A. PARTIES:
The words “we,” “our,” and “us” mean Discover Bank. The words “you” and “your” refer to the Borrower and any Cosigner. The “Borrower” is the person whose student loans are being consolidated. The “Cosigner” is another person, other than the Borrower, who agrees to be bound by all the terms and conditions of this Note. When this loan is made, both the Borrower and any Cosigner will be liable, individually and together, for the full amount of the loan, plus interest and other charges. The Borrower and the Cosigner will be jointly and severally responsible for providing us with accurate and current financial information about the Borrower with the Cosigner and any personal or financial information about the Cosigner with the Borrower.

B. OTHER DEFINITIONS:
“Principal” is the amount disbursed to you or on your behalf as disclosed on the Final Disclosure plus the amount of any interest that is Capitalized at any time during the life of the loan. “Capitalized” and “Capitalize” is the addition of accrued and unpaid interest to the outstanding Principal balance of a loan made under this Note. After we Capitalize interest, interest will accrue on the new Principal balance, including Capitalized interest.

C. PRIVACY:
We listen to calls for quality monitoring purposes. We may or record phone calls between you and our representatives or Authorized Parties. You agree that we, our Affiliates, and agents, including our service providers (“Authorized Parties”) may contact you, or record or monitor any calls between you and the Authorized Parties. You agree that we listen to calls for quality monitoring purposes. We may use, disclose, or sell to third parties any personal or financial information about the Borrower with the Cosigner and any personal or financial information about the Cosigner with the Borrower.

D. CONSUMER CREDIT REPORTS:
We may request your consumer credit report from one or more consumer credit reporting agencies to evaluate your application and at any time before you repay your loan in full. If you ask, we will tell you if we requested a consumer credit report and give you the name and address of the consumer credit reporting agency that provided it. We may report information about your loan to consumer credit reporting agencies, such as late payments, missed payments, or other delinquencies or defaults on your loan that may reflect in your consumer credit report. If you believe information contained in your credit report is incorrect or outdated, you may write to the credit reporting agency to request that they correct or remove any information about your loan to a consumer credit reporting agency, or if you believe you have been the victim of identity theft in connection with this loan, write to us at Discover Student Loans, PO Box 30947, Salt Lake City, UT 84130-0947 or another customer service address that we provide to you on a letter or statement. In your letter: 1) provide your name and the loan number;
transactions or accounts); and (d) any participation fee premiums; (b) fees for ancillary products sold in connection to us as described on the Final Disclosure. The Cosigner to cancel this loan prior to disbursement by giving notice M. YOUR RIGHT TO CANCEL: If necessary, we will increase the number of payments. rate changes or if you make payments after the payment accrue during repayment programs. Any and all accrued forbearance or other programs. Interest will continue to repay your loan according to the terms of this Note, we your deferment. a deferment period, interest will continue to accrue on and provide required supporting documentation. During you bring the loan current.

Application of Payments: Payments will be applied first to accrued interest and then to Principal. Under some circumstances, the payment amount may not cover the interest that accrues. In those cases, we will Capitalize the unpaid interest and add it to the Principal balance of the loan. In the event of default, any payments you make thereafter may be applied by us differently unless and until you bring the loan current.

Deferral: You may be able to postpone your payments if you complete a Private Loan Deferral Request form and provide required documentation and fees. During a deferment period, interest will continue to accrue on your loan. Any and all accrued and unpaid interest will be added to the Principal balance of your loan at the end of your deferment.

7) Repayment Assistance Options: If you are unable to repay your loan according to the terms of this Note, we may offer certain repayment assistance options such as forbearance or other programs. Interest will continue to accrue during repayment programs. Any and all accrued and unpaid interest will be Capitalized and added to the Principal balance of your loan at the end of the repayment program period.

8) Amounts Owning at the End of the Repayment Period: Because interest accrues daily on the outstanding Principal loan balance, you may owe Principal, interest, and/or other charges at the end of the Repayment Period if the interest rate changes, or if your payments after the payment due dates. In these cases, we will increase the amount of the last monthly payment by the amount necessary to repay the loan in full. However, the amount of the final payment will not be more than twice the amount of the previous payment. If you have a Change of Address, we will increase the number of payments.

United States Bank Account: Payments must be made from an account of a bank domiciled in the United States. Sending cash payments is not allowed. Cash is easily lost or stolen. If you send cash, we may refuse to accept it.

M. YOUR RIGHT TO CANCEL:
Under the Truth-in-Lending Act, the Borrower has the right to cancel this loan prior to disbursement by giving notice to us as described on the Final Disclosure. The Cosigner does not have the right to cancel, except as provided in the next section.

N. ADDITIONAL RIGHT TO CANCEL:
In addition to the Borrower’s right to cancel under the Truth-in-Lending Act, if, within 120 days after first disbursement date, all previously disbursed loan proceeds from the loan servicers we paid on your behalf are returned to us, we will waive any and all interest charges from the date of loan disbursement, and we will cancel the loan. If you have more than one loan outstanding, you may direct the amount of your prepayment to one or more particular loans. If you do not specify how to apply your prepayment, we will apply it to your loans according to our own internal policy in effect at the time.

P. NO RETURNED PAYMENT CHARGES:
We will not assess any returned payment charges under this Note, but the bank from which you make payments might assess you a returned payment fee pursuant to your agreement with your bank.

Q. NO LATE PAYMENT CHARGES:
We will not assess any late payment charges under this Note.

R. DEFAULT – WHOLE LOAN DUE:
If you are in default, the entire outstanding balance on this Note will be due immediately at our option, except as provided in this Note in the event of the death of the Borrower. In the event of the Borrower’s total and permanent disability or death, any loans evidenced by this Note will be cancelled. The Borrower has the option to pay in full the amount due under this Note on 60 days following receipt of such bankruptcy notice. The Borrower will not be in default in the event of the death of the Cosigner (if you have one).

S. DEATH AND DISABILITY – LOAN CANCELLATION:
In the event of the Borrower’s death, any loans evidenced by this Note will be due immediately at our option, except as provided in this Note in the event of the death of the Borrower. In the event of the Borrower’s total and permanent disability or in the event of the death of the Borrower.

T. GENERAL WAIVER PROVISIONS:
You have waived presentment for payment, demand, protest, notice of dishonor, non-payment, and all other notices or demands in connection with the delivery, acceptance, performance, default, or enforcement of this Note. We can accept late payments, partial payments, or checks and money orders marked “payment in full” or with any other endorsement without losing any of your rights under this Note.

U. ASSIGNMENT:
You may not assign or otherwise transfer your rights under this Note to anyone else. We may sell, transfer, or assign this Note, without notice to you, unless required by law, and your rights and obligations under this Note will continue unchanged.

V. DELAY IN ENFORCEMENT:
We can delay enforcing any rights under this Note without losing any rights. Our failure to enforce any right under this Note will not act as a waiver of that right or preclude the exercise of that right in the event of a future occurrence of the same event. We can also extend or defer the time allowed for making payments at your request, and such extension will not affect your obligations, whether or not you are given notice of that extension.

W. NOTICES AND ADDRESSES:
1) Government guidelines require us to maintain current information about you. You agree to notify us promptly after any change in your name, address, or other contact information. We also may periodically request that you update or confirm your information, and you agree to do so when requested.

2) Any notice or communication with us required or permitted under the Federal Bankruptcy Code must be in writing, must include your loan account number, and must be sent to Discover Student Loans, PO Box 30947, Salt Lake City, UT 84130-0947 or another customer service address that we provide to you on a letter or statement.

3) You will send any other notice of the address that we have most recently provided to you for that purpose.

4) Except as otherwise provided by applicable law, any notice that we are required to give you will be effective when mailed by USPS First-Class Mail to your address in our records.

X. ARBITRATION OF DISPUTES:
1) Agreement to Arbitrate. In the event of a dispute between you and us arising out of or relating to this Loan Agreement or the relationships resulting from this Loan Agreement or for any other dispute between you and us, including for example, a dispute based on a federal or state statute or regulation, you and we agree that unless and until you or we may choose to resolve the Claim by binding arbitration, as described below, instead of in court. Any Claim (except for a Claim challenging the validity or enforceability of this arbitration agreement, including the Class Action Waiver) may be resolved by binding arbitration, as described below.

3) If a court decides that applicable law precludes enforcement of any of the provisions below, instead of in court. Any Claim (except for a Claim challenging the validity or enforceability of this arbitration agreement, including the Class Action Waiver) may be resolved by binding arbitration, as described below.

4) If a court decides that applicable law precludes enforcement of any of the provisions below, instead of in court. Any Claim (except for a Claim challenging the validity or enforceability of this arbitration agreement, including the Class Action Waiver) may be resolved by binding arbitration, as described below.

5) We may join or consolidate claims in one or more arbitrations. We may arbitrate any Claims, regardless of the number of Claims that you or we may have, in the same arbitration. We may arbitrate any Claim, unless you or we decide that individual Claims should be arbitrated in separate arbitrations.

6) A REPRESENTATIVE OR MEMBER OF A CLASS OR IN A PRIVATE ATTORNEY GENERAL CAPACITY.

7) This arbitration agreement does not apply if, on the date you submit your Application or on the date we seek to invoke this arbitration agreement, you are a member of the Armed Forces or a dependent, or if a new party or any new Claims later asserted in any arbitration proceeding previously resolved by the federal Military Lending Act. If you would like more information about whether you are covered by the Military Lending Act, please contact us at 1-844-DFS-4MIL (1-844-337-4645) or if you are calling from outside the U.S. at +1-801-451-3730.

8) CLASS ACTION WAIVER. ARBITRATION MUST BE ON AN INDIVIDUAL BASIS. THIS MEANS NEITHER YOU NOR WE MAY JOIN OR CONSOLIDATE CLAIMS IN ARBITRATION BY OR AGAINST OTHER BORROWERS, OR LITIGATE IN COURT, OR ARBITRATE ANY CLAIMS AS A REPRESENTATIVE OR MEMBER OF A CLASS OR IN A PRIVATE ATTORNEY GENERAL CAPACITY.

The arbitrator may award injunctive relief only in favor of the individual party seeking relief and only to the extent necessary to provide relief warranted by that party’s individual Claim. The arbitrator may not award class, representative or public injunctive relief. If a court decides that an applicable law precludes enforcement of any of the paragraphs limitations as to a particular Claim for relief, then after all appeals from that decision have been exhausted, that Claim (and only that Claim) must be severed from the arbitration and may be brought in court. Only a court, and not an arbitrator, shall determine the validity, scope, and enforceability of the Class Action Waiver.

2) Your Right to Go to Small Claims Court. We will not choose to arbitrate any individual Claim you bring in small claims court or your state’s equivalent court. However, if such a Claim is transferred, removed, or appealed to a different forum, you may then choose to arbitrate.

3) Governing Law and Rules. This arbitration agreement is governed by the Federal Arbitration Act (“FAA”).
Arbitration must proceed only with the American Arbitration Association ("AAA"). The rules for the arbitration will be those in this arbitration agreement and the procedures of the AAA, but the rules in this arbitration agreement will be followed if there is disagreement between the agreement and the AAA's procedures. If the AAA's procedures change after the Claim is filed, the procedures in effect when the Claim is filed will apply.

For a copy of the AAA's procedures, to file a Claim, or for other information, please contact the AAA at 1101 Laurel Oak Road, Voorhees, NJ 08043, www.adr.org, phone: 1-877-495-4185. If the AAA is completely unavailable, and if you and we cannot agree on a substitute, then either you or we may request that a court of appropriate jurisdiction appoint a substitute.

4) **Costs and Fees.** If you wish to begin arbitration against us, you cannot afford to pay the AAA's or arbitrator's costs, we will advance those costs if you ask us in writing. Any request like this should be sent to Discover Student Loans, PO Box 30421, Salt Lake City, UT 84130-421. If you lose the arbitration, the arbitrator will decide whether you must reimburse us for money advanced for you for the arbitration. If you win the arbitration, we will not ask for reimbursement of money we advanced. Additionally, if you win the arbitration, the arbitrator may decide that you are entitled to reimbursement of your reasonable attorneys' fees and costs (if actually paid by you).

5) **Hearings and Decisions.** Arbitration hearings will take place in the federal judicial district where you live. A single arbitrator will be appointed. The arbitrator must:
   - Follow all applicable substantive law, except when contradicted by the FAA.
   - Follow applicable statutes of limitations.
   - Honor valid claims of privilege.
   - Issue a written decision including the reasons for the award.

The arbitrator’s decision will be final and binding except for any review allowed by the FAA. However, if more than $100,000 was genuinely in dispute, then either you or we may choose to appeal to a new panel of three arbitrators. The appellate panel is completely free to accept or reject the entire original award or any part of it. The appeal must be filed within 30 days after the original award issues. The appealing party pays all appellate costs unless the appellate panel determines otherwise as part of its award.

Any arbitration award may be enforced (such as through a judgment) in any court with jurisdiction.

6) **Other Remedies After Arbitration Agreement.** In addition to you and us, the rights and duties described in this arbitration agreement apply to: our Affiliates and our and their officers, directors, and employees and any third party co-defendant of a Claim subject to this arbitration agreement.

7) **Survival of this Arbitration Agreement.** This arbitration agreement shall survive:
   - Termination of your Loan.
   - Voluntary payment of your Loan in full or in part.
   - Any legal proceedings to collect money you owe.
   - Any bankruptcy by you.
   - Any sale by us of your Loan.

8) **You Have the Right to Reject Arbitration for this Loan.** You may reject the arbitration agreement but only if we receive from you a written notice of rejection within 30 days after consummation of your Loan. You must send the notice of rejection to: Discover Student Loans, PO Box 30638, Salt Lake City, UT 84130-0938. Your rejection notice must include your name, address, phone number, Loan number, and personal signature. No one else may sign the rejection notice for you. Your rejection notice must not be sent with any other correspondence. Rejection of arbitration will not affect your other rights or responsibilities under this Loan Agreement. If you reject arbitration, neither you nor we will be subject to the arbitration agreement for this Loan.

Rejection of arbitration for this Loan will not constitute rejection of any prior or future arbitration agreement between you and us.

V GOVERNING LAW:

This Note and any Claim or dispute arising out of this Note will be governed by applicable United States federal law and, to the extent state law applies, Delaware law, without regard to its conflict of law rules. All other laws, including the privacy and other laws of other countries and international bodies, are inapplicable.

Z STATE LAW NOTICES:

1) California Residents: A married applicant may apply for a separate loan. A negative credit report reflecting on your credit may be submitted to a credit reporting agency if you fail to fulfill the terms of this Note.

2) Indiana and Maine Residents: The provisions of this Note regarding repayment plan, fees, and court costs do not apply to Indiana or Maine residents.

3) Iowa and Kansas Residents: NOTICE TO CONSUMER:
   - a) Do not sign this agreement before you read it; b) You are entitled to a copy of this agreement; c) You may prepay the unpaid balance at any time without penalty and may be entitled to receive a refund of unearned finance charges in accordance with law.
   - d) You may reject arbitration but only if we receive a rejection notice in writing.

4) Maryland Residents: We elect Subtitle 10, Credit Grantor Closed-End Credit Provision to Title 12 of the Commercial Law Article of the Annotated Code of Maryland, to govern the rights and duties of the parties in connection with this Loan. 12 U.S.C. §1831d and related regulations and opinions.

5) Missouri Residents: Oral agreements or commitments to loan money, extend credit, or to forbear from enforcing repayment of a debt, including promises to extend or renew such debts, are not enforceable. To protect you (borrower(s)) and us (creditor) from misunderstanding or to avoid any further liability, all agreements we reach covering such matters are contained in this writing, which is the complete and exclusive statement of the agreement between us, except as we may later modify it in writing.

6) New Hampshire Residents: If we refer this Note to an attorney for collection, you agree to pay our reasonable attorneys' fees. However, if you prevail in any action, suit, or proceeding we bring, or a) an action brought by you in connection with this Note, or b) if you successfully assert a partial defense or setoff, recoupment, or counterclaim to an action brought by us, the court may withhold from us the entire amount or such portion of the attorneys’ fees as the court deems just.

7) New Jersey Residents: This Note applies to residents of states other than New Jersey. Any collection fees imposed upon default are limited to 20% of the principal balance and interest outstanding. Please let us know how you would like us to apply a payment that is in excess of the monthly amount due on your Loan(s).

8) Ohio, Rhode Island, New Hampshire, and Vermont Residents: A consumer credit report may be ordered on you in connection with your application for credit. If you ask, we will tell you whether or not one was ordered and if one was, the name and address of the consumer credit reporting agency that provided it. Subsequent consumer credit reports may be requested or used in connection with an update, renewal, or extension of the credit applied for without further notice to you.

9) Ohio Residents: The Ohio laws against discrimination require that all creditors make credit equally available to all applicants under all terms of a loan. The Ohio Civil Rights Commission administers compliance with this law.

10) Texas Residents: You have the right to receive notice of intent to accelerate and notice of acceleration. This means that you have the right to receive notice that we intend to demand that you pay all that you owe on this contract at once (accelerate) and notice that we have accelerated.

This written loan agreement represents the final agreement between the parties and may not be contradicted by evidence of prior, contemporaneous, or subsequent oral agreements of the parties. There are no unwritten oral agreements between the parties.

11) West Virginia Residents: Any provision in this Note restricting the collection of attorneys' fees in the event of a default are void if the party being sued for collection is a resident of the State of West Virginia.

12) Wisconsin Residents: If you are a married Wisconsin resident, your signature confirms that this loan obligation is being incurred in the interest of your marriage or family. No provision of any marital property agreement (e.g., premarital agreement), unless otherwise stated, shall have the effect of waiving our rights under this Loan Agreement unless we, prior to the time that the Loan is approved, are furnished with a copy of the marital property agreement, a statement, or a decree or have actual knowledge of the adverse provision. If the loan for which you are applying is granted, you will notify us if you have a spouse who needs to be listed on this Loan and has an interest in the Loan. Your signature confirms that you have notified us of all holders of a signature on this Note. Notwithstanding provisions to the contrary in Section R (DEFAULT – WHOLE LOAN DUE) of this Note, you will be in default hereunder only: a) if the interval between scheduled payments is 2 months or less, and you permit to be outstanding an amount exceeding 1 full payment that has remained unpaid for more than 10 days after its scheduled due date or deferred due date, or you fail to pay the first payment or the last payment within 40 days of its scheduled due date or deferred due date; or b) if the interval between scheduled payments is more than 2 months, and you permit to be outstanding an amount exceeding 1 full payment that has remained unpaid for more than 60 days after its scheduled due date or deferred due date. You will also be in default if you fail to observe any provision of this Note, the breach of which materially impairs your ability to perform any of your obligations under this Note.

13) Utah Residents: As required by Utah law, you are hereby notified that a negative consumer credit report reflecting on your credit record may be submitted to a consumer credit reporting agency if you fail to fulfill the terms of your credit obligations.

AA. CORRECTION OF ERRORS:

Any provisions of this Note are rendered invalid or unenforceable, those provisions shall be considered omitted from this Note without affecting the validity or enforceability of the remaining provisions of this Note.

BB. EFFECT OF PARTIAL INVALIDITY:

If any provisions of this Note are rendered invalid or unenforceable, those provisions shall be considered omitted from this Note without affecting the validity or enforceability of the remaining provisions of this Note.

CC. OTHER IMPORTANT TERMS:

1) Signatures: This Note will be effective and enforceable when you affix your signature to the Application and Promissory Note (or the Cosigner Addendum, as the case may be) and deliver it to us. A facsimile, electronic, or scanned copy of your signature that you deliver to us by means of a facsimile, email, or other electronic means will be treated as your original signature.

2) Rewards and Other Options: From time to time we may offer rewards and benefits for which you may become eligible. In the event you are eligible and are accepted by us to participate in any such program, you agree to abide by applicable terms and conditions as may be published by us, including any modifications or updates to those terms and conditions.

3) Non-negotiable: This is a non-negotiable consumer credit agreement.

Certification: In addition to any certification you make in the application, you certify that all of the loan proceeds evidenced by this Note will be used to consolidate loans that were used solely to pay for Qualified Higher Education Expenses. Qualified Higher Education Expenses are the costs of attending an eligible education institution, including graduate and professional education and training, on a part-time or full-time basis. Generally, these costs include tuition and certain related expenses. See Internal Revenue Service Publication 970 (IRS) and related guidance for more information.

The IRS does not require your consent to any provision of the Application and Promissory Note other than this certification. Signing the Application and Promissory Note will be your consent for IRS purposes.