

Sample Promissory Note

Harrisburg, Pennsylvania

\_\_\_\_\_ Date

The JOHN G. WILLIAMS SCHOLARSHIP FOUNDATION (the "Foundation"), P.O. Box 1229, Camp Hill, Pennsylvania 17001-1229, was created pursuant to an Indenture of the Trust dated September 17, 19184, for the purpose of providing to deserving students, who are residents of the Commonwealth of Pennsylvania, educational financial assistance for the pursuit of college, post-graduate, advanced and/or professional educational opportunities.

\_\_\_\_\_ ("Student"), Social Security Number is \_\_\_\_\_, 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 \_\_\_\_\_ for the purpose of attending \_\_\_\_\_ (college).

Amount of Loan. Pursuant to Student's designation as a John G. Williams Scholar, the Foundation is making a scholarship loan in the amount of \$ \_\_\_\_\_ (the "Loan") to Student. Student promises to repay to the Foundation the full amount of the Loan, plus interest thereon, as set forth below.

Interest. The Loan shall bear no interest until the first day of the twelfth (12<sup>th</sup>) 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 approved in writing by the Board, at and after which time interest shall accrue on the total outstanding amount of the Loan at a fixed rate equal to three (3) percentage points below the prime rate of interest of the Chase Manhattan Bank in New York (or its successor, or if none, than another comparable prime interest rate of a major New York based bank selected by the Board) in effect as of the time interest begins to accrue. The Foundation will provide Student with a repayment schedule prior to the expiration of the grace period, which schedule shall set forth the applicable interest rate, dates of repayment, and the amount of each installment payment.

Date Note Comes Due. Student will repay the Loan (1) in not more than one hundred twenty (120) equal monthly installments beginning on the first day of the twelfth (12<sup>th</sup>) calendar month after Student ceases to be a full-time student at the educational institution named above, or at such other institution approved in writing by the Board, or (2) in full immediately if Student fails to enroll at and attend full-time the educational institution named above, in which case Student will not be eligible for any grace period. Student 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 approved in writing by the Board. Prior to the expiration of the grace period, Student may request (i) that repayment begin before the grace period ends, and/or (ii) that a shorter repayment period be granted. 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.

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 Student, or at the Foundation's option, jointly payable to Student and the educational institution named above.

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 such 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.

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

Default. A default under this Note may be declared (i) if the Student fails, after thirty (30) days written notice by the Foundation, to make any installment payment when due; (ii) if the Student fails to meet any other terms and conditions of this Note, or (iii) if bankruptcy or insolvency proceedings are brought by or against 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 due and payable at once. The Foundation may disclose to schools Student is attending information about the default, 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. 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 an 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 Student will be effective when mailed by first class mail to the latest address provided by 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. 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 10 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.

Student's Certification. 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 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 certifies that the proceeds of this Loan will be used for qualified and related expenses (tuition, fees, books, supplies and equipment required for courses of study) or 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.

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

WITNESS:

\_\_\_\_\_ (SEAL)  
Student

I, We, parent(s) 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 this Promissory Note, together with all interest, late charges, attorney's 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 \_\_\_\_\_ (SEAL)

\_\_\_\_\_  
Witness Parent \_\_\_\_\_ (SEAL)

COMMONWEALTH OF PENNSYLVANIA

COUNTY OF \_\_\_\_\_

I HEREBY CERTIFY that on this \_\_\_\_\_ day of \_\_\_\_\_, 2 \_\_\_\_\_, before me, \_\_\_\_\_, the undersigned officer, personally appeared \_\_\_\_\_ (Student) and \_\_\_\_\_ (Parent(s)), known to me (or satisfactorily proven) to be the persons whose names are subscribed to the within instrument, and acknowledged that 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: