

Bank of North Dakota
PO Box 5509
Bismarck, ND 58506-5509
800.472.2166 ext. 328.5660

Loan Interest Rate (Variable) & Fees

Your **starting interest rate** will be between

1.80% and **2.80%**

After the starting rate is set, your rate will then vary with the market.

Your Starting Interest Rate (upon approval)

The starting interest rate you pay will be determined when your loan is approved. It will be based upon the student's state of legal residence **OR** the location of the school the student is attending. If approved, we will notify you of your starting rate. For more information, see Reference Notes.

Your Interest Rate During the Life of the Loan

Your rate is variable. This means that your rate could move higher or lower than the rates on this form. The variable rate is based upon the 3-month London Interbank Offered Rate (LIBOR) as posted by Bloomberg. For more information on this rate, see Reference Notes.

Although the rate will vary after you are approved, it will **never exceed 10%** (the maximum allowable for this loan).

Loan Fees

Administrative Fee: Up to 3.75% of the total loan amount. BND may pay the fee for North Dakota residents and students attending school in state.

Late Charge: 6 percent of the unpaid portion of the installment or a maximum amount of \$15.

Non-Sufficient Funds (NSF): \$25.

Loan Cost Examples

The total amount you will pay for this loan will vary depending upon when you start to repay it. This example provides estimates based upon three different repayment options available to you while enrolled in school.

| Repayment Option (while enrolled in school) | Amount Provided (amount provided directly to you or to your school) | Interest Rate (highest possible starting rate) | Loan Term (how long you have to pay off the loan) | Total Paid Over Life of the Loan (includes associated fees) |
|---|--|---|--|--|
| 1. DEFER PAYMENTS Make no payments while enrolled in school. Interest will be charged and added to your loan upon entering repayment. | \$10,000 | 2.80% | 10 years starting <u>after</u> the deferment period | \$13,426.80 |
| 2. PAY ONLY THE INTEREST Make interest payments but defer payments on the principal amount while enrolled in school. | \$10,000 | 2.80% | 10 years starting <u>after</u> the deferment period | \$13,233.49 |
| 3. MAKE FULL PAYMENTS Pay both the principal and interest amounts while enrolled in school. | \$10,000 | 2.80% | 10 years starting once the first payment is made | \$11,924.40 |

About this example

The repayment example assumes that you remain in school for four years and have a 6-month grace period before beginning repayment. It is based on the **highest starting rate currently charged** and the administrative fee.

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Federal Loan Alternatives

| Loan Program | Current Interest Rates by Program Type | | You may qualify for federal education loans. For additional information, contact your school's financial aid office or the Department of Education at: https://studentaid.ed.gov |
|---|--|---|--|
| STAFFORD for Students | 2.75% fixed | Undergraduate subsidized & unsubsidized | |
| | 4.30% fixed | Graduate unsubsidized | |
| PLUS for Parents and Graduate/Professional Students | 5.30% fixed | | |

Next Steps

1. Find Out About Other Loan Options.

Some schools have school-specific student loan benefits and terms not detailed on this form. Contact your school's financial aid office or visit the Department of Education's website at: <https://studentaid.ed.gov> for more information about other loans.

2. To Apply for this Loan, Complete the Application and the Self-Certification Form.

A prefilled Self-Certification Form along with an Approval Disclosure will be provided to you by BND after you have completed the application process and your loan has been approved. The Approval Disclosure will identify the loan terms in effect at the time and will be available for 45 days (terms will not change during this period, except as permitted by law and the variable interest rate may change based on the market).

If you prefer to complete the Self-Certification Form on your own, you may get the form and the information you need from your school's financial aid office.

REFERENCE NOTES

Variable Interest Rate

- Your rate is variable. This means that your rate could be higher or lower than the rates on this form. The current variable interest rates are calculated using the 3-month London Interbank Offered Rate (LIBOR), as posted on Bloomberg L.P. page BTMM USD, and adding a margin of 1.50% or 2.50% dependent upon your state of legal residence or the location of the school you are attending. The variable interest rate changes every three months and is set on the 15th, or proceeding business day, in the months of March, June, September and December, and is effective on the 1st of the following month. Your rate can never exceed 10%. In response to concerns about the reliability of LIBOR as a market index, the Financial Stability Oversight Council and Financial Stability Board (FSB) called for the development of alternative interest rate benchmarks to replace LIBOR. These talks lead to the creation of the Alternative Reference Rates Committee (ARRC) to identify an alternative reference rate for LIBOR. It is our understanding that the resulting benchmark rate and spread will replicate the current rate of your existing note. We anticipate that the new reference rate will become effective after December 2021. We want you to be aware of these potential changes and will continue to keep you informed of any other changes as they are recommended and adopted by the ARRC.

Eligibility Criteria

Borrower

- If you are not an existing BND student loan customer, your state of legal residence **OR** the location of the school that you are attending must be located in one of the following states: North Dakota, South Dakota, Minnesota, Montana, Wyoming or Wisconsin.
- You must be at least 16 years of age.
- You must be a U.S. citizen.
- You must not be delinquent or in default on a student loan.
- You must be attending an eligible school.

- The school must certify that you are meeting satisfactory academic progress and certify your enrollment eligibility and status.
- You must complete the Free Application for Federal Student Aid (FAFSA) process if you will be attending school at least half-time.
- You and/or your cosigner's credit will be evaluated to determine if the application can be approved.

Loan Repayment Benefit

- You may be eligible to receive a 0.25% interest rate reduction if you request and are approved to have your monthly payment withdrawn electronically from your bank account. This benefit may reduce your repayment term and the total amount of interest paid over the life of the loan. This benefit will be canceled due to an NSF payment, if you request the withdrawal to be canceled or at any time by BND. You must provide an additional request to regain this benefit. BND reserves the right to modify or discontinue this benefit.

Cosigners

- Creditworthy cosigner is required if you do not meet BND's credit criteria.
- Cosigner must be a U.S. citizen.
- Cosigner must be at least 18 years of age.
- Cosigner must not be delinquent or in default on a student loan.

Bankruptcy Limitations

- If you file for bankruptcy, you may still be required to pay back the loan.

See your application and promissory note for more information about interest rates, loan eligibility, repayment, deferment and forbearance options, default, consumer reporting notification and loan cancellation. This information is also available on our website at bnd.nd.gov.