

# **Application and Solicitation Disclosure**

## **Income Share and Fees**

This is for illustration purposes only and may not reflect the actual terms of your ISA.

Based upon the information you provide, you may be eligible for a **funding amount** up to:

**\$30,000.**

Based on the information provided in the application process, including but not limited to your degree level, year in school, your major, your **income share rate** for every \$10,000 of funding will be between:

**2% and 10%**

of your total earned income over a payment term of:

**48 to 120 months**

### **Your Income Share during the life of the Income Share Agreement (ISA)**

- **Your income share is the percentage of your future earned income you will owe in return for the funding you receive.** It is not an interest rate or an annual percentage rate.
- **Your income share is fixed.** It will be established based upon your funding amount, your major, your academic performance, your class level and other information you provide as part of the application process.
- **Your monthly payments will vary based on the amount of your earned income.** The total amount you will pay may be more or less than your funding amount.
- **You will not be required to make payments if your earnings are less than \$3,333 per month, which equals \$40,000 per year.** During periods when you earn less than this amount, your account will be placed in deferment, and the length of your payment term will be extended.
- **The maximum you will pay over the payment term is 2.5x the original amount funded, regardless of your earned income.** You may also pay this maximum amount (less any payments made to date plus any outstanding fees) in order to extinguish your obligations before the payment term ends.

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## Fees

**Late Fee:** The greater of \$5 and 5% of the payment amount due.

**Returned Payment Fee:** \$20.

## Income Share Agreement Payment Illustration

An ISA is different from a loan (which has principal and interest payments) or a conventional tuition payment plan (which requires payment in full and may charge interest). An ISA requires you to pay a fixed percentage of your earned income each month for a fixed period of time. The table below compares illustrative monthly and total ISA payments for different levels of earned income.

Average Annual Earned Income	Estimated Monthly Payments Under Differing Levels of Earned Income for a \$10,000 Income Share Agreement	
	3.85% Income Share 48 Monthly Payments	
	Monthly Payments	Total Payments
< \$40,000	\$0	\$0
\$40,000	\$128	\$6,168
\$50,000	\$161	\$7,709
\$60,000	\$193	\$9,251
\$70,000	\$225	\$10,793
\$80,000	\$257	\$12,335
\$90,000	\$289	\$13,877
\$100,000	\$321	\$15,419
\$110,000	\$353	\$16,961
\$120,000	\$385	\$17,500 (Cap)

### About this illustration

The illustration assumes that you make monthly payments tied to earned income over 48 months. When your monthly earned income is less than \$3,333.00 (equivalent to \$40,000/year), your account will be placed in a deferment status, and you will not be required to make payments. If your cumulative payments reach the payment cap, then you make no further payments and your account is closed in good standing. The payments columns assume that your average earnings remain the same over the payment term. Your actual total payments may be a blend of monthly payments since your earnings may fluctuate over time. You are required to notify us within 30 days if your earnings change during the year. Remember that your earned income will depend on many factors, including your occupation, industry, and the area of the country in which you work. All dollar figures have been rounded to the nearest dollar.

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## Alternatives to an ISA

Loan Program	Current Interest Rates	Approximate Total Payments on \$10,000 Received*
<b>FEDERAL DIRECT LOAN (unsubsidized and subsidized)</b> For undergrad & grad students	4.5% (unsub) 4.5% (sub) 6 % (grad)	\$13,146 (unsub) \$12,542 (sub) \$13,342 (grad)
<b>PLUS (unsubsidized)</b> For parents and graduate/ professional students	7 % fixed	\$15,659
<b>PRIVATE (unsubsidized)</b> No cosigner	9.50% fixed	\$17,126

\* Because of origination fees, borrowers must take out loans of \$10,108 (Direct Loan) and \$10,447 (PLUS) to receive \$10,000 of educational funding, and the total payments reflect those loan amounts. The private loan interest rate of 9.50% is representative of private loans without a cosigner. This example assumes 9 months of enrollment, 6 months of grace, that interest is capitalized for unsubsidized loans after the grace period, and that payments are made under a level, 120-month payment schedule. All dollar figures are rounded to the nearest dollar. The federal loan interest rates in the table are set by Congress every June.

**You may qualify for federal education loans. You should determine whether your School participates in the Federal Student Aid program, and whether you would be eligible for a Federal Direct Loan before you consider an ISA.**

For additional information, contact your school's financial aid office or the Department of Education at: <http://www.federalstudentaid.ed.gov>

**Private education loans are another alternative to federal loans and ISAs.**

For additional information, see: <http://www.consumerfinance.gov/paying-for-college>

You should seek advice about your education financing options from a trusted advisor.

## Next Steps

### 1. Find Out About Other Student Financing Options.

University of California - Berkeley may have school-specific financing benefits and terms not detailed on this form. For more information about other financing options, contact your School's Financial Aid Office or visit the Department of Education's Web site (<http://www.federalstudentaid.ed.gov>).

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**2. If You are Interested and Have Not Done So Already, Apply for this Income Share Agreement by Completing the Application.**

If you are approved for this ISA, the ISA terms, which will be outlined in the ISA Contract and the Participation Disclosure, will be available for 30 days (terms will not change during this period, except as required by law).

## **Disclosure References**

### **Income Share Agreement (ISA)**

An ISA is not a loan or other debt or credit instrument. It represents your obligation to make payments linked to a specific percentage of your earned income and does not give us any rights regarding your educational or employment pursuits. The amount you will be required to pay under this ISA may be more or less than the funding amount you receive and will vary in proportion to your future earned income.

### **Eligibility Criteria**

- You must be enrolled full time at University of California - Berkeley.
- You must be at least a rising sophomore to receive funding; however, students in the final two years of study will be given priority in application review.
- You must have a declared major.
- You must be making satisfactory academic progress according to University policy for the entirety of your enrollment.
- You must be a U.S. citizen or permanent resident, unless an exception is made at the discretion of Florian.
- You must be at least the age of majority at the time of the application based on your current state of residence.
- Your total obligations under all income-based agreements with us or another person must not require you to pay an aggregate income share exceeding fifteen (15) percent of your earned income in any given month. Loans with income-driven repayment plans, including federal student loans, will not be considered private income-based agreements; however, we strongly encourage you to consider how other student loan obligations might impact your monthly finances before you enter into this ISA.

### **Other Eligibility Considerations**

In addition to the criteria noted above, Florian Fund I, LP (“Florian”) will also consider the following in review of ISA applications:

- Academic standing and engagement (to include, but not limited to transcript review, CGPA, extracurricular activities).
- Level of student loan debt and potential burden on earnings post-graduation.
- The outcomes performance of the academic program in which the Participant is enrolled.
- Participants will be interviewed by Florian staff to evaluate applicant’s financial and academic plans, and to identify any extraordinary circumstances.

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### **Monthly Payments, Reconciliation, and Early Termination**

- Your monthly payments equal your income share times the amount of your monthly earned income. We calculate your initial payments using your pay stub, letter from your employer, or other verifiable source acceptable to us. We re-calculate your monthly payments any time your earned income changes, based on information you provide us such as an updated pay stub. We also re-calculate your monthly payments each July 1 using updated documentation of your earned income you provide on or before April 30, such as an IRS tax return. If you do not provide documentation, we will assume your earned income has increased by seven and a half (7.5%) percent and adjust your monthly payments accordingly.
- Each year we reconcile over- or under-payments made in the prior calendar year using copies of your year-end pay stub, Form W-2, Form 1099, Schedule K-1, or similar source and validation of the dates of your employment (due on or before April 30), all of which must reflect each source of your earned income. You must reimburse us for any under-payments, and we will credit your account for any overpayments (or refund the excess amount if your payment term has ended). Each year we also obtain your authorization to request your tax return information from the IRS or other similar taxing authority on or before April 30 of each year of your payment term, on or before April 30 following the end of your payment term, and at any time we request it during any and all months of your payment term.
- You may extinguish your obligations under your ISA before the payment term ends by paying a maximum of two-and-one-half (2.5x) times the total funding amount provided, less payments made to date plus any outstanding fees.

### **Payment Status**

- You begin making payments three (3) months following your graduation, drop below full-time status, or withdrawal from an eligible program at the University.
- When you begin making payments on the ISA, your account may be placed in a deferment status and you will not owe payments if you can demonstrate that you: (i) earn less than \$3,333/month (equivalent to \$40,000/year); (ii) you have enrolled full time at another institution, seeking a higher level credential; or (iii) you are deployed on an active duty military assignment. We will extend your payment term by one month for each month of deferment, up to a maximum of an additional forty-eight (48) months, depending on the original length of your payment term.

Florian will enforce the terms of its ISAs to the fullest extent allowed by law.