



**For Complete Instructions for Tax Exemption Application Please Visit:**  
<https://form1023.org>

### **Narrative Description of Activities of Educational Organization**

#### **Overview**

The mission of this 313 Funding Inc. is to provide interest-free educational loans to low-income students from socioeconomically challenged communities. We believe that this segment of the population is under-served and deserves opportunities to get higher education. Our goal is to reach out to these communities and make them aware of our programs.

College is expensive and student loans aren't working. Average student has \$35,000 in debt and it takes them 23 years to pay it off. Only 9% of low-income students earn a bachelor's degree by their mid 20s, compared with 77% of their wealthy peers. And one in four student loan recipients are either in delinquency or have defaulted on their loans.

313 Funding Inc. aims to provide accessible, affordable and most importantly interest-free educational assistance to these marginalized students.

The idea of giving (donating) once and having that money recycled from one student to another, really connects to the donors and the overall mission of our organization. There are so many donors who are truly intrigued with this unique program of helping students and are waiting for the tax-exemption status.

To further our exempt purposes, we will also reach out to churches, mosques, as well as other communities centers in these neighborhoods to have a more meaningful impact.

#### **Educational Assistance Program**

(85% of our time and resources are allocated to this program)

This program is a simple, **interest-free**, and flexible way to pay for higher education. It starts with a simple loan agreement (Please see the attached agreement at the end of this document)

where students are required to pay a fixed percentage of their income after they finish their degree, until the loan is paid off.

313 Funding aims to provide alternative offering which offers students another option to pay for their education should they need additional resources or favor a more income-flexible funding alternative. An ISA could be a good alternative to private student loans and Parent PLUS Loans.

Students are afforded a one-month grace period after graduation or the commencement of employment before payments are required.

ISA rates are calculated based on a number of factors aimed at estimating future risk-adjusted earnings. These depends on the major and marketability of the student degree. ISA percentages will also change with different amounts financed and time to program completion.

In cases where a student is unable to make the minimum monthly payments either due to a sudden loss of work or some other financial hardship, we will work with the student to devise a new workable plan.

If the student is capable of making the payments but refuses to repay the loan, we will take the following actions to ensure repayment of the loan:

- (\*) One-on-one discussion with the student to understand why the payments are not being made and to find a solution.
- (\*) If still no repayments, then reporting to credit rating agencies.

## **Funding**

Students can get up to \$10,000 per academic year. Students granted funding can reapply the following year.

- Post-Graduation: Start repaying their loan after they graduate
- Payback: They pay back the loan in 3 to 4 years

## **Example**

- A senior named Adam who is studying at University of Texas at Dallas applies for a loan with 313 Funding
- Adam's application was reviewed and approved for \$10,000 of tuition funding
- Adam is planning on graduating in Spring of 2023
- As planned, Adam graduates in Spring of 2023 and starts a job in his field with a starting salary of \$50,000

Let's analyze Adam's payment details:

Adam's Starting Salary:	\$50,000
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Income Share Rate:	6.5%
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Monthly Payment (\$):	\$270
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Money is collected back from Adam (in roughly 36 months)

### Who can apply for funding?

- Undergraduate Juniors and Seniors
- If additional funds left → Freshman and Sophomores
- Graduate/Doctorate Students
- Trainees in Boot-Camp/Professional/Trade Certificate Programs
- Refinancing Higher Interest-Based Loans

### Eligibility Requirements

- U.S. citizen or Permanent Resident
- 18yrs+ old at time of contract execution
- Current and anticipated financial obligations at a reasonable threshold
- GPA of 3.0 or higher
- Meeting satisfactory academic progress towards degree
- Must have a declared major

### Evaluation Criteria

- Scholastic Merit: Current GPA, Awards, Scholarships, etc.
- Need: Household Income, Private Loans, Scholarships, etc.
- Community Service: Volunteer Work, Student Involvement, Recommendation Letter, Essay Score

A point system has been created to evaluate every single applicant more objectively. The Scholastic Merit has been given a total of 50 points; Need basis has been given 40 points and Community Service has been give 10 points. Within all these 3 categories, sub-category is allocated a specific point as well and strength of the applicant is dependent on how many points they score (see attached Evaluation excel sheet).

## Evaluation Process

After being graded for the 3 criteria discussed...

- Merit
- Need
- Community Service

Students will be shortlisted and invited for an in-person or online interview. If approved, a term-sheet will be provided along with the loan agreement. We will run credit history, criminal background checks and reference checks.

<b><u>FEDERAL LOANS</u></b>	<b><u>FAMILY LOANS</u></b>	<b><u>313 Funding</u></b>
<ul style="list-style-type: none"><li>• 10-25 years of payments</li><li>• In most cases, you will need a co-signer</li><li>• Forced payments even when financial trouble</li><li>• Interest rates are fixed and continue to accrue</li><li>• Duration is far into the future</li><li>• Credit profile risk with no downside protection</li></ul>	<ul style="list-style-type: none"><li>• Constant stress</li><li>• Pressure on family</li><li>• Asking for a loan is uncomfortable</li><li>• No downside protection</li><li>• No structure leads to no accountability</li><li>• Hard to keep up repayments if job lost or income drops</li></ul>	<ul style="list-style-type: none"><li>• Shorter duration: 3-4 years</li><li>• No need for co-signers</li><li>• Downside protection: Supports students in financial trouble with no compounding interest</li><li>• Interest-free</li><li>• At low to no-service cost</li></ul>

## Fundraising and Administration Activities

(15% of our time and resources are allocated to this program)

The activities include outreach and marketing this program to socioeconomically disadvantaged communities, giving out information sessions and presentations in these communities, marketing activities, maintaining our social and online presence, answering questions relating to the program, application review and qualification criteria, awarding loans, legal documentation,

background and criminal checks on selected candidates, bookkeeping, fund-raising, maintaining donor relationships, and reporting.