

Union Federal Private Student Loan Program

Private Loan Proposal For the
2011-2012 Academic Year

Methodist University

Submitted By: Craig Harris
Relationship Manager
The First Marblehead Corporation
August 3, 2011

History:

First Marblehead Corporation:

For over 20 years, First Marblehead has focused on providing families access to the private student loans they need, while making that process as informative and straightforward as possible. With over two decades in the student loan industry, we have processed over 6 million applications, disbursed over \$16.5 billion in private student loans and facilitated school certification processes at thousands of schools nationwide. Our product development philosophy allows lenders and schools to be involved early in the process, resulting in custom products and a dynamic online application experience.

First Marblehead remains dedicated to providing financing options for students who have exhausted their government and institutional financing aid options. Throughout the application process we emphasize that students should take “federal loans, grants, and scholarships first.” At our website, www.smartborrowing.org, students and their families can find an unbiased resource for financial aid and student loan information.

Union Federal Savings Bank:

Union Federal Savings Bank began originating private student loans in April of 2007. We had one simple goal – to help our customers make the most of their money. We offer an array of personal banking products that fit customers’ needs, whether they want to save money or borrow it. Every customer also enjoys personal attention. Union Federal Savings Bank currently has over \$50 million in available cash, and has a core capital ratio of over 16% giving it the ability to further expand its balance sheet.

Service:

School Services:

First Marblehead has a dedicated Priority Service team working exclusively for our school clients. Our Priority Service Associates are able to work both proactively and reactively with the Financial Aid Office to ensure a smooth process for the school and the student and to resolve any potential issues before they happen. Our Priority Service team ensures that certifications are processed on-time and that any information required by the school is captured in a timely manner prior to disbursement.

Customer Service:

First Marblehead has the systems and Customer Service Representatives in place to assist students and their families as they explore the Union Federal Private Student Loan Program. Borrowers may utilize the automated voice response 24/7 or they may speak with a representative during business hours by selecting the representative option from the menu choices. Our Customer Service Representatives are located in the United States and are available Monday through Friday from 9 AM – 8 PM Eastern.

Product Information:

Eligibility:

- Undergraduate and graduate students enrolled at least half-time
 - The student borrower and their cosigner must be at least the age of majority at the time of the application
 - Student Only Application: must be a U.S. citizen or permanent resident
 - International students may apply with an eligible U.S. cosigner
 - Available for Past Due Balances for up to 3 months
 -
- Student protection in case of death
SAP not required

Borrowing Amounts:

Minimum Loan Amount: \$2,000

Annual Loan Amount: CLA or \$65,000 (whichever is less)

Aggregate Loan Limit: \$150,000 including all education debt

Borrower Benefits:

ACH Reduction: **0.25%** interest rate reduction for borrowers who elect to have monthly principal and interest payments transferred electronically from a savings or checking account.

On-Time Payment: **0.25%** interest rate reduction for borrowers who have made on-time monthly principal and interest payments (payments must be received within 10 days of the due date) for a minimum of the first 36 consecutive months.

Cosigner Release: Cosigner release is available after the first 36 consecutive payments of principal and interest have been made on-time. The applicant must pass applicable underwriting criteria and other requirements as set forth in the Credit Agreement at the time of the request.

Interest Rates & Fees:

Index: The applicable interest rate for each calendar quarter shall be based on the average of the One-Month London Interbank Offered Rates (“LIBOR”) published in *The Wall Street Journal* on the first business day of each of the three (3) calendar months immediately preceding each quarterly change date.

Variable Interest Rate: Variable rate pricing currently ranges from One-Month LIBOR + 2.60% to One-Month LIBOR + 8.99% dependent on credit history, repayment term and repayment option. The pricing is subject to change.

Fees:

None

Repayment Terms:

5 Years
10 Years
15 Years
(available
for loan

Repayment Options:

amounts of
\$5,000)

Fully Deferred Repayment: Principal and interest is fully deferred for up to 60 months from the date of the first disbursement of the loan while the student remains enrolled at an eligible school at least half-time.

Interest Only Repayment: Principal payments are deferred for up to 60 months from the date of the first disbursement of the loan while the student remains enrolled at an eligible school at least half-time.

Partial Interest Repayment (Student Starter): The fixed \$25 per month interest payments begin 30-60 days after the loan’s first disbursement. Borrowers may defer principal for up to 60 months from the date of the first disbursement if enrolled at least half-time at an eligible school.

Immediate Repayment: Payment of principal and interest begin 30-60 days after the last disbursement.

Application:

Our online application process provides additional transparency by displaying in the same session an actual repayment calculation based on the pricing the applicant is offered. The applicant can then customize loan options and see the impact of their choices on the loan pricing and compare scenarios, before they make a commitment to final loan terms.

The follow processing features are available for applicants:

- Online, same session initial credit review
- Online applications, including loan customization and real time pricing calculations
- EasyInviteSM tool gives borrowers a way to share the application with their cosigner during the application
- As an added convenience, a cosigner may start the application first, and invite the student to join once their information has been entered
-

eSignature process

Phone support is

available to help

borrowers and

cosigners with

questions during the

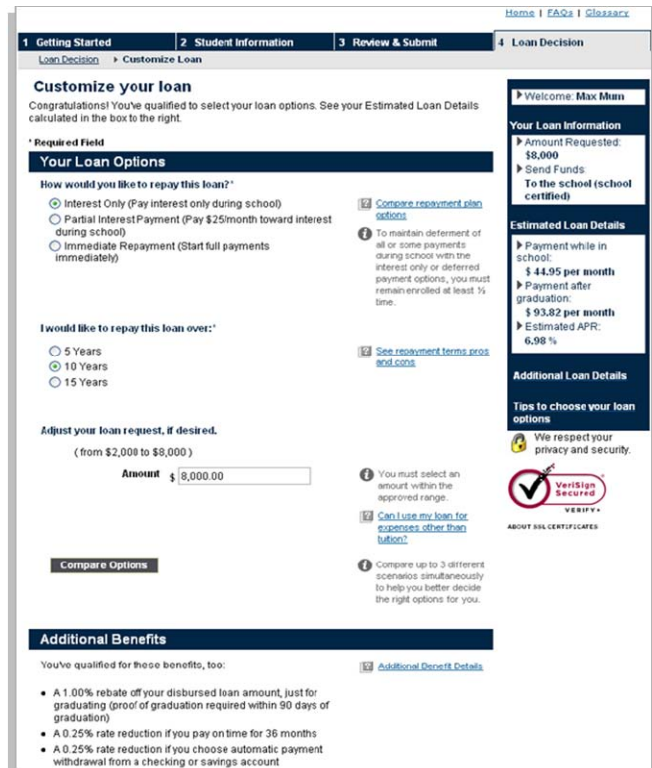
application process

Characteristics of our Online Application:

Our step-by-step online application takes as little as 15 minutes to complete. We help you through the process with information and tips along the way.

Applicants are able to customize their loan:

- Upon initial approval, borrowers can choose their repayment term and type
- Helpful tips and information are available every step of the way
- Estimated rates and repayment amounts calculate automatically in the *Estimated Loan Details* box on the right
- Borrowers can even choose to reduce their loan amount
- A link to our *Compare Your Options* tool provides a more detailed view



The screenshot shows the 'Customize your loan' interface. At the top, there are navigation tabs: '1 Getting Started', '2 Student Information', '3 Review & Submit', and '4 Loan Decision'. Below this, the 'Loan Decision' tab is active, showing 'Loan Decision' > 'Customize Loan'. The main heading is 'Customize your loan' with a congratulatory message. A 'Required Field' section titled 'Your Loan Options' asks 'How would you like to repay this loan?' with three radio button options: 'Interest Only', 'Partial Interest Payment', and 'Immediate Repayment'. There are also links to 'Compare repayment plan options' and a tip about maintaining deferral. Below this, it asks 'I would like to repay this loan over:' with radio buttons for '5 Years', '10 Years', and '15 Years', and a link to 'See repayment terms pros and cons'. An 'Adjust your loan request, if desired.' section has a text input for 'Amount' set to '\$ 8,000.00' and a range of '(from \$2,000 to \$8,000)'. A 'Compare Options' button is present. On the right, a sidebar shows 'Welcome: Max Mun', 'Your Loan Information' (Amount Requested: \$8,000, Send Funds, To the school), 'Estimated Loan Details' (Payment while in school: \$44.95 per month, Payment after graduation: \$93.82 per month, Estimated APR: 6.98%), and 'Additional Loan Details' with a 'Tips to choose your loan options' section. At the bottom, an 'Additional Benefits' section lists three bullet points: a 1.00% rebate, a 0.25% rate reduction for 36 months, and another 0.25% rate reduction for automatic payment withdrawal. A 'VeriSign Secured' logo is also visible.

For illustrative purposes only -not an actual borrower

Pricing transparency encourages smart borrowing decisions:

With the *Compare Your Options* tool in the application, applicants can:

- Compare rates and payment amounts for different repayment options
- View the impact of different loan decisions on the loan pricing as it calculates in real-time
- Run as many scenarios as they want before making a final commitment

Estimated Loan Details ¹			
Compare Your Options			
	Current	Option 1	Option 2
1	Student Starter	Interest Only	Deferred
2	10 Years	10 Years	15 Years
3	\$0,000.00	\$0,000.00	\$0,000.00
	\$2,000 - \$9,000	\$2,000 - \$9,000	\$2,000 - \$9,000

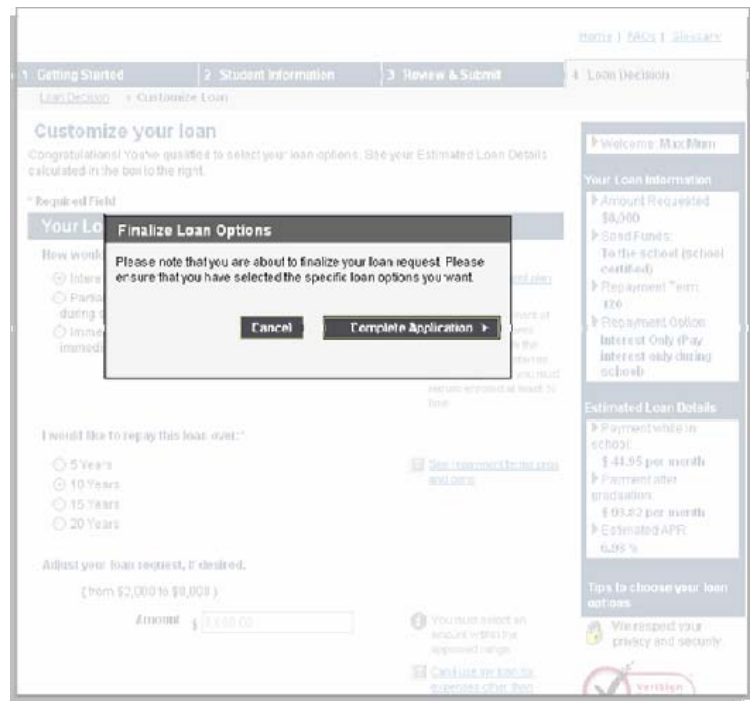
Basic Loan Details			
Current Interest Rate ²	6.440%	6.440%	6.580%
APR ³	6.44%	6.732%	6.559%
Origination Fee ⁴	2.40%	2.00%	3.40%
	\$172.94	\$163.26	\$182.58

Additional Loan Details			
Deferment Period (in months)	36	36	36
Estimated Monthly Payments while in School (max 60 months) ⁵	\$25.00	\$43.81	\$6.08
Repayment Period (in months)	120	120	180
Estimated Monthly Payments during Repayment ⁶	\$73.22	\$92.41	\$67.90
Estimated Total Amount Paid ⁷	\$9,587.13	\$13,158.94	\$12,221.18
	See Full Repayment Schedule	See Full Repayment Schedule	See Full Repayment Schedule

For illustrative purposes only - not an actual borrower

Ensuring the best loan option for each borrower:

- Pop up boxes throughout the application process to verify borrower's choices
- Before finalizing the loan, the borrower has the opportunity to review other loan scenarios



For illustrative purposes only – not an actual borrower

Processing:

First Marblehead can accommodate your processing preferences. Our records currently indicate that you are using ELM and ELM NDN for certification and disbursement. If you would like to update your preferences, please contact your Relationship Manager, Craig Harris.

Certification:

Financial Aid Administrators can certify Union Federal Private Student Loans and check the status of a borrower’s loan through schoolcertify.com, First Marblehead’s web based system for schools. We also support various industry delivery methods that utilize CommonLine including ELM and ScholarNet.

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 • 礪 • 回湊 • 玲傲湊傲 • 玲 • 傲 • 戀 • 琳琳 • 明攀琳

Using www.schoolcertify.com, Financial Aid Administrators have 24x7 access to loan information.

Certification will be provided after loan customization (initial credit approval) and after all applicant documentation has been received. Please note that the school certification and all applicant documentation must be received before the Approval Disclosure is sent to the applicants.

First Marblehead processes and sends status updates as well as certification files every hour.

Disbursement:

Schools are able to utilize several forms of disbursements including EFT, ELM NDN, Great Lakes CDS, paper check or HESC. Paper checks are made co-payable to the school and student.

Lender	Relationship Manager	Borrower Contact	School Contact
Union Federal Savings Bank Lender Code: 907798 NCHelp Code: P15 Guarantor Code: P16	Craig Harris The First Marblehead Corporation (615) 927-1646 Charris@fmd.com	Customer Service Monday – Friday 9AM – 8PM Eastern (866) 513-8445	Priority Service Monday – Friday 9AM – 8PM Eastern (866) 296-3637 PriorityService@fmd.com

Application Solicitation Disclosure: https://www.alternativeloan.com/CWA/ASD?link_id=UFPSL1