

## CHANCELLOR'S DOCTORAL INCENTIVE PROGRAM

# 2016-2017 EDUCATIONAL LOAN PROMISSORY NOTE

I, \_\_\_\_\_, promise to pay the Trustees of the California State University, hereinafter called the Lender, the sum of \$\_\_\_\_\_ advanced to me during the 2016/2017 fiscal year together with accrued interest. I promise to pay the actual and reasonable collection costs, including reasonable attorney fees if litigation is necessary for the collection of any amount not paid when due.

**I further understand and agree that:**

### I. PURPOSE

All sums advanced under this note are drawn from a fund designed for doctoral students with an interest in teaching at a campus of the California State University. Participation in this program does not guarantee or in any way ensure ultimate hiring to an instructional faculty position in the California State University. **Any promise to the contrary, orally or in writing, is null and void.**

### II. INTEREST

Interest shall accrue from the beginning of the repayment period and shall be at the ANNUAL PERCENTAGE RATE OF FIVE PERCENT (5%) on the unpaid balance, except that no interest shall accrue during any deferment period described in Paragraph V. (1). The interest rate on this loan is not subject to change.

### III. REPAYMENT

- (1) I promise to pay the principal and the interest which accrues on the loan, to the Lender over a 15 year period beginning: (a) twelve (12) months from the date of my doctoral degree or (b) six (6) months after I cease being a full-time doctoral student or (c) twelve (12) months after I complete a maximum of two consecutive years as a full-time postdoctoral fellow at an accredited institution of postsecondary education.
- (2) I promise to repay the principal, interest and all fees due in equal monthly installments over a period of fifteen (15) years from commencement of the repayment period.
- (3) Upon my written request, I may, without penalty, commence repayment at an earlier date.

### IV. PREPAYMENT

- (1) I may, at my option, prepay without penalty all or any part of the principal plus accrued interest at any time.
- (2) If I prepay more than the amount due for any repayment period, the excess will be used to prepay the principal unless I designate it as an advance payment of the next regular installment.

### V. DEFERMENT

- (1) Pre-payment Phase (While a Doctoral Candidate or Postdoctoral Fellow): I understand that upon making a properly documented written request and after receiving approval from the Lender, I may defer installment payments of Paragraph III. Or defer entering repayment for up to 6 months during the following periods: while I remain an active doctoral candidate or have a hardship approved by the Lender in its sole discretion that temporarily interrupts my studies. I may defer my loan up to 6 months with program approval for deferment. Interest does not accrue during the deferment period. The Lender alone shall determine whether the written request for deferment is properly documented.
- (2) Exited Doctoral Program Phase: I understand that upon making a properly documented request and after receiving approval from the Lender, I may defer the repayment period indicated in Paragraph III, while I am temporarily disabled, suffering a prolonged illness, unemployed, or experiencing a severe economic hardship. I may defer my loan one time, for a period of **up to 6 months with an approved deferment**. Interest continues to accrue during the deferment period. The Lender shall determine in its sole discretion whether the written request for deferment is properly documented.

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### VI. CANCELLATION (FORGIVENESS)

(1) To **qualify for cancellation**, I understand that my loan **must be in good standing** with the Lender.

Upon making a properly documented written request to the Lender each year and after receiving written approval from the Lender each year;

(a) I am entitled to have up to one hundred percent (100%) of the amount of this loan, plus interest thereon, cancelled in annual increments of twenty percent (20%) on the original loan amount plus accrued interest if, **after completion of the doctorate, I become employed by the California State University as a full-time instructional faculty member in a tenure-track faculty position or in a full-time temporary instructional faculty position.** The Lender shall determine in its sole discretion if the written request for cancellation is properly documented. Merely applying to a California State University faculty position never qualifies for cancellation.

(b) I am entitled to have up to one hundred percent (100%) of the amount of this loan, plus interest thereon, cancelled in annual increments of ten percent (10%) on the original loan amount plus accrued interest if, after completion of the doctorate, I become employed by the California State University as a part-time instructional faculty member, as long as my work assignment continues to average at least six (6) weighted teaching units per term over an academic or calendar year (e.g., five (5) units in fall semester plus seven (7) or more units in spring semester would qualify). The Lender shall determine in its sole discretion if the written request for cancellation is properly documented.

(c) Weighted teaching units required for cancellation of loan:

- Semester campuses: 24 units/year for 20% cancellation or 12 units/year for 10% cancellation
- Quarter campuses: 36 units/year for 20% cancellation or 18 units/year for 10% cancellation

(2) If I terminate my employment as a California State University faculty member as defined in VI. (1) above, I shall immediately notify the Lender. Repayment of the loan will begin or resume immediately. Failure to notify the Lender will not delay loan activity.

(3) If I should die or become permanently and totally disabled so as to preclude gainful employment, the remaining balance of this loan plus the remaining interest thereon shall be cancelled. The cancellation shall be granted upon the submission of adequate documentation and approval of the Lender. The Lender shall determine in its sole discretion whether the written request is properly documented and meets the definition of "permanently and totally disabled." The loan is not the same as the (new) federal standard for student loans.

(4) **Important Note:** Eligibility for loan forgiveness is dependent on submission of verification of degree (copy of diploma) within 1 month of date of degree. If employed at a CSU in a teaching position, a copy of the offer letter from the CSU campus must be submitted one month prior to the start of the assignment. **(Forgiveness of this loan is not retroactive if appropriate documentation is not presented in a timely manner. I understand I will remain responsible for any installments due under Paragraph III prior to the granting of cancellation by Lender.)**

### VII. LATE PAYMENT CHARGE

If I fail to make a timely payment of all or any part of a scheduled installment, or if I am eligible for a deferment or cancellation but fail to submit the appropriate request on time, I promise to pay the Lender a late payment charge not to exceed fifteen dollars. Late payment charges shall be added to the principal and interest in computing the total amount due.

### VIII. PAST DUE

(1) I understand that if I am past due on any portion of my loan repayment, pursuant to California law, the Lender may obtain any portion of monies due me from the State of California as payment towards the amount of my loan that is past due including tax refunds from the Franchise Tax Board.

(2) I understand that my loan becomes past due if I have failed to make a payment on time or have not received an approved deferment.

(3) I understand that if I am past due on my loan repayment, the Lender may disclose that fact along with other relevant information, to consumer reporting agencies (credit bureaus) and collection agencies and other entities as necessary to assist the California State University in collecting on the loan.

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### IX. DEFAULT

- (1) I understand that my loan is in default when it has been past due for sixty (60) days.
- (2) I understand that if my loan is in default the entire unpaid indebtedness, including interest due and accrued thereon, plus any applicable late payment charges, shall at the option of the Lender, become immediately due and payable. Thereafter, interest shall continue to accrue on the entire unpaid balance.
- (3) I understand that if the Lender accelerates the loan as provided in Paragraph IX. (2), I lose my cancellation and deferment eligibility and benefits.
- (4) I understand that my loan may be referred to a collection agency if it is in default **and that I will be required to make a minimum of 6 payments (based on the past due amount) to the collection agency before the loan is returned to the billing agent, Heartland ECSI.**
- (5) I understand that legal action may be brought against me if this loan is in default.

### X. TAXATION

I understand that there may be tax consequences of this loan, including that the entire loan amount may be immediately taxable if cancelled. I have not relied on any representations as to the tax consequences of this loan. If any taxing authority determines that any part of the loan is taxable, I understand that I am solely responsible for those taxes. I will indemnify and hold harmless California State University, and all of its representatives, from any liability to any taxing authority and from claims made in any administrative or judicial action to collect taxes from California State University related to this loan.

### XI. CHANGE OF NAME, ADDRESS, TELEPHONE NUMBER, SOCIAL SECURITY NUMBER AND GRADUATE STUDENT STATUS

I am responsible for informing the Lender of any change in name, address, telephone number, social security number and status as a graduate student.

### XII. LAW OF CALIFORNIA

The law of California shall govern the interpretation of this promissory note.

#### BY SIGNING BELOW I MANIFEST MY ACCEPTANCE AND AGREEMENT TO ALL OF THE FOREGOING TERMS AND CONDITIONS

Borrower's Signature \_\_\_\_\_ Date \_\_\_\_\_

Full Name (Print) \_\_\_\_\_

Mailing Address \_\_\_\_\_

Doctoral Institution \_\_\_\_\_