The Dreamers Graduate Loan Program
INTRO: TODAY’S SPEAKERS

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AGENDA

1. Overview of Social Finance
2. Fireside Chat with Gaby Pacheco, CEO & President of TheDream.US
3. Dreamers Graduate Loan Program Overview
4. Investment Opportunity
5. Q&A
SOCIAL FINANCE OVERVIEW: A TRACK RECORD OF MOVING MONEY TOWARD MEASURABLE IMPACT

Our History & Work

- **Founded in January 2011** by David Blood, Sir Ronald Cohen, and Tracy Palandjian
- **Mobilized nearly $400M of impact capital** and deployed it in 20+ funds, programs and partners nationwide delivering outcomes that measurably improve lives
- **Team of 120+** includes experienced professionals from the financial, public, and social sectors based in Boston, New York, San Francisco, Austin and Washington, DC.

Why Social Finance?

- **Strong reputation** as a thought leader and trusted partner in impact-first investing through pioneering products
- **Investment team with deep investment experience** and track records of success across traditional and impact-first investing, portfolio construction and development, and impact monitoring and measurement
- **12-year track record** of designing practical, rigorous, and effective financial innovations that serve marginalized groups
- **Extensive networks across the U.S.** enable us to source best-in-class impact-first investment opportunities and to partner with philanthropic investors & charitable donor communities

Examples of Our Work

- **UP Fund**: a $50M pool of catalytic capital investing to help unemployed and underemployed people secure good jobs in a changing economy.
- **Google Career Certificates Program**: an innovative $100M program that aims to empower more than 20,000 learners to realize over $1B in aggregate wage gains over the next decade.
- **Dreamers Graduate Student Loan Program**: a program for DACA and TPS students who can’t access public loans. The fund aims to provide over 2,000 loans to Dreamers to help them achieve socio-economic mobility

Select Partners and Funders
For two decades, Gaby has played a pivotal role in advocating for immigration and immigrant rights:

• Spearheaded efforts in 2012 to establish the Deferred Action for Childhood Arrivals (DACA) program
• First undocumented Latina to testify before Congress in 2013, addressing the Senate Judiciary Committee and highlighting the urgent need for immigration reform
• Forbes magazine’s “30 Under 30: Education” and “40 Under 40: Latinos in American Politics”
• Highly sought-after national political analyst, regularly sharing her expertise on networks and contributing opinion pieces to newspapers
THE DREAMERS GRADUATE LOAN PROGRAM: OVERVIEW

The loan program supports Dreamers who wish to pursue graduate degrees but are unable to finance their education.

<table>
<thead>
<tr>
<th>Who are Dreamers?</th>
<th>What Challenges do Dreamers Face in Higher Education?</th>
<th>What does the Dreamers Graduate Loan Program do?</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>DACA</strong> protects individuals who were brought to the US as children and provides them protection from deportation and work authorization.</td>
<td><strong>Dreamers are ineligible for any federal loan programs, and in 26 of 50 states, they cannot access state grants or in-state tuition.</strong> Private lenders typically require cosigners or have minimum credit score requirements.</td>
<td>This innovative graduate loan program unlocks access and removes key barriers for Dreamers:</td>
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</tbody>
</table>
| **TPS** grants immigrants from specific countries permission to live and work for a limited period. | | ➢ **Interest rate** is comparable to that of the Federal Grad PLUS loan program.  
➢ **No cosigner** requirements.  
➢ **No minimum credit score** requirements (credit check required). |

### DACA: Quick Stats

- There are an estimated **530k DACA-eligible** individuals and **1M TPS-eligible** individuals.
- **82%** of DACA recipients are under the age of 35.
- **87%** of DACA-eligible students are enrolled in undergraduate programs, and only **13%** of DACA-eligible students are enrolled in graduate-level programs.
- An estimated **230,000 DACA** students have a Bachelor’s degree.  

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2. Center for American Progress DACA survey. Estimates based on survey data of 800 DACA recipients.
DREAMERS GRADUATE LOAN FUND: HOW IT WORKS

The Fund makes private student loans to Dreamers seeking to achieve economic mobility through graduate education.

Funders invest catalytical capital in the Dreamers Graduate Loan Fund. The Fund purchases eligible loans from the loan originator. The loan originator verifies student application data, completes credit checks and disburses loans directly to institutions. Students repay their loans directly to the loan servicer. Servicer remits student repayments to the Fund. The Fund will use student repayments to repay investors and recycle capital to finance more loans.

1. Dreamers Graduate Loan Fund is a Trust, that is a wholly-owned subsidiary of Social Finance.
2. Funding U serves as the licensed loan originator.
3. Launch Servicing, LLC serves as the licensed loan servicer.
4. Loans must be verified by the institution prior to disbursement. Any loan amounts related to cost of living will be disbursed to the student via the institution’s financial aid office.
UNDERWRITING CRITERIA

The program is designed to identify pathways that prepare students for in-demand jobs without overburdening borrowers with debt

- **DREAMER STUDENT**
  - **DACA or TPS status (work authorization)**
  - **Resident of an eligible state**\(^1\) the originator is licensed in
  - **Must have an SSN**
  - **Must pass a credit check**\(^2\)

- **DEGREE PROGRAM**
  - **Graduate programs that have strong labor market outcomes** with sufficient earnings to sustain loan repayments\(^3\)
  - **There are over 200 eligible degrees**, including degrees in Medicine, Health Sciences, Business, STEM, Law, and others

- **INSTITUTION**
  - **Institutions with strong outcomes** and track record of success\(^4\)
  - **There are over 1,500 eligible institutions** that meet our criteria

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1. The following states are ineligible: Alaska, Idaho, Maine, Mississippi, Montana, Nevada, New Hampshire, North Dakota, Rhode Island, South Dakota, Wyoming, and Washington, D.C.
2. Credit Knockout criteria includes: (1) default on any past loan, (2) 11 or more instances of accounts being >90 days past due, (3) collection items/liens/judgments >$500 (except medical debt), (4) involvement in any current or prior bankruptcy proceedings, (5) student debt debt-to-income ratio greater than 35% (includes graduate and undergraduate student loans).
3. Historical outcomes based on federal Debt-to-Income ratio data from College Scorecard (threshold of <15% DTI), and labor market outcomes from the Bureau of Labor Statistics.
4. Historical outcomes include federal Cohort Default Rate, threshold of <8%, data available from College Scorecard.
STUDENT LOAN TERMS

Loan terms are designed to be simple and straightforward and are similar to the Federal Loan Program.

<table>
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<tr>
<th>STUDENT LOAN TERMS</th>
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<tr>
<td>INTEREST RATE</td>
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<tr>
<td>LOAN MINIMUM</td>
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<tr>
<td>LOAN MAXIMUM</td>
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<tr>
<td>GRACE PERIOD</td>
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<tr>
<td>LOAN TERM(^2)</td>
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<tr>
<th>ILLUSTRATIVE LOAN EXAMPLE</th>
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<tr>
<td>Loan Amount</td>
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<tr>
<td>Interest Rate</td>
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<tr>
<td>Loan Term</td>
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<tr>
<td>Grace Period</td>
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<tr>
<td>Monthly Payment(^3)</td>
</tr>
<tr>
<td>Total Payment</td>
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</tbody>
</table>

1 Based on the Annual Percentage Rate (APR) of the federal Grad PLUS loan program. Subject to change each academic year. Interest rate is fixed for the entire loan term.
2 Loan term is based on the borrower’s forecasted debt-to-income ratio (i.e. expected debt / expected earnings) based on the loan program.
3 Assumes a 1-year course length, with a 6-month grace period (18 months of interest accrued), and a standard equal payment plan, with principal and interest.
SNAPSHOT: 3 YEARS OF IMPACT

Since 2021, the Fund has financed 280 loans supporting 225 Dreamers across three Academic Years

**The Fund has financed 280 loans across 3 years**

<table>
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<tr>
<th>Cumulative Loans Disbursed Since Inception</th>
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<tr>
<td>AY 2021-22</td>
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<tr>
<td>AY 2022-23</td>
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<td>AY 2023-24</td>
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</tbody>
</table>

Loan Program expanded to all DACA and TPS for AY 2023-24

**Borrowers are pursuing a variety of degrees**

- Medicine and Dentistry, 19%
- Law, 13%
- Social Work, 10%
- Business, 9%
- Other Health Sciences¹, 34%
- Education, 7%
- Other, 2%
- STEM, 6%

**Select Borrower Statistics²**

- $37K is the average loan size (per academic year)
- 69% are women
- 78% identify as Hispanic, Latino, or of Spanish origin
- 3.60 Median Undergraduate GPA

- 57% of borrowers are pursuing Master’s degrees, 43% are pursuing Doctorate Degrees
- 76% are first-generation college students
- 98% identified availability of funding as the primary barrier to accessing graduate school

1. Includes Physical Therapy, Physician Assistant, Occupational Therapy, Mental Health, etc.
2. Demographic data based on survey results from 98 respondents, all other data from 280 loans
AMBITIOUS GROWTH PLANS TO MEET DEMAND

Many more Dreamers like Homero and Ji Wan need this loan program to fulfill their personal and professional goals.

"Every day I wake up and I can’t believe I’m here.”
- Homero Cross, loan recipient

"The loan changed my situation a lot. I’m really glad there are people out there who believe in providing opportunities for DACA individuals.”
- Ji Wan, loan recipient

69% of Dreamers wish to attend graduate school¹, to meet this demand, the Fund aims to finance a total of 2,000 loans in the next 6 years.

The cumulative loan volume: $0.8M in AY 21-22, $2.7M in AY 22-23, $9M in AY 23-24, $17.1M in AY 24-25, $25.8M in AY 25-26, $36.3M in AY 26-27, and $60M+ in AY 27+.

Note: Academic Years run from July 1 to June 30. AY 24-25 onwards are forecasts.

¹ Source: TheDream.US alumni engagement survey, 2023
INVESTMENT OPPORTUNITY

The Fund is seeking to raise $40-50M of concessionary capital to support our growth plans.

<table>
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<tr>
<th>FUNDER TYPES</th>
<th>COMMITTED CAPITAL</th>
<th>ILLUSTRATIVE INVESTMENT TERMS</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CATALYTIC DEBT</strong></td>
<td>Foundations, Philanthropies, Corporation, Individuals</td>
<td>$1M</td>
</tr>
<tr>
<td><strong>RECOVERABLE GRANTS</strong></td>
<td>Individuals, Donor Advised Funds</td>
<td>$3.3M</td>
</tr>
<tr>
<td><strong>GRANTS</strong></td>
<td>Individuals, Donor Advised Funds, Foundations</td>
<td>$14M</td>
</tr>
</tbody>
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1 Illustrative terms are subject to change.

FUNDRAISING OBJECTIVES

With $18.3M of committed capital, the Fund anticipates an additional $40-50M of concessionary capital, across grants, recoverable grants, and catalytic debt over the next 6 years to support 2,000 loans.

With favorable terms, the Fund anticipates recycling capital to achieve these growth plans.
THANK YOU
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