

Introduction to the Dreamers Graduate Loan Program



June 2022



1. Supportive Services Overview
2. Overview of the Loan Program
3. Key Loan Terminology
4. Other Loan Opportunities
5. Q&A

GOALS

- Provide an overview of the Dreamers Graduate Loan Program
- Discuss key aspects of loans to determine whether a loan is right for you

Supportive Services Overview

SUPPORTING STUDENTS WITH FINANCIAL EDUCATION

The Dreamers Graduate Loan Program aims to support students with a variety of financial education options

Financial Education Workshops

- We offer **informational workshop sessions each academic year**
- The financial education workshops:
 - Introduce key terms and conditions of the Loan Program
 - Review the underwriting criteria
 - Explain key loan terminology, and
 - Answer any questions students may have

Financial Education Resources

- A variety of **financial education materials are available to students to access anytime**, such as:
 - Guide to determining the ROI of graduate school
 - Glossary of key loan terminology
 - Student Bill of Rights outlining what students should expect as borrowers
- Resources are **available on [TheDream.US](https://www.thedream.us) website or through your scholarship program**

Financial Coaching

- **Change Machine** has undergone programmatic changes and **will no longer be offering financial coaching as of July 1, 2022**
 - Students who have already attended a session will receive alternative, free coaching options directly from Change Machine
- For all students, we are **working to identify another financial coaching provider** as soon as possible.

Overview of the Loan Program

THE DREAMERS GRADUATE LOAN PROGRAM

The Dreamers Graduate Loan Program is guided by student-centric principles

Support you in obtaining graduate degrees

Graduate degree programs can prepare students for well-paying careers with advancement potential but charge high costs of attendance.

Facilitate economic mobility & do no harm

Identify institutions and graduate degree programs that prepare students for in-demand jobs with starting salaries high enough to support the debt burden.

Minimize your debt burden associated with graduate school

Provide Scholars with loans that have an Annual Percentage Rate (APR) based on the federal Grad PLUS Loan Program's APR.

Keep it simple

Taking out a student loan can be confusing and overwhelming. We designed the program to be as simple as possible, so students know exactly what the loan program entails.

Pay it forward

A portion of students' repayments will be reinvested to finance loans to enable a permanent, recyclable feature so future students will be able to access loans through this program as well.



Students attend graduate school and achieve their professional goals with manageable debt

LOAN PROGRAM ELIGIBILITY CRITERIA

Students

- DACA/TPS status
- Scholarship recipient of TheDream.US, Golden Door Scholars, or Equal Chance for Education
- Enrolled at least half-time in an eligible graduate degree program at an eligible institution
- Have a Social Security Number (SSN)
- Resident of an eligible state



Credit Knockout Criteria¹

- Default on any past loan
- More than one account with previous or current report of being >60 days past due
- Collection items/liens/judgments >\$500 (except medical)
- Involvement in any current or prior bankruptcy proceedings

Degree Programs

- Programs that have an average debt-to-income ratio **below 15%**
- **Dual degree, 4 + 1 and co-terminal programs may be eligible**



Institutions

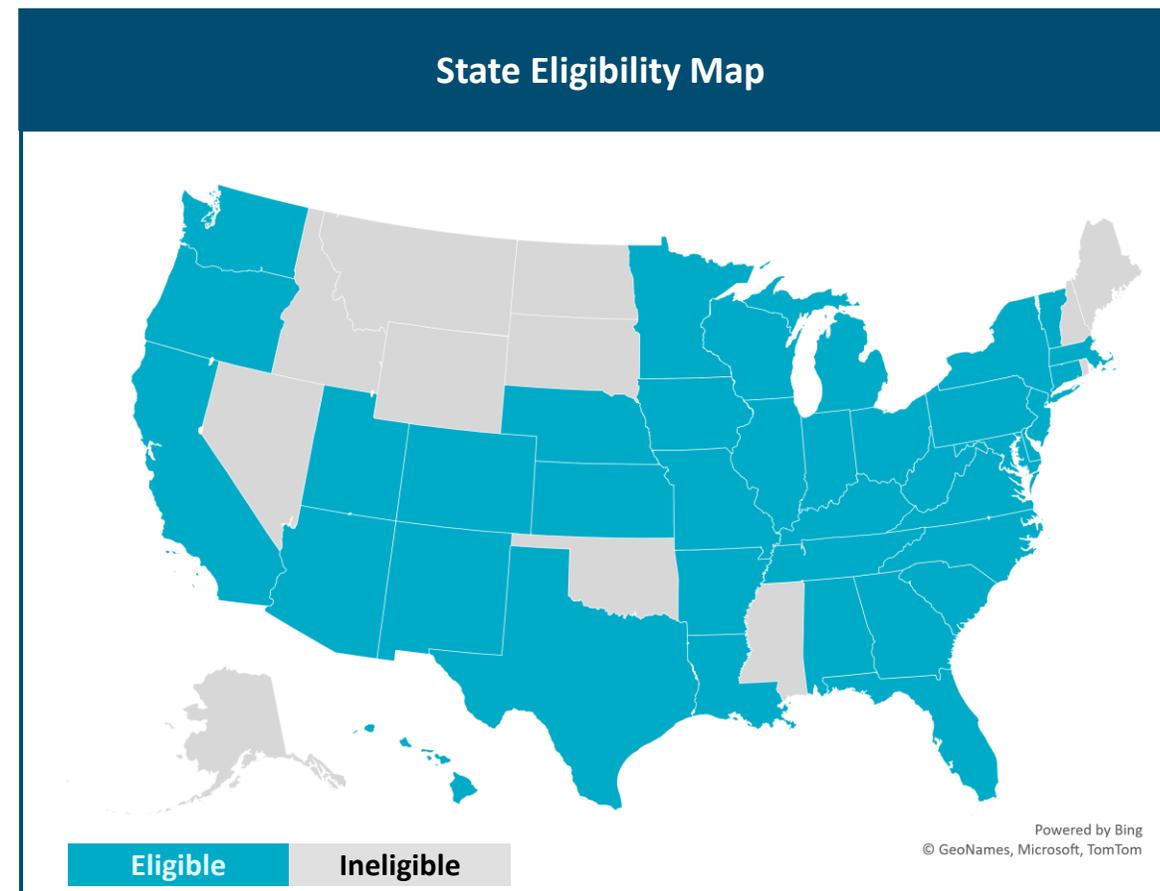
- Institutions with a historic **cohort default rate (CDR) <8%**
- Partner institutions with a historic **CDR between 8-12% may be eligible** pending a conversation with the Scholarship Program and the Loan Program

DEEP DIVE: ELIGIBLE STATES

State eligibility is based on your state of residency, not the state of your school

- The following states are currently ineligible:

- Alaska
- Idaho
- Maine
- Mississippi
- Montana
- Nevada
- New Hampshire
- North Dakota
- Oklahoma
- Rhode Island
- South Dakota
- Washington, D.C.
- Wyoming



LOAN PROGRAM KEY TERMS

Key Terms

APR: The Program's Annual Percentage Rate (APR) is based on the Grad PLUS loan's APR. **For the 2022-23 academic year, this equates to an APR of 8.50%¹.**

Loan Terms:

- Repayment period will either be **10 or 20 years**.
- The repayment period will be based on the expected debt-to-income ratio.

Repayment period begins 6 months after graduation.

Repayment Plans

In-School:

- Full deferment of principal & interest (P&I)
- **Option** to make minimum \$25/month payment

Post-Graduation:

- **Equal P&I** payments
- Alternative payment plans to be made available

Forbearance Options

- Temporary Hardship
- Active-Duty Military
- In-School & Medical Residency
- Disaster Forbearance

Note: Forbearance periods are capped and will extend the term of the loan; interest may continue to accrue. Student are encouraged to make interest payments during medical residency if possible.

Loan Amounts + Borrower Incentives

Loan Amounts:

- Minimum: \$5,000 (may be higher based on state regulations)
- Maximum: Up to the program loan cap (varies by degree)

Incentives + Fees:

- **Auto-pay:** 0.25% interest rate discount incentive to enroll in auto-pay
- No late charges or prepayment penalties
- **Returned Payment Fee:** \$25.00

Key Loan Terminology

DEFINING COST OF ATTENDANCE

The cost of attendance (COA) is the total amount it will cost a student to go to school. The **COA includes tuition and fees, housing and food-related living expenses, cost of books and supplies, transportation, and other miscellaneous expenses** such as the cost of a personal computer.

Breaking Down the Cost of Attendance

Tuition and Fees

- Tuition and fees are set by the institution you are attending.
- At public institutions, in-state tuition is typically much lower than out-of-state tuition (and generally lower than private institutions).
 - Research in which states you are eligible to receive in-state tuition as a DACA holder**, since this is the primary way of significantly reducing the cost of your graduate degree.
- Regardless of whether you attend a public or private institution, **leverage your financial aid offers to negotiate your tuition and fees PRIOR to making a final decision on where you will attend.**

Living Expenses

- Living expenses are the portion of the cost of attendance over which you have the most control.**
- Some expenses such as books and supplies are relatively fixed, though online textbook options tend to be cheaper than hard copies.
- Room + board, transportation, laptop and other expenses are highly discretionary.
 - Only borrow what you truly need to cover your expenses in these categories.**
 - If you can live at home or otherwise lower expenses below what is advised by your institution in the stated cost of attendance, the less you will need to borrow for your graduate degree.

	Amount
Tuition and Fees	\$85,000
Tuition	\$80,000
Registration Fees	\$5,000
Living Expenses	\$35,000
Room + Board	\$25,000
Books + Supplies	\$1,500
Transportation	\$1,000
Laptop	\$500
Other + Medical	\$7,000
Cost of Attendance¹	\$120,000

How it Applies

- Students attending an eligible institution and pursuing an eligible degree will **be able to borrow up to the annual loan cap each year for their degree.**²
- While students are eligible to borrow up to the total COA, we **strongly encourage all students to maximize their use of other funding sources that do not require taking on debt** or otherwise need to be repaid at a future date.
- The COA is usually calculated on an academic year basis. For example, the COA at right is what it would cost for the full 2022-2023 academic year of a degree program.

DEFINING DEBT-TO-INCOME RATIO

Debt-to-income ratio (DTI) is a key metric for evaluating how much you can reasonably borrow for graduate school

A debt-to-income (DTI) ratio is defined as the ratio of your debt payments, including interest, to your income.

- Many experts recommend having an overall DTI ratio of less than 30-36%, which includes all debt payments – mortgages, car loans, credit cards, medical debt and student debt. For renters, the recommended overall DTI ratio is 15-20%.¹
- We use a 15% DTI ratio as a key basis for determining which degree programs will be eligible for loans under the Dreamer Graduate Loan Program (student debt only).
- This is to ensure that the amount of student debt taken on will allow for reasonable and sustainable debt repayment and management.

Calculating your Debt-to-Income Ratio

$$\frac{\text{Monthly or Annual Debt Payment}}{\text{Monthly or Annual Gross Income}} \times 100$$

Sample Debt-to-Income Ratio Calculation²

Total Cost of Attendance	\$90,000	Capitalized Loan Balance	\$54,563
Savings + Income	\$30,000	Time to Repay (years)	10
Scholarships	\$10,000	Interest Rate	8.5%
School-Based Aid	\$5,000	Est. Annual Debt Payment	\$8,316
Other Sources of Funds	\$0	Est. Annual Gross Income	\$55,576
Estimated Loan Needed	\$45,000	Est. Debt-to-Income Ratio	15%

DTI and Loan Program Borrowing Limits

To account for variation in the cost of attendance between different institutions, **students are eligible to borrow up to the annual loan cap each year, but no more than the program loan cap over the entirety of their graduate program.** We strongly encourage students **to borrow as little as possible.**

DEFINING CAPITALIZATION, ACCRUED INTEREST + LOAN TERM

The amount you will owe on a loan will increase due to the interest that will be charged on the loan

Capitalization is the process of adding any accrued, unpaid interest to the principal balance of a loan. **Accrued interest** is the interest that has been incurred on a loan but has not yet been paid. The **loan term** is the number of years or months during which a borrower makes monthly payments in order to repay the loan with interest in full.

Illustrative Example ¹			10 Year Loan Term	20 Year Loan Term
<ul style="list-style-type: none"> 2022-23 Loan Amount: \$20,000 Degree Program Length: 4 years Estimated Total Loan Amount: \$80,000 Estimated Starting Salary: \$80,000/year Prepayments: \$0 	In-School Period	Principal Balance	\$80,000	\$80,000
		Interest Accrual	\$17,280	\$17,280
		Year 1 - \$20,000 loan total	\$1,440	\$1,440
		Year 2 - \$40,000 loan total	\$2,880	\$2,880
		Year 3 - \$60,000 loan total	\$4,320	\$4,320
Year 4 - \$80,000 loan total	\$5,760	\$5,760		
6-Month Grace Period	\$2,880	\$2,880		
Repayment Period	Capitalized Balance (after in-school and grace period)	\$97,280	\$97,280	
	Interest Paid over Loan Term	\$59,788	\$106,515	
	Monthly Payment	\$1,165	\$777	
	Total Repaid	\$139,788	\$186,515	
	Debt-to-Income Ratio	17%	12%	

How it Applies

- The loan term indicates **the period after in-school deferments and the 6-month grace period** during which students are required to make payments.
- There will be two loan terms offered: **10 years and 20 years.**
- The loan term will depend on the length of a student's degree program and the amount of the loan so that loan payments result in a debt-to-income ratio less than or equal to 15%.

Other Loan Opportunities

OTHER LOAN OPTIONS FOR DACA STUDENTS

Research other loan products to find the lowest cost, most student-friendly option for your degree and institution¹

MPOWER Financing

- No cosigner or credit history required.
- Must be admitted to one of 350 MPOWER partner schools and be within 2 years of graduating.

Ascent

- Option for cosigned or no cosigned loans with general graduate school loans as well as specific loan products for business school, medical fields, law school, and dental school.

SoFi

- U.S. citizen or permanent resident cosigner required for DACA students.
- General graduate school loans as well as law and business school-specific loan products.

Discover

- U.S. citizen or permanent resident cosigner required for DACA students.
- General graduate school loans as well as specific loan products for business school, health professions, and law.

Earnest

- U.S. citizen or permanent resident cosigner required for DACA students.
- Social Security Number required with a minimum FICO score of 650 and 3 years of credit history.

Tips for Researching other Loan Options

- When evaluating other loan options, **always compare the annual percentage rate (APR), or annual rate of interest charged to borrowers**, to understand the true yearly cost of funds over the term of a loan. The APR is a bottom-line number that can easily be compared with rates from other lenders.
- **Understand the terms and conditions of the loan.** How long will you have to pay back the loan? What are the repayment options? Are there any deferment options for when you are in-school, in a residency program, or have a temporary hardship? What are the terms of deferment?

1. Information contained in this slide is based on publicly available information from each of the above-listed lenders' sites at the time this document was created. Please independently verify the terms, conditions, and eligibility criteria for each lender.

Q&A

Appendix

DEGREES REQUIRING PROFESSIONAL LICENSES

Certain professions may require a professional license to practice

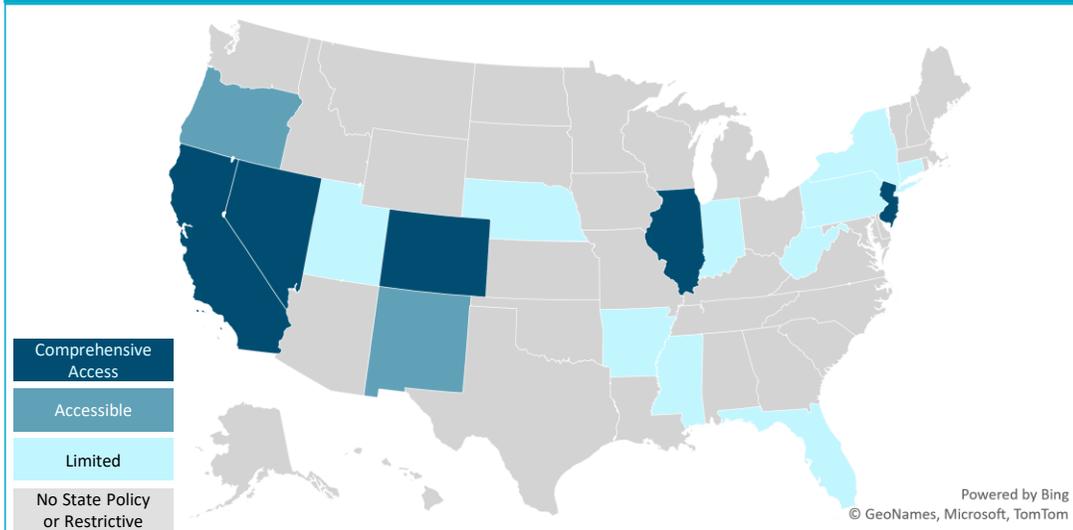
Licensure and certification requirements can have a major impact on a student’s ability to repay their loans should a student be unable to obtain a license or certification to practice.

We **strongly recommend students understand in which states they would be able to obtain a license or certification for their profession**, particularly when considering post-graduation opportunities.

For more information, we recommend visiting the following sites:

- Individual state licensing boards and/or departments
- [National Conference for State Legislatures](#)
- [Higher Ed Immigration Portal](#) for up-to-date information on State regulation regarding professional licenses

States that Grant Access to Professional Licenses to DACA or TPS Holders¹



Professions that may Require Licenses or Certifications²

- Athletic Trainers
- Nurses
- Architects
- Occupational Therapists
- Physical Therapists
- Radiologists
- Real Estate Brokers/Agents
- Respiratory Therapists
- Teachers
- Lawyers
- Physicians
- Physicians Assistants
- Surgeons
- Psychiatrists
- Psychologists
- Social Workers
- Accountants
- Counselors
- Engineers
- Behavior Analysts
- Dentists
- Optometrists
- Ophthalmologists
- Pharmacists
- Podiatrists
- Speech-Language Pathologists
- Veterinarians

THANK YOU

