Report (APR).

**10. Forbearance:** The school may, in its discretion, place the Borrower's NFLP loan in forbearance whenever extraordinary circumstances such as poor health or hardship temporarily affect the Borrower's ability to make scheduled loan repayments. During periods of forbearance, interest continues to accrue on the unpaid principal balance of the loan.

**11. Default:** If an NFLP borrower defaults on the loan, the school must immediately stop the disbursement of the NFLP loan if applicable and begin collection on the loan. Default will occur in the following situations: failure to complete the advanced nurse education program; loss of the status as a student in good standing, as used by the School for the advanced nurse training program; failure to obtain or maintain employment as a full-time faculty member at an accredited school of nursing ("full-time" is defined in the most recent notice of funding opportunity); failure to provide certification of employment; or if the Borrower fails to make an installment payment when due or fails to comply with any other term of this Promissory Note.

**12. Exit Interview:** The Borrower agrees to provide contact information, employment information post-graduation and attend an exit interview prior to completing or terminating student status at the school.

**13. Credit Bureaus:** The school may disclose any delinquency or default on the Borrower's loan to credit bureaus.

**14. Collection Agents, Litigation, and Withholding of Services:** If the Borrower fails to make a scheduled repayment, or fails to comply with any other term of the Note, the school may: a) refer the Borrower's loan to a collection agent; b) initiate legal proceedings against the Borrower; c) withhold school services from the Borrower, such as transcripts and letters of recommendation; d) refer the Borrower's loan to the Secretary for collection assistance, including offset of federal salaries; and e) pursue judicial remedies.

15. **General:** The Borrower agrees to provide all information required to complete the NFLP Annual Performance Report (APR) and will promptly inform the school of any change in name or address.

16. **Disclosure:** The school will provide to the Borrower a disclosure statement regarding the financial charges on the NFLP loans (i.e., State of Rights and Responsibilities, Truth-in-Lending). Schools that do not require signature of disclosure statements are urged to consult with institutional legal counsel to determine what is appropriate to the school's particular situation.

The terms of this Note shall be construed according to Section 846A of the Public Health Service Act, authorizing the Nurse Faculty Loan Program.

I **CERTIFY** and **ACKNOWLEDGE** that the above information is true and correct, and I have read and understand the provisions of the Note and my rights and responsibilities regarding the NFLP loan made under the Note.

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(Printed Name of Borrower)

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(Signature of Borrower) (Date)

**WARNING:** Any person who knowingly makes a false statement or misrepresentation to obtain funds from the Federal Government is subject to penalties that include fines and imprisonment under federal statute.

Duke University  
Undergraduate Educational Assistance Loan  
PROMISSORY NOTE

Borrower Information	
1. Name (last, first, middle initial) and Permanent Address (street, city, state, zip code)  ----- ----- -----	2. Date of Birth (mm/dd/yyyy) -----
	3. Telephone Number -----
	4. Driver's License Number (List state abbreviation first) -----

The Undersigned ("Borrower") promises to pay to Duke University or order, the principal sum of \_\_\_\_\_ dollars ( \$\$\$\$\$ ) which has been advanced to Borrower by Duke University under this Promissory Note during the "Repayment Deferral Period" (defined below) during which Borrower continues to be enrolled in an accredited degree program. Borrower shall also pay simple interest on the total outstanding principal amount under this Promissory Note at the rate of **5%** per annum beginning on the first day of the "Repayment Period" (defined below). Payments shall be in lawful money of the United States of America and shall be made to Duke University, c/o Heartland ECSI at P.O. Box 718. Wexford PA 15090, or at such other place and the legal holder hereof may designate in writing.

Borrower further understands and agrees that:

- I. **Repayment.** During the period that Borrower continues to be at least a half-time student in an accredited degree program at an educational institution and for a period of six (6) months thereafter (the "Repayment Deferral Period"), no payments of principal or interest under this Promissory Note shall be due, and no interest shall accrue on the outstanding principal balance. At the end of the Repayment Deferral Period, interest shall begin to accrue on the outstanding principal balance. Borrower promises to repay the principal and interest which accrues on this Promissory Note over the period beginning six (6) months after Borrower ceases to be at least a half-time student in an accredited degree program at an educational institution, and ending 10 years later (the "Repayment Period"). Each payment shall be applied first to payment of interest then accrued and due on the unpaid principal balance, with the remainder applied to unpaid fees, and then principal. Borrower promises to repay the principal and interest over the course of the Repayment Period in consecutive, equal monthly installments. Borrower may request in writing that repayment begin sooner. The repayment period may be shorter than 10 years if Borrower is required to make minimum monthly payments. The repayment period may be extended during periods of deferment, hardship, or forbearance and Borrower may make graduated installments in accordance with a schedule approved by Duke University ("Duke"). Duke may round my installment payment to the next highest multiple of \$5.

- II. Forbearance.** Notwithstanding anything to the contrary contained in this Promissory Note, Borrower may be eligible for forbearance, at the sole discretion of the holder. To be considered, Borrower must illustrate to holder a compelling need for forbearance. A compelling need may be that Borrower (i) is experiencing an economic hardship, (ii) is eligible for unemployment benefits, or is unemployed or working less than thirty (30) hours per week and diligently seeking full-time employment, (iii) is temporarily totally disabled or is unable to maintain employment because of caring for a spouse or dependent who is temporarily totally disabled, or (iv) is on active duty in the Armed Forces of the United States, is serving full-time as an officer in the Commissioned Corps of the Public Health Service or is serving in the Peace Corps. The above listed needs are solely for clarification, and the existence of one of the above listed needs does not obligate the holder to provide forbearance to Borrower. During a period of forbearance, interest shall continue to accrue pursuant to this Promissory Note, however, payments due shall be delayed until after the period of forbearance.
- III. Prepayment.** This Promissory Note may be prepaid in whole or in part without premium or penalty. Any partial prepayments will be applied first to accrued but unpaid interest, unpaid fees, and then to outstanding principal; provided that if Borrower has defaulted under this Promissory Note, partial payments shall be applied to principal, interest and any other amounts due hereunder in such manner as the holder may elect. In addition, prepayments shall apply to the last payment due under the Promissory Note. For clarification, any prepayment will not allow Borrower to skip the next payment because prepayment will be applied to the last payment due under the Promissory Note.
- IV. Default.** The following shall be events of default by Borrower under this Promissory Note: (a) any failure by Borrower in making payment of principal, interest or other amounts due under this Promissory Note when due if not cured within fifteen (15) days, or (b) the insolvency or bankruptcy (or institution of proceedings relating to the same) of Borrower. If an event of default occurs, then the principal amount of this Promissory Note, any interest accrued but unpaid thereon and any other sums due under this Promissory Note shall, at the sole discretion of the holder, immediately become due and payable and may be collected forthwith. In addition, if Borrower defaults under this Promissory Note, the holder may disclose Borrower's delinquency status, along with relevant information, to credit reporting agencies. Borrower promises to pay reasonable attorneys fees (not in excess of fifteen percent of the unpaid principal and interest after default) incurred in collecting any amount not paid when due. In addition, in the event that holder uses a collection agency to collect any amount not paid when due, Borrower promises to pay reasonable collection agency costs and fees not to exceed one-third (1/3) of the amount of the unpaid principal and interest collected by the collection agency, to the extent allowed by law.
- V. Exit Loan Counseling.** Borrower agrees to complete an exit loan counseling session prior to completing or terminating half-time student status at Duke University.
- VI. Contact Information.** Borrower is responsible for promptly informing the holder, in writing, of any changes in Borrower's contact information, including, but not limited to, any change in Borrower's name or address.
- VII. Late Charges.** The holder may collect from Borrower a late charge if Borrower fails to make any part of an installment payment for fifteen (15) days after it is due. The late charge shall be the lesser of \$5.00 or five percent (5%) of the past due installment. The late charge will only be collected once on an installment of minimum payment however long it remains in default.
- VIII. Notice.** Borrower acknowledges and agrees that any notice or communication required or permitted to be

sent to Borrower by this Promissory Note shall be in writing and sent to the permanent address or such other place as Borrower may from time to time designate in writing to the holder. Borrower shall promptly notify the holder, in writing, of any changes in student status.

IX. **Governing Law.** This Promissory Note is to be governed and construed in accordance with the laws of the State of North Carolina.

X. **Miscellaneous.** If for any reason any provision or provisions herein are determined to be invalid and contrary to any existing or future law, such invalidity shall not impair the operation of or affect those portions of this Promissory Note which are valid. The failure to exercise any right or remedy as provided in this Promissory Note shall not be a waiver or release of such rights or remedies or the right to exercise any of them at another time.

Borrower certifies that Borrower has read, understands and agrees to the terms and conditions of this Promissory Note.

(Seal)

By (Borrower's Signature)

Print Full Name

Date

Address

City, State, Zip

Date of Birth

Phone Number