

EXHIBIT A

PROMISSORY NOTE FOR PALAU STUDENTLOAN

SECTION 1 - TO BE COMPLETED BY BORROWER

For value received, I, the undersigned Borrower, promise to pay the Republic of Palau (hereinafter "Lender"), \$ _____ with the interest thereon Provided for below when this promissory note becomes payable and on the payment terms specified below. Title 22 of PNC Section 227 permits PNSB to require repayment of the funds it disperses. Repayment may be in the form of cash or service credit. This amount includes previous loan balances of \$ _____, plus a new additional amount of \$ _____.

DATE NOTE BECOMES DUE: I agree to repay this loan in equal monthly installments beginning two (2) years (if not sooner) after completion of the program for which this loan was issued. I agree to repay the entire principal, with interest thereon as specified below, within five (5) years. The amount of my monthly payments will be determined by the principal amount loaned. Should I choose, I may repay the loan over a shorter period of time.

INTEREST: I agree to pay simple interest of 5% per year on the unpaid principal balance beginning two (2) years after completion of the program for which this loan was issued continuing until the entire principal sum and accrued interest are paid in full. In the event the loan is forfeited pursuant to Section 1.7 of the Palau Student Loan Program Criteria and Conditions, I agree that interest will immediately begin accruing at the rate of 5% per year, and further agree to pay that interest.

DEFAULT: I will be in default and you have the right to give me notice that the entire outstanding principal balance plus any unpaid interest I owe is due and payable at once if I fail to make a monthly payment when due or to satisfy the other terms and conditions of this Promissory Note.

FORFEITURE: In the event the loan is forfeited under Section 1.7 of the Palau Student Loan Program Criteria and Conditions, the Lender may, without notice, accelerate the payment schedule and require immediate payment of the unpaid portion of the loan, including interest thereon.

LATE CHARGES AND COLLECTION COSTS: If any payment has not reached Lender within 60 days after its due date or if I fail to provide written evidence that verifies my eligibility to have the amount deferred as described under the deferment Paragraph, Lender may, if permitted by law, bill me for a late charge at the maximum rate permitted, which shall not exceed six cents for each dollar of each late installment. If I fail to pay any amounts when they are due, I will pay all charges and any collection costs that may be incurred by Lender, including reasonable attorney's fees and court costs.

ADDITIONAL AGREEMENTS: **This promissory note acknowledges the validity and amount of previous loans, as included above.** The proceeds of this loan shall be used only for the educational purposes specified in the application. Any notice required to be given to me will be effective when sent by first class mail to the latest address Lender has for me. Lender's failure to enforce or insist that I comply with any term of this Promissory Note is not a waiver of Lender's rights thereunder. No provision of this Promissory Note may be modified except in writing. If the co-signer is required to repay any portion of this loan because I have defaulted or forfeited, the co-signer will become the owner of this Promissory Note and will have all the rights of the original Lender to enforce this Promissory Note against me. If I become totally and permanently disabled, or die, my obligations to repay this loan will be cancelled. **I agree to notify Lender of ALL changes in my address** or status with regard to the loan. If any provision of this

Promissory Note is determined to be unenforceable or is prohibited by law, such provision shall be considered ineffective without invalidating the remaining provisions of this Promissory Note.

DEFERMENT: If I qualify for the Service Credit provided in Section 1.8 of the Palau Student Loan Program Criteria and Conditions, then any repayment obligations shall be deferred during the period that I qualify for such Service Credit. I understand that to qualify for the Service Credit, I must provide Lender with all documentation necessary to establish my eligibility. I understand that I must notify Lender when the condition(s) entitling me to Service Credit no longer exist(s). My eligibility for Service Credit will be determined by the Scholarship Board in accordance with the Palau Student Loan Program Criteria and Conditions. Additionally, monthly payment will be deferred to the extent I qualify pursuant to Section 1.8 (b)(1) or (2) of the Palau Student Loan Program Criteria and Conditions. I agree to work in the Republic for a period of not less than three (3) years commencing no later than two (2) years after completion of my studies.

REPAYMENT: I will repay the total amount due on this Promissory Note in periodic installments, with interest thereon until the loan is paid in full.

PREPAYMENT: I may, at my option and without penalty, prepay all or any part of the principal or accrued interest of this loan at any time. If I do so, I will be entitled to a rebate of any unearned interest that I have paid.

GOVERNING LAW: I agree that the Palau National Scholarship Board or someone acting on its behalf may bring suit to enforce this promissory note. I further agree that any such suit may be brought in the Republic of Palau and will be governed by the laws of the Republic of Palau. Furthermore students accepting financial assistance from PNSB and guarantors waive application of the Statue of Limitations with respect to PNSB claims.

By signing this Promissory Note, I, the Borrower, agree to be bound by the promises made above, and further acknowledge I have received an exact copy of this note. Further, my signature attests that I have read, that I understand and that I agree to follow the Palau Student Loan Program Criteria and Conditions and Palau National Scholarship Board Regulations.

Signature of Student Borrower (Print & Sign)

Date

Name and Address of Borrower:

Phone _____