

A background image showing a group of diverse students in a modern, brightly lit hallway. In the foreground, a young woman with dark hair and a light blue t-shirt is looking down at an open book or brochure she is holding. Next to her, a young man in a grey long-sleeved shirt with green stripes on the sleeves is also looking at the book. In the background, other students are visible, including a man in a light blue button-down shirt and a woman in a white sleeveless hoodie. The hallway has large glass windows and doors, and the overall atmosphere is that of a busy, academic environment.

**ion**tuition™

# **Full Lifecycle Servicing for ISA**

*Improving student success*

# We Know Student Servicing – at Large Scale



**300+**

Total years of senior team experience in federal student loan programs

**2.1 M**

borrowers serviced in the last six years

**\$5B+**

in defaulted student loans rehabilitated

**#1**

ranked contractor on all scorecards for all student loan portfolios

**2.6M+**

hours on the phone counseling borrowers

**15**

year company focus on the student loan lifecycle

**\$100M**

Increased data matching from Treasury Offset Program for FSA and State Tax Agencies

**\$42B**

student loans processed

**1.5M+**

borrowers entered into optimal repayment

**98% Satisfaction**

Rated “satisfactory” or “excellent” on 52,000 customer surveys

**136M**

Payment transactions processed (2012 – present)

**600K**

calls placed each month

# Income Share Agreements Present New Opportunities & Challenges

A background image showing a group of students walking away from the camera on a paved path on a university campus. The students are carrying backpacks and bags. The scene is bright and sunny, with trees and a building visible in the background.

## Regulatory Framework

- Is it still a **Loan**, couched differently?
- Will it **reduce** Federal student loan debt?
- What are key differences between **ISA** and **IDR**?

## Best Outcome Delivery for Students through ISA

- **Limited Servicing** resources
- **Zero success support mechanisms in marketplace today**

## Risk Cannot Reside Only with the ISA Fund

- **Universities can share risk and reward**
- **Employers and ISA Alumni** can participate in the future

# ISA Program Design

- Customized pricing calculators for schools that want to sell originated ISAs
- Minimizing adverse selection:
  - Early payment options that attract students that are more likely to pay back
  - Differentiated dynamic ISA pricing based on current employment status of individuals, so they are more likely to enroll

*This is very relevant to high quality students as well!*

Dartmouth Tuck MBA student survey (2018) shows which aspects of ISA students cared about the most:

▪ It has to be cheaper than Grad PLUS loans	71.43%
▪ It has to be cheaper than private loans	80.95%
▪ <b>Early repayment options compared to PLUS and private loan options</b>	<b>66.67%</b>
▪ <b>Total payment cap</b>	<b>57.14%</b>
▪ Role of credit score in getting financing	14.29%
▪ Income level below which payments are forgiven	28.57%
▪ Other	4.76%



# We Support Your Student From Beginning to End

## Student Engagement and Onboarding

- How does a ISA benefit me?
- What's the difference between an ISA and a Student Loan

## Application & Origination

- How do I apply for an ISA?
- What are the requirements?

## Disbursement

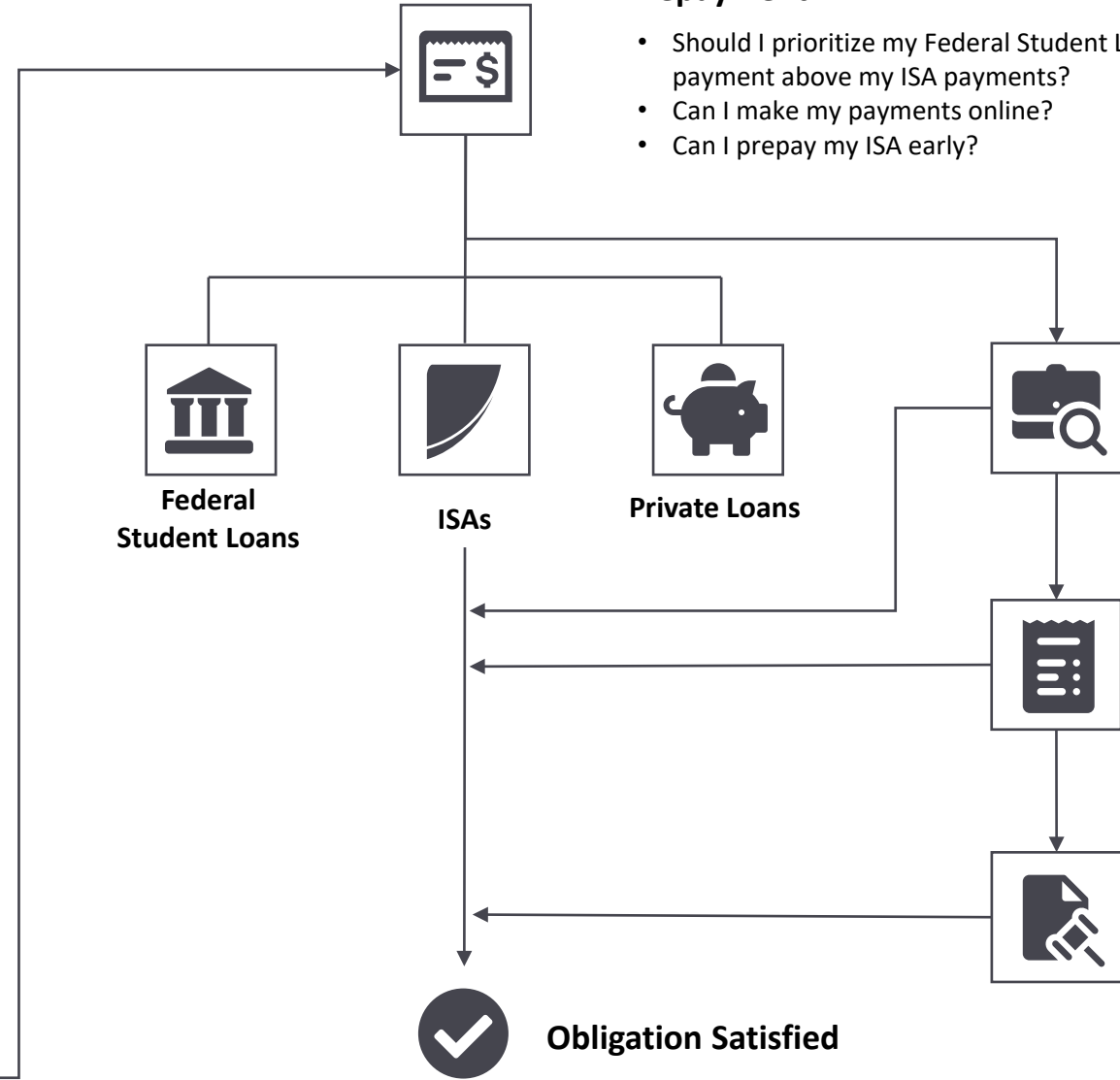
- Will this be disbursed before I start classes?
- How much is my ISA?

## In School

- How do I manage my ISA?
- I fell below the full time status now what?

## In Grace

- How much are my payments?
- I'm still unemployed and don't know what to do...



## Repayment

- Should I prioritize my Federal Student Loan payment above my ISA payments?
- Can I make my payments online?
- Can I prepay my ISA early?

## Deferment

- I'm unemployed and can't make my payments...
- How do I apply for a deferment?

## Delinquency

- I've fallen behind on my payments.
- How do I get back to current status?

## Breach of Contract

- Is this affecting my credit?
- How can I get back in good status?



Obligation Satisfied

# During School: Qualifying for an Income-Share Agreement

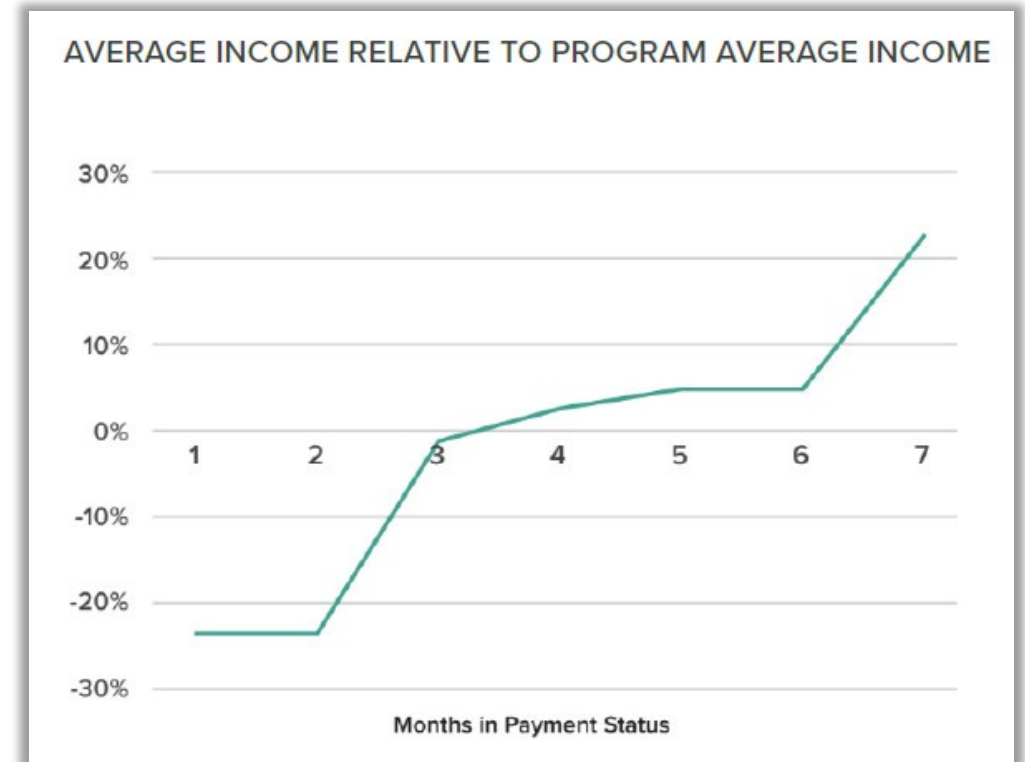
## Proven Underwriting Process

Students are pre-screened and qualified based on:

- *Personalized vetting process*
- *Psychometric validation*
- *Income assessment models based on experience/social networks*
- *Credit history or outstanding delinquencies*
- *Projected/current income*

**We have had strong outcomes.**

- Percentage of delinquent students: 0%
- Percent of payment status ISA months current (not in deferment): 91.11%.
- 2019 current cash on cash yield on payment status ISAs: 12.4%
- Funded students at:
  - ✓ Northeastern University
  - ✓ NU Level Data Analytics Program
  - ✓ Univ. of Mass, Boston
  - ✓ Univ. of Mass, Amherst
  - ✓ Columbia University
  - ✓ Ohio State University
  - ✓ NYU
  - ✓ UC, Berkeley
  - ✓ UC, Irvine
  - ✓ George Washington University



# Broad Underwriting Criteria Options

## Eligibility

1. No 60+ days past due currently outstanding on any payment
2. U.S. Citizen or Permanent Resident
3. Age of 18+ for all eligible states except Alabama (19+) and Nebraska (19+).
4. Minimum 2 years of academic history.

## Core Underwriting

1. Positive psychometric assessment score using proprietary **MentorWorks NonCog** score model.
2. Predicted income using prior experience and social media using proprietary **MentorWorks IncomeScore** model.
3. Key post education interests: e.g., “Starting a company” or “Obtain further full time education”
4. Academic ability: GPA levels in UG
5. Academic trend: GPA trends in UG
6. Networking proclivity: LinkedIn connections.
7. Prior experience.
  - i. At least 3 months prior experience in off-campus job or internship.
  - ii. At least 1 month prior experience in off-campus job or internship in a company with more than 200 employees.

## Optional criteria

1. Minimum FICO score
2. No charge-offs or bankruptcies
3. No delinquencies in past 12 months.


# Clear and simple online calculator for students to understand program cost

- Both online tools and dedicated counseling to help students understand:
  - ISA terms
  - Benefits and costs of ISA program
  - Comparison to loans

**Financing Amount:** \$ 6,000

Use the slider to adjust annual income level to see payment calculation

**Annual Earned Income: \$33,280**



Terms	ISA Estimates	Federal PLUS Loans
Total Payment	\$8,231	\$9,600
Forbearance?	Yes	Yes
Payment Term	66 months	120 months
First Month's Payment	\$116	\$800
Implied Interest Rate	8.64%	10.23%
Payment Cap	Yes	No
Credit Reporting for Non-Payments?	No	Yes
Principal / Interest Rate Increases for Non-Payments?	No	Yes

### INCOME SHARE AGREEMENT (ISA) TERMS

Based upon the information you provide, you may be eligible for an **ISA amount** ranging from:

**\$1,499 to \$6,500**

Based on your request for an ISA to cover all or part of your tuition, your **income share rate** for every \$1,000 of funding will be:

**0.762%**

of your total earned income over a **payment term** of:

**36 months**

#### Your obligation during the life of the ISA

- **Your income share is the percentage of your future earned income you will owe in return for the ISA amount credited to your account with MentorWorks.** It is not an interest rate or an annual percentage rate.
- **Your income share is fixed.** It will be based upon your income share rate and your ISA amount.
- **Your payments will vary based on your earned income.** The total amount you will pay may be **more or less than** your ISA amount.
- **The maximum you will pay is 1.5 times your ISA amount over the payment term, regardless of your earned income.** You may also pay the lower of this maximum amount or the then applicable pre-payment amount (less any payments made to date plus any outstanding fees) in order to extinguish your obligations before the payment term ends.



# With ION ISA, Your Student is Our VIP

## Students receive concierge-level servicing, in-school and beyond

- Financial wellness
- Manage student debt from previous education
- Budgeting tools
- Career support:
  - Employer access for internships and jobs across multiple industries
  - Access to a community of mentors and alumni to get career support and advice.
- Professional lifecycle career support: Support to reduce gaps in employment improve incomes

## Investor risk reduction and student benefit

*Automated feedback between servicing and careers platform ensures continuous support to students as they need it.*

- Discount on ISAs for alumni to return as mentors and career advisors –  
**“Pay it Forward.”**



# Ion ISA Provides Concierge Advisors – throughout the program

- 80 hours classroom training and 40 hours on-the-job training for new hires
- Ongoing training delivered monthly, quarterly, and annually in 1-on-1 and group settings
- Semi Annual Training and Examination is administered in the following areas:
  - ✓ *Security Awareness*
  - ✓ *Fair Debt Collections Practices Act (FDCPA)*
  - ✓ *Family Educational Rights and Privacy Act (FERPA)*
- All Customer Service Managers are certified as Certified Financial Education Instructor (CFEI) through the National Financial Educators Council (NFEC)
- Customer Satisfaction Surveys and internal Audit and Compliance “Scorecards” are used to identify “coaching and training” opportunities



# Ion ISA's Compliance Ensures Delivery of Quality in Service and Standards

- Externally audited Third Party Servicer under Higher Education Act requirements set by US Department of Education rules
- Comprehensive Compliance Management System, which ensures identification and resolution of potential issues.
- Enterprise-wide independent oversight based on “tone at the top” principles
- Professional Practices Management System (PPMS) Annually Assessed and Certified
- **Less than 30 Complaints since December 2016 on the CFPB Database company wide**

Compliant with all State and Federal regulations including, but not limited to:

Fair Debt Collections Practices Act (FDCPA)	Unfair, Deceptive, or Abusive Acts or Practices (UDAAP)
Equal Credit Opportunity Act (ECOA)	Fair Credit Reporting Act (FCRA)
Fair and Accurate Credit Transactions Act (FACTA)	Service Members Civil Relief Act (SCRA)



**Ion ISA's General Counsel oversees all compliance and risk management activities and ensures employee training and performance delivery across all companies meet required standards**

# Scalable Technology Supports Best-in-Class Security

Application	Purpose
<b>Microsoft Azure Government Cloud</b>	<ul style="list-style-type: none"> <li>- Provides Infrastructure as a Service (IaaS)</li> <li>- Ensures fastest performance, unlimited scalability, and highest availability</li> <li>- Operating expense with no refresh cycle vs. a Capital Expense with a refresh cycle</li> <li>- Lower Total Cost of Ownership (TCO) than premise-based architecture.</li> </ul>
<b>Virtual Servers, Terminal Servers, and SAN</b>	<ul style="list-style-type: none"> <li>- Leverages shared resources and economies of scale to reduce TCO and maximize efficiency</li> <li>- Increases speed of system deployment, decommissioning, and re-deployment</li> <li>- Establishes fixed costs as opposed to variable costs</li> <li>- Creates business flexibility</li> <li>- High performance, availability, and security</li> <li>- Cisco, Microsoft, EMC, IBM and Dell brands provide reliable performance, support, maintenance, and lifespan</li> <li>- Dialers and telephone systems are highly scalable and highly customizable.</li> </ul>
<b>RPG / DB2 / and/or Microsoft SQL / .NET</b>	<ul style="list-style-type: none"> <li>- Industry standard and open architecture for highest accessibility, ease of integration</li> </ul>

Compliance Security Standards
<ul style="list-style-type: none"> <li>▪ <b>FISMA / NIST</b></li> </ul>
<ul style="list-style-type: none"> <li>▪ <b>FedRAMP</b></li> </ul>
<ul style="list-style-type: none"> <li>▪ <b>PCI-DSS</b></li> </ul>
<ul style="list-style-type: none"> <li>▪ <b>SSAE 18 SOC I/II</b></li> </ul>
<ul style="list-style-type: none"> <li>▪ <b>FERPA</b></li> </ul>

# Ion ISA Team – Unmatched Experience in Higher Ed Finance Success



**Balaji (Raj) Rajan**

Raj's expertise spans education, technology and solutions, design, and development. He excels in self-directed, sustainable teams in creating new businesses



**Brent Givens**

Brent has over 25 years of experience in student loan financial services industry. He held management positions at Career Education Corporation and Sallie Mae (16 years)



**Mark Rowland**

Mark has worked extensively in nearly every operational area of Ceannate in his 13 years with the organization, and he uses that experience in developing systemic solutions to process enhancement and business challenges



**Joe Buscaino**

As VP of Operations, Joe optimizes performance to advance company operations, drawing on his extensive experience throughout the industry.



**Karthik Krishnan**

Karthik is an Associate Professor of finance at Northeastern University and an angel investor with Launchpad Venture Group. He has seven years of experience in teaching and research in the areas of entrepreneurship and education finance. Karthik is also a thought leader on education financing having published various articles on the subject. He has mentored and helped various students land meaningful internships.



**Micha Sabovik**

Micha has nearly 25 years in higher education, leading teams of all sizes in the areas of student services (graduate and undergraduate), enrollment, career services & strategies, business development, marketing, mentoring, financial aid and social media content creation. Micha also teaches a graduate-level social media course at Boston University.



# Contact Us

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