



*giving*  
**STUDENTS**  
*the* **CREDIT**  
*they deserve*

*“Not only have we been able to provide hundreds of parents and students with a valuable product they’ve needed, but we’ve also been able to build strong community relationships with local colleges, universities, and high schools.”*

Teresa Mayer, Vice President, Lending  
Lake Trust Credit Union

**Credit Union Student Choice is America’s foremost private student loan CUSO** – now providing turn-key service to nearly 150 credit unions and their ten million members. Founded, designed, and owned by 12 of the nation’s leading credit unions, Student Choice aims to position credit unions as leaders in education finance in the 21st century. Our networked model manages the key operational challenges and risks associated with private student lending, allowing credit unions to recognize the full economic return from these attractive lending relationships without adding any additional staff or on-site expertise.



*why*  
**private student lending?**

By working in a collaborative networked environment, credit unions can do what is right for their members, the future of their cooperative, and their country. All while offering a product that will truly enable members to make better lives for themselves.

- **Grow and diversify your loan portfolio**—Leverage your balance-sheet lending capability to offer fair rates and terms that will benefit both members and the credit union.
- **Build life-long relationships with Gen Y members**—Deliver a superior loan product to young adults and recognize the full value stream that can only come from a long-term productive loan relationship.
- **Turn-key solution**—Enter this market easily and efficiently with our networked structure. No additional staff is necessary as we handle the most difficult and time-consuming aspects of student lending.
- **Achieve optimum portfolio performance**—Mitigate risk and enhance performance by utilizing prudent risk-based underwriting, school certification, and optional portfolio insurance to maximize revenue.
- **Your members need you**—With the bulk of credit union members falling in the 45-54 age range, it’s imperative that credit unions meet not only their financial needs, but also those of their college-bound children. Help them achieve the dream of higher education, without the higher price tag commonly associated with private student loans.



[www.studentchoice.org](http://www.studentchoice.org)

# A Credit Union Solution

*In hopes of redefining the economic value found in private student lending, several of the nation's leading credit unions and credit union service organizations (CUSOs) formed Credit Union Student Choice to help members lower their overall cost of higher education.*

The CUSO launched in May 2008 and offers a turn-key private student lending solution that benefits members through lower loan rates, zero origination fees, and more flexible repayment options. This revolutionary new loan product fills the growing funding gaps that federal student can leave behind, without the higher price tag commonly associated with "private loans".

## PRODUCT OWNERSHIP

Student Choice puts your credit union directly in the student lending business so that you can serve your members with products, services, and rates designed by you. With just a small capital investment, our network enables you to make certified private student loans and hold them on your own balance sheet, without adding any additional staff. Under this scenario, you set the rates and recognize the full value stream that can only come from a long-term productive loan relationship. **This is not a referral program—it is your loan with your Gen Y member** at the most critical stage of their young financial lives. This unique solution will give you the opportunity to grow and diversify your loan portfolio while helping you solidify lifelong relationships with young adults who are the future of your credit union.

## COOPERATIVE EXPERTISE

By pooling our collective resources Student Choice has centralized the expertise necessary to stay on top of this rapidly changing market. Our network of best-of-breed partners handles the most difficult and time-consuming aspects of private student lending, such as:

- regulatory compliance
- risk management
- loan processing and servicing
- guarantor relationship
- co-branded web site, including online application and approval
- 24x7 call center operations

This collaborative structure allows you to do what you do best—use prudent underwriting to lend member deposits at appropriate terms, providing superior economic value to borrowers while bringing revenue growth and member relationships to the credit union.

## PROVEN RESULTS

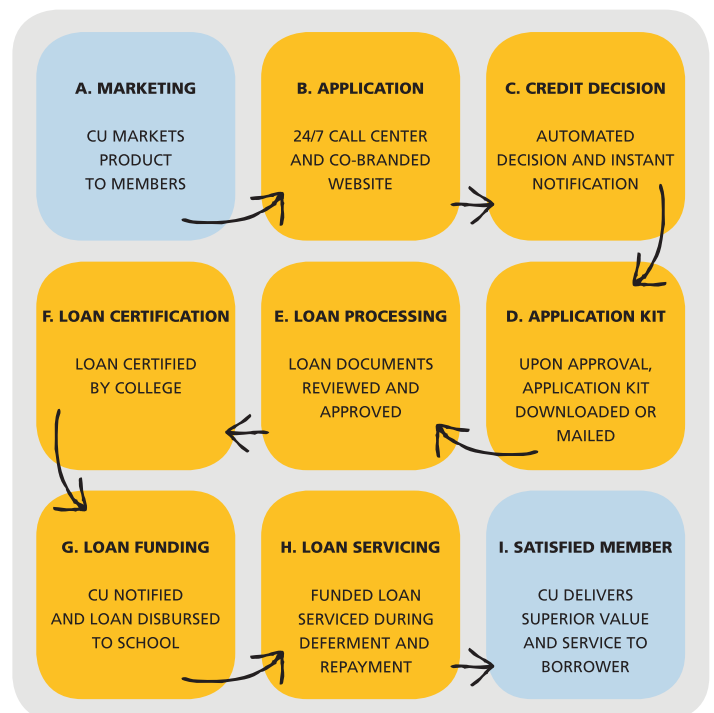
Since launching in May 2008, credit unions partnered with Student Choice have funded more than \$180 million in private student loans and helped nearly 14,000 students attend college. Bringing the superior balance-sheet lending ability of credit unions to private student loans, these credit unions are providing students with honest, cost-effective solutions to their education finance needs from a local institution that is prudently run, trustworthy, and working with their best interest in mind. The results clearly indicate that superior economic value is being delivered to borrowers while returning good business to credit unions.

*"This program allows BECU to maintain ultimate control over pricing, underwriting, and marketing, while Student Choice handles all of the complex operational details. The support and guidance we've received from Student Choice has been phenomenal."*

Tom Berquist, Senior Vice President, Member Strategies  
BECU

## STUDENT CHOICE LENDING PROCESS

Credit Union Responsibility    Student Choice Responsibility





# Make the Right Choice

DECIDING FACTORS	THE STUDENT CHOICE PROGRAM
Member Experience	We provide a content-rich co-branded website, online application, 24/7 call center, and experienced student loan servicing. With our training, marketing, and operational support, we help you take full ownership of the program, ensuring high-quality service to your members.
Member Costs – Origination Fees	Zero origination fees
Member Costs – Interest Rates	Extremely competitive as set by the credit union, helping you deliver value to borrowers AND the cooperative.
Loan Type	Innovative line-of-credit structure equals member convenience, affordable repayment, and significantly reduced credit union origination expenses on subsequent draws.
Member Payment Options	Flexible repayment options, including full in-school deferment, allow borrower choice. This lessens the chance of in-school delinquency and potential loan cancellation. 20 or 25-year repayment periods (based on loan balance) allows lower monthly payments to reduce defaults.
Opportunity for School Relationships	Program “ownership” gives the credit union an excellent opportunity to partner with leading colleges and universities in your local community. Financial aid administrators are actively searching for fair-value private student loans for their students and have been very receptive to credit unions in the Student Choice program.
Credit Union Portfolio Economics	Positive impact on the bottom line as the credit union holds the entire loan balance.
Credit Union Risk	As with any loan, risk is present. Numerous risk-mitigation tactics are utilized to enhance performance: <ul style="list-style-type: none"> <li>• Prudent risk-based underwriting, with credit tiers set by credit union</li> <li>• Co-Borrower highly recommended and necessary for vast majority of borrowers</li> <li>• All loans are school-certified (validate enrollment and loan amount)</li> <li>• Loans are non-dischargeable in bankruptcy</li> <li>• Variable interest rate that adjusts quarterly</li> <li>• Only lend to schools with a proven history of low student loan default rates</li> <li>• Optional portfolio insurance with 100% coverage</li> </ul>
Organizational Structure	Credit Union Service Organization (CUSO) – credit union owned and directed
Program Sustainability	Based on credit union owners, not stockholders

MAKE THE RIGHT CHOICE FOR YOUR MEMBERS AND YOUR CREDIT UNION

## *collaborative spirit...* *in action*

Epitomizing the collaborative spirit of the credit union movement, Credit Union Student Choice has accomplished what no single credit union program could. With cooperation and a keen focus on the future, the CUSO developed a networked business model that gives credit unions, with just a small capital investment, the ability to offer private student loans that deliver true member value with minimal risk. The key to the CUSO is the unique business model that relied on the leadership of several of the nation’s leading credit unions and CUSOs to help bring together partners that provide expertise in all areas of student lending. These providers are much more than just contractors. They are investors in a new model that will help position credit unions as leaders in 21st century education financing.

### FOUNDING ORGANIZATIONS

- Affinity Plus FCU:** Saint Paul, MN
- BECU:** Tukwila, WA
- Digital FCU:** Marlborough, MA
- Eli Lilly FCU:** Indianapolis, IN
- MIT FCU:** Cambridge, MA
- NASA FCU:** Upper Marlboro, MD
- Lake Trust CU:** Lansing, MI
- San Antonio FCU:** San Antonio, TX
- Star One CU:** Sunnyvale, CA
- Suncoast Schools FCU:** Tampa, FL
- Workers CU:** Fitchburg, MA
- Wright-Patt CU:** Fairborn, OH
- PSCU Financial Services:** St. Petersburg, FL
- Callahan & Associates:** Washington, D.C.
- CUFSLP** (Callahan Credit Union Financial Services Limited Partnership)