



# Cashless Loan Programs

Matt Chinn, *Chief Operating Officer*

**UNISA, Inc. - Denver, CO**

# THE OPPORTUNITY



A tremendous challenge yet opportunity to fully package our students with little to no discounting



Institutional financing can enhance enrollment, cash flow and retention



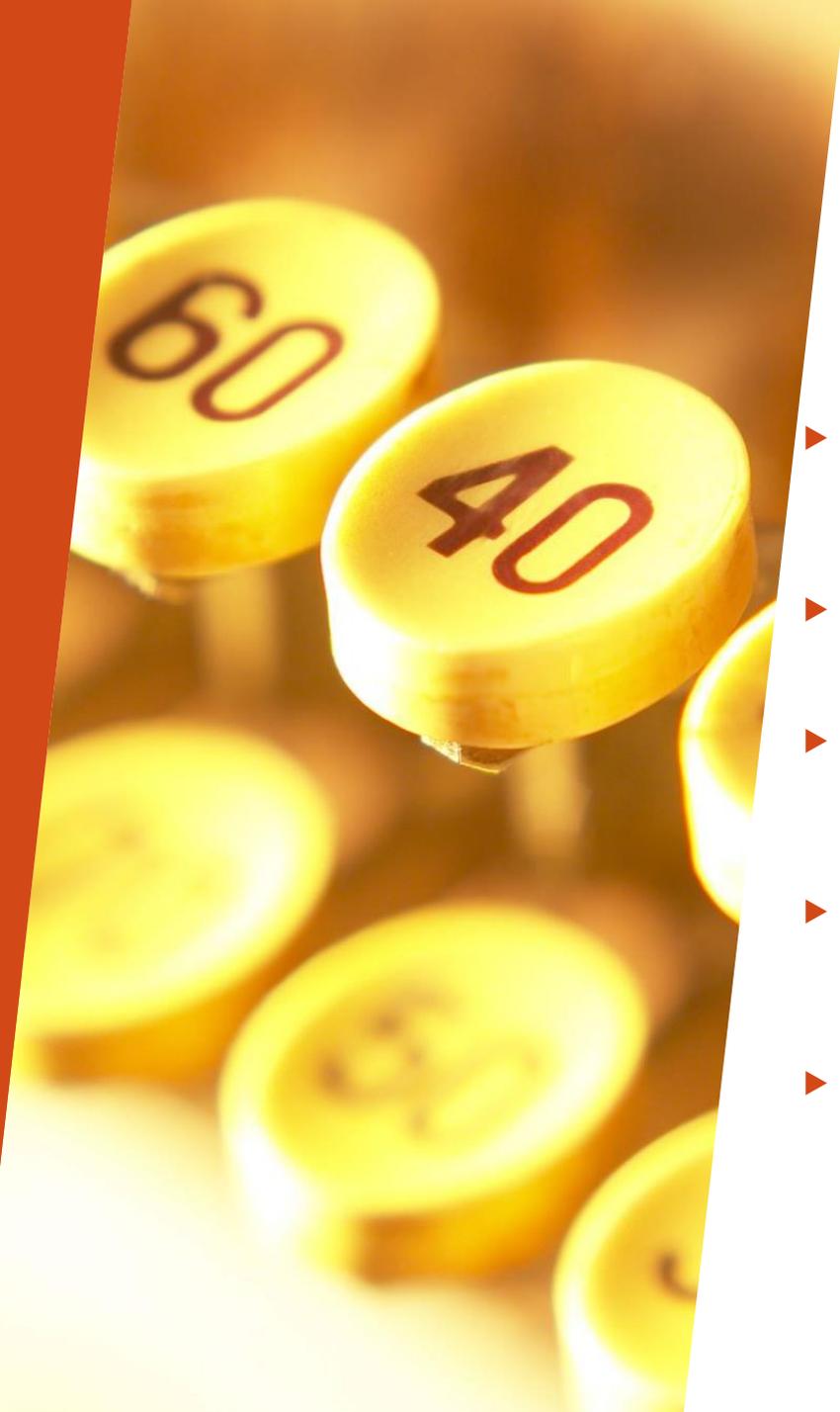
Interest and repayment terms are customizable to meet your schools' needs



Requiring modest in-school payments helps keep borrowers engaged early on and build healthy financial habits



Institutional financing is real life financial literacy experience and training on the fly



# CHALLENGE YET OPPORTUNITY

- ▶ Funded private student loans have nearly dried up since 2008
- ▶ Perkins loan program expired 06/30/2018
- ▶ Cuts to state funding, tuition assistance and endowment funds
- ▶ Risks with funded recourse loans vs unfunded deferred payment plans
- ▶ Turn institutional loan into revolving fund, and vehicle to enhance not only retention but also recruiting

# STUDENT PACKAGING

Funded Title IV (FAFSA)

Funded Private Student Loans & Personal Loans  
(Banks, etc.)

Funded Recourse Loans  
(Partial or Full and Default Consequences)

Unfunded Tuition Payment Plans, Deferred  
Payments, or Cash Plans (Extensions of Credit)

Funded or Unfunded Institutional Loans  
(Private Education Loans)

# FUNDED vs UNFUNDED

## (Cash vs Cashless)

- ▶ Unfunded loans may seem unknown, but they are feasible and being utilized
- ▶ Otherwise known and referred to as a cashless, unfunded or virtual loan (No \$ changing hands)
- ▶ Unfunded to start a revolving program can promote a funded loan down the road
- ▶ On ledger, can be booked as a receivable (No different than internal payment plans not yet paid)

- ▶ Goal of program; strategy
- ▶ Payments while in-school vs federal loan model
- ▶ Interest accrual, monthly payment minimums and loan terms
- ▶ Deferral provisions and borrower incentives (Such as auto pay and graduation/completion)
- ▶ Create a program designed to succeed and benefit students
- ▶ Institutional policies are key; create a culture of repayment and non default

# CASHLESS LOAN MODEL

# LOAN PROVISIONS

- ▶ If in-school payments, consider low cost to promote affordability (\$25-50 example)
- ▶ Out-of-school payments (\$150/month sweet spot, up to \$300/month); Cap loan term at 6-7 years (Including in-school payments)
- ▶ Shorter terms can better perform (Shorter than 120 month/10-year payout)
- ▶ Consider any cancellation provisions such as bankruptcy, disability and death; consider deferment and forbearance provisions

# COMPLIANT ORIGINATION

- ▶ Retail Installment Contract (RIC) signed by student and administrator covering Regulation Z
- ▶ Self-Certification Form & TILA disclosures  
(Solicitation, Application & Final)
- ▶ “Fully disclosed consumer” reminding students “free or lower-cost Title IV federal, state, or school student aid may be available”
- ▶ Borrower and co-borrower signatures; ensure enforceable contract and state compliance and verbiage



# Private Education Loan Applicant Self-Certification

OMB No. 1845-0101  
Form Approved Exp.  
Date 07-31-2019

Lending Act, a lender must obtain a self-certification signed by the applicant before disbursing a private education loan. The school is required on request to provide this form or the required information only for students admitted or enrolled at the school. Throughout this Applicant Self-Certification, "you" and "your" refer to the applicant who is applying for the loan. The applicant and the student may be the same person.

Instructions: Before signing, carefully read the entire form, including the definitions and other information on the following page. Submit the signed form to your lender.

## SECTION 1: NOTICES TO APPLICANT

- Free or lower-cost Title IV federal, state, or school student aid may be available in place of, or in addition to, a private education loan. To apply for Title IV federal grants, loans and work-study, submit a Free Application for Federal Student Aid (FAFSA) available at [www.fafsa.ed.gov](http://www.fafsa.ed.gov), or by calling 1-800-4-FED-AID, or from the school's financial aid office.
- A private education loan may reduce eligibility for free or low-cost federal, state, or school student financial aid.
- You are **strongly** encouraged to pursue the availability of free or lower-cost financial aid with your school's financial aid office.
- The financial information required to complete this form can be obtained from the school's financial aid office. If the lender has provided this information, you should contact your school's financial aid office to verify this information and to discuss your financing options.

## SECTION 2: COST OF ATTENDANCE AND ESTIMATED FINANCIAL ASSISTANCE

If information is not already entered below, obtain the needed information from the school and date where indicated. See Section 5 for definitions of financial aid terms.

- A. Student's cost of attendance for the period of enrollment covered by the loan
- B. Estimated financial assistance for the period of enrollment covered by the loan
- C. Difference between amounts A and B:

**WARNING:** If you borrow more than the amount on line C, you risk reducing your eligibility for free or lower-cost federal, state, or school financial aid

## SECTION 3: APPLICANT INFORMATION

Enter or correct the information below.

### ITEMIZATION OF AMOUNT FINANCED

Amount paid to you		\$0.00
Amount applied to your charges		
Colorado State University - C +		\$950.00
Amount Financed (total amount provided)	=	\$950.00
Initial Finance Charges	+	\$0.00
<b>Total Loan Amount</b>	=	<b>\$950.00</b>

### ABOUT YOUR INTEREST RATE

- Your rate is fixed
- Your Annual Percentage Rate (APR) is **5.00%**
- FEES**
- Late Charge: **\$5.00**
- Returned Check Charge: **\$20.00**

### Estimated Repayment Schedule & Terms

TERM LOAN FOR:		23 months
<b>In School Payments:</b>		<b>MONTHLY PAYMENTS</b>
12/01/2020	to	06/01/2021
	7	monthly payments
(No interest while in school)		
<b>Out of School Payments:</b>		
07/01/2021	to	11/01/2022
	16	monthly payments
		\$25.00
		\$50.17

**NOTE:** Your monthly payment due date is disclosed above and you will receive monthly reminders. Please see the last page of this document for servicer information.

### Federal Loan Alternatives

You must apply for and accept all available forms of Federal education loans prior to accepting this financing. For additional information, contact your campus's student finance aid office or the Department of Education at [www.federalstudentaid.ed.gov](http://www.federalstudentaid.ed.gov)

### Signatures:

Official Date of Signature: 7/28/2014 11:58:06 AM

Student:

Test Student 7/28/2014  
Signature Date

School:

By: Matt Chinn 7/28/2014  
Signature Date





# MAKING PAYMENTS

- ▶ Student demographics and program can contribute to a combination of both a student and/or parent/family making payments
- ▶ FERPA, PCI-DSS, and Regulation Z's payment crediting compliance
- ▶ In-school payments creates the need to save, plan and budget and promotes repayment experience
- ▶ Multiple payment processing options for borrower convenience
- ▶ Opportunity to pay in full interest free

- ▶ Courtesy reminders via in-person, phone, email, mail, and text
  - ▶ USPS First Class ACS; presentment in-person (in class) and/or via email
  - ▶ 24/7 account review and management online and via student portal
  - ▶ Phone call reminder in addition to paper statement; follow-up support and contact outlets
  - ▶ Text and/or email reminder before or on due date
- (Required disclosure and opt-out)

# REMINDERS & COURTESY CONTACT

# BILLING STATEMENTS

TEST UNIVERSITY  
 CUSTOMER SERVICE  
 7400 E ARAPAHOE RD SUITE 10  
 ENGLEWOOD CO 80112  
 WWW.UNISAINC.COM

PHONE: (800) 875-8910  
 FAX: (303) 221-5606

BILLING STATEMENT: 04/13/2014

PROGRAM: APEX FINANCING  
 LETTER: APEXBL

ANY STUDENT  
 ANY STREET  
 ANY CITY CO 80212

TO PAY YOUR BALANCE IN FULL, REMIT  
 \$3,251.39 ON OR BEFORE 05/01/2014

ACCOUNT NUMBER  
 0000-U99212357-1

DUE AMOUNT: \$40.00

KEEP THIS SECTION FOR YOUR RECORDS

PLEASE REMIT THE AMOUNT DUE NO LATER THAN THE DUE DATE TO AVOID  
 THE POSSIBLE ASSESSMENT OF LATE AND/OR PENALTY CHARGES. PLEASE  
 CONTACT OUR OFFICE IF YOU HAVE ANY QUESTIONS OR NEED ASSISTANCE.

FINANCED AMOUNT	\$3,250.00	LATE CHARGE DUE	\$0.00
PRINCIPAL PAID	\$12.10	SERVICE CHARGE DUE	\$0.00
PRINCIPAL CANCELLED	\$0.00	COLLECTION CHARGE DUE	\$0.00
PRINCIPAL BALANCE	\$3,237.90	LITIGATION CHARGE DUE	\$0.00
INTEREST PAID	\$0.00	PRINCIPAL DUE	\$26.51
		INTEREST DUE	\$13.49
LAST PAID AMOUNT	\$1.00	LAST PAID DATE	03/05/2014
ALWAYS WRITE YOUR ACCOUNT NUMBER ON ALL CHECKS AND CORRESPONDENCE			

DETACH AND RETURN THE LOWER SECTION WITH PAYMENT:

ANY STUDENT  
 ANY STREET  
 ANY CITY CO 80212

ADDRESS CHANGE:

\_\_\_\_\_  
 \_\_\_\_\_  
 HOME PHONE: \_\_\_\_\_  
 WORK PHONE: \_\_\_\_\_

SEND PAYMENT TO THE FOLLOWING:

TEST UNIVERSITY  
 PO BOX 4385  
 ENGLEWOD CO 80155-4385

ACCOUNT NO: 0000-U99212357-1

DUE DATE: 05/01/2014  
 DUE AMOUNT: \$40.00



TEST UNIVERSITY  
 CUSTOMER SERVICE  
 7400 E ARAPAHOE RD SUITE 10  
 ENGLEWOOD CO 80112  
 WWW.UNISAINC.COM

PHONE: (800) 875-8910  
 FAX: (303) 221-5606

FIRST OVERDUE NOTICE 04/13/2014

CREDITOR: TEST UNIVERSITY  
 PROFILE: PPRK03  
 LETTER: LT15DL

ANY STUDENT  
 ANY STREET  
 ANY CITY CO 80212

TO PAY YOUR LOAN IN FULL, REMIT  
 \$3264.88 ON OR BEFORE 05/01/2014

ACCOUNT NUMBER  
 0000-U99212357-1

DUE AMOUNT: \$80.00

KEEP THIS SECTION FOR YOUR RECORDS

OUR RECORDS INDICATE THAT YOUR ACCOUNT IS 15 DAYS PAST DUE. IF PAYMENT  
 HAS NOT ALREADY BEEN SUBMITTED, PLEASE FORWARD IT IMMEDIATELY. PLEASE  
 CONTACT OUR OFFICE IF YOU HAVE ANY QUESTIONS OR NEED ASSISTANCE.

LOAN AMOUNT	3250.00	LATE CHARGE DUE	\$0.00
PRINCIPAL PAID	12.10	SERVICE CHARGE DUE	\$0.00
PRINCIPAL CANCELLED		COLLECTION CHARGE DUE	\$0.00
PRINCIPAL BALANCE	3237.90	LITIGATION CHARGE DUE	\$0.00
INTEREST PAID		PRINCIPAL DUE	53.02
		INTEREST DUE	26.98
LAST PAID AMOUNT	1.00	LAST PAID DATE	03/05/2014
ALWAYS WRITE YOUR ACCOUNT NUMBER ON ALL CHECKS AND CORRESPONDENCE			

DETACH AND RETURN THE LOWER SECTION WITH PAYMENT:

ANY STUDENT  
 ANY STREET  
 ANY CITY CO 80212

ADDRESS CHANGE:

\_\_\_\_\_  
 \_\_\_\_\_  
 HOME PHONE: \_\_\_\_\_  
 WORK PHONE: \_\_\_\_\_

SEND PAYMENT TO THE FOLLOWING:

TEST UNIVERSITY  
 PO BOX 4385  
 ENGLEWOD CO 80155-4385

ACCOUNT NO: 0000-U99212357-1

DUE DATE: 05/01/2014  
 DUE AMOUNT: \$80.00

# PAPERLESS BILLING



(303) 221-5626 FAX (303) 221-5606  
CUSTOMERSERVICE@UNISAINC.COM

TO PAY YOUR BALANCE IN FULL, REMIT  
\$5,867.00 ON OR BEFORE 06/01/2020

**Paperless Billing Opt-In** ✕

Save paper, stay organized:

Get your billing statements online instead of in the mail. When you go paperless for your account, we'll send you an email at meretlew@yahoo.com when your billing statement is available. If this email is incorrect, please update it by clicking the "Update Address Info" button on the main account page. To go paperless for an account, check the box below and click submit. To opt-out and return to paper billing statements, click the option to decline and click submit.

Yes, I consent to opt-in to paperless statements.  
 No, I do not wish to opt-in to paperless statements.

Cancel
Submit

**KEEP THIS SECTION FOR YOUR RECORDS**

PLEASE REMIT THE AMOUNT DUE NO LATER THAN THE DUE DATE. CONTACT OUR OFFICE IF YOU HAVE QUESTIONS OR NEED ASSISTANCE REGARDING YOUR APEX FINANCING.

\*\*\*\*\* TO MAKE A PAYMENT ONLINE VISIT US AT WWW.UNISAINC.COM \*\*\*\*\*

LOAN AMOUNT	\$7,167.00	LATE CHARGE DUE	\$0.00
PRINCIPAL PAID	\$1,300.00	SERVICE CHARGE DUE	\$0.00
PRINCIPAL CANCELLED	\$0.00	COLLECTION CHARGE DUE	\$0.00
PRINCIPAL BALANCE	\$5,867.00	LITIGATION CHARGE DUE	\$0.00
INTEREST PAID	\$0.00	PRINCIPAL DUE	\$50.00
		INTEREST DUE	\$0.00
LAST PAID AMOUNT	\$100.00	LAST PAID DATE	05/03/2020

ALWAYS WRITE YOUR ACCOUNT NUMBER ON ALL CHECKS AND CORRESPONDENCE

**DETACH AND RETURN THE LOWER SECTION WITH PAYMENT**

MERETLE WILSON  
5923 HIGH NOON AVE  
COLORADO SPRINGS CO 80923-5813

ADDRESS CHANGE: \_\_\_\_\_

HOME PHONE: \_\_\_\_\_

WORK PHONE: \_\_\_\_\_

EMAIL: \_\_\_\_\_

**SEND PAYMENT TO THE FOLLOWING:**

INTELLITEC COLLEGES/CS 5100/1  
PO BOX 4385  
ENGLEWOOD CO 80155-4385

ACCOUNT NO: U99544326

DUE DATE: 06/01/2020

DUE AMOUNT: \$50.00

# ENTRANCE & EXIT COUNSELING



Electronic vs in-person;  
Face-to-face is key if feasible



Data shows exit counseling alone can increase  
collections and reduce defaults by 20%



Rolling exits with PowerPoint Presentations  
(and pizza!)



Introduce key school personnel and service  
contact info



Loan specific info to drive home real-world numbers  
and budgets

# FINANCIAL LITERACY

COHEAO's October Financial Wellness  
"Become so financially secure that you forget it's payday."

COVID-19  
It is an opportune time to focus on the importance of financial education.

School Example:  
Financial literacy questionnaire, video and certificate!

School Example:  
Financial Aid visits with grads in-person to assist with servicer info, deferments, etc.

# BUDGETING 101



- ▶ Necessary Expenses

(Rent/mortgage, utilities, maintenance, food, clothing, insurance, taxes & medical expenses)

- ▶ Essential Expenses

(Transportation, car insurance, vehicle tax & fuel)

- ▶ Optional Expenses

(Books, cable, internet, movies, entertainment & meals)

- ▶ Save money for the future and set money aside for emergencies
- ▶ Be able to adapt to life's changes and surprises
- ▶ Spend less than you earn, borrow what you can afford!

# PEER MENTORS

Schools are encouraging work study students to mentor peers



Peers go to mandatory coaching sessions and are eligible to be paid

Lunch and learn

Mock appointments



Weekly training focus on wellness components, communication/helping skills, and finances

# REPAYMENT INCENTIVES

Reduction in interest rate for automatic payments, graduation/completion on-time and/or co-signer



Reductions in principal balance for automatic payments and/or cancellation of a portion of the loan for successful program completion



Current at time of graduation for out of school reduction of balance owed and opportunity to get current at time of graduation if past due



Debt reducers and promotion of paying in full before Title IV loan repayment; grace period and tax time/settlement incentives

# BEST PRACTICES



Importance of first payment; educate students about the importance of paying on-time, taking advantage of incentives and grace periods



FERPA, PCI-DSS, and Regulation Z's payment crediting compliance



In-school payments creates the need to save, plan and budget and promotes repayment experience; promotes out-of-school payments



Multiple payment processing options for borrower convenience



Opportunity to pay in full interest free

- ▶ Multiple support outlets and multiple payment processing options with no fees (ACH, credit/debit, check, money order, cash and/or auto pays)
- ▶ Federal loan model may hinder recovery; affordability contributing to retention
- ▶ Web based and administrator portals to track non-paying accounts; continually harvest good contact information for reminders
- ▶ Credit checks, national credit bureau reporting and third-party collection agency interface
- ▶ Automated and real-time reporting and timely review; consistent past due courtesy contact

# BEST PRACTICES CONT

# DUE DILIGENCE



Timely follow-up is key; timing and consistency in communication and messaging is vital



Documentation of all due diligence and collection efforts promote compliance



Past due courtesy contact provides an opportunity for feedback and can be used as a positive public relations; opportunity to nurture a long-lasting relationship post separation



Skip tracing and letter series (Final demand, right to cure, etc.)

# ACCOUNT AGING REPORT

	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q
1	ACCOUNT AGING REPORT															
2																
3																
4	FIRST NAME	ACCOUNT	STATUS	DIS DT	SEP DT	NEXT BILL	LAST PAID	PMT AMT	CUR	31-60	61-90	91-120	121-150	151-180	181-210	210+
5																
6	TEST	123456789	ENROLL	03/17/2014		05/01/2014		\$ 120.00	\$ 120.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
7	TEST	123456789	ENROLL	11/18/2013		01/01/2014	04/04/2014	\$ 100.00	\$ 100.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
8	TEST	123456789	ENROLL	11/18/2013		02/01/2014	04/07/2014	\$ 240.00	\$ 240.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
9	TEST	123456789	ENROLL	11/18/2013		01/01/2014	03/10/2014	\$ 100.00	\$ -	\$ -	\$ -	\$ 400.00	\$ -	\$ -	\$ -	\$ -
10	TEST	123456789	ENROLL	05/28/2012		02/01/2014	04/01/2014	\$ 100.00	\$ 100.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
11	TEST	123456789	ENROLL	09/09/2013		11/01/2013	04/07/2014	\$ 50.00	\$ 50.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
12	TEST	123456789	ENROLL	03/17/2014		05/01/2014		\$ 180.00	\$ 180.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
13	TEST	123456789	ENROLL	09/10/2012		10/01/2012	04/07/2014	\$ 75.00	\$ -	\$ 150.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
14	TEST	123456789	ENROLL	01/06/2014		02/01/2014	04/02/2014	\$ 220.00	\$ 220.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
15	TEST	123456789	ENROLL	03/17/2014		05/01/2014		\$ 60.00	\$ 60.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
16	TEST	123456789	ENROLL	07/01/2013		08/01/2013	03/05/2014	\$ 60.00	\$ -	\$ -	\$ 180.00	\$ -	\$ -	\$ -	\$ -	\$ -
17	TEST	123456789	ENROLL	03/17/2014		05/01/2014		\$ 160.00	\$ 160.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
18	TEST	123456789	ENROLL	03/17/2014		05/01/2014		\$ 85.00	\$ 85.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
19	TEST	123456789	ENROLL	03/17/2014		05/01/2014		\$ 120.00	\$ 120.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
20	TEST	123456789	ENROLL	07/02/2012		07/01/2013	07/10/2013	\$ 60.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 540.00
21	TEST	123456789	GRACE	02/10/2014	02/06/2014	06/01/2014	04/09/2014	\$ 75.00	\$ 70.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
22	TEST	123456789	REPAY	09/19/2011	11/01/2012	06/01/2014	03/28/2014	\$ 80.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 744.37
23	TEST	123456789	REPAY	07/02/2012	08/02/2013	06/01/2014	03/25/2014	\$ 120.00	\$ -	\$ -	\$ 360.00	\$ -	\$ -	\$ -	\$ -	\$ -
24	TEST	123456789	REPAY	02/13/2012	04/19/2013	06/01/2014	04/11/2014	\$ 180.00	\$ 283.04	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
25	TEST	123456789	REPAY	11/18/2013	11/14/2013	06/01/2014	02/25/2014	\$ 100.00	\$ 100.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

CURRENT, 31-60 DAYS, 61-90 DAYS, ETC.

# STRATEGIES FOR INSTITUTIONS

Balance risk of  
funded vs unfunded  
institutional and  
private student loans

Institutional loans as  
means to enhance  
packaging,  
enrollment, cash flow  
and alumni relations  
(Both funded and  
unfunded)

Institutional culture  
change and policies  
promoting non  
default, involuntary  
withdrawal, and  
eligibility for future  
enrollment

Non-recourse sale of  
performing and non-  
performing accounts  
for cash flow

# CHANGING LIVES



Lifelong fiscal and repayment experience



Budgeting



Saving



Planning



Making a difference in a student's life

# THANK YOU & QUESTIONS

▶ Matt Chinn, UNISA, Inc.

- ▶ Office (303) 221-5626
- ▶ Cell (303) 521-5503
- ▶ [matt.chinn@unisainc.com](mailto:matt.chinn@unisainc.com)



TM