

Inquiry Response Summary

CHESLA RFP for Defaulted Loan Collection Services

The information contained within this summary represents CHESLA's response to the submitted inquiries to its RFP for Defaulted Loan Collection Service. For reasons of transparency, the information is being shared with all potential bidders.

Respectfully Submitted,

Josh Hurlock
Assistant Director
CHESLA

jhurlock@chesla.org

1. In regards to RFP Format and Submission Requirements, A., does the 15-page limit include exhibits or required documents?

The 15-page limit does not include exhibits or required documents.

2. In regards to Exhibit A, pages 1-3, is the Loan Authority requiring agencies to simply agree to the statements, or are full responses required?

CHESLA is simply requiring agencies to agree to the statements.

3. In regards to Exhibit A, page 2, General Information and Requirements item U, the Authority states that 15% collection fees are added to non-federal accounts placed with the agency. Will the Authority provide a copy of the promissory note(s) that includes verbiage to permit passing collection agency fees to borrowers or provide the verbiage from the section of the promissory note(s) with QA response?

The note states:

Collection Costs and Attorney Fees. If I am in default, and to the extent permitted by applicable law, I agree to pay your costs in collecting any amounts I owe, not to exceed fifteen percent (15%) of the amount collected. I also agree to pay, to the extent permitted by applicable law, reasonable attorney fees if you hire an attorney who is not your salaried employee, and legal expenses incurred whether or not a lawsuit is commenced, plus any court costs and all other reasonable sums allowed by law. Attorney fees and legal expenses include those related to bankruptcy proceedings (including efforts to modify or vacate any automatic stay), trials, appeals, and any anticipated post-judgment collection. If I am a permanent resident of New Hampshire and I prevail in any action you bring against me to enforce this Promissory Note, I will be entitled to receive reimbursement for my reasonable attorney's fees from you.

4. In regards to Exhibit A, page 4-6, items 1-20, with the page limit, are these the only questions that are requiring full responses?

Yes, these are the only questions that are requiring full responses.

5. In regards to Exhibit A, page 4, item 1, does the Authority require agencies to prepare and submit 1098E forms? If so, since agencies would not have access to payment data for periods before and after an account is placed, how does the Authority provide data for agencies to complete this requirement?

The Authority requires agencies to prepare 1098E forms. The 1098E forms are sent to CHESLA in pre-stamped envelopes for CHESLA to mail directly to borrowers. Borrowers would receive a separate 1098E form from the prior servicer.

6. In regards to Exhibit A, page 4, item 4, are ACA International Map attorneys acceptable to fulfill the preferred attorney requirement?

No. ACA International Map attorneys are not acceptable to fulfill the preferred attorney requirement.

7. In regards to Exhibit A, page 4, item 4, are out of state attorneys acceptable, or does the Loan Authority wish for only Connecticut based attorneys?

Out of state attorneys are acceptable. Attorneys are normally allocated based on the state of residence of the borrower.

8. In general, would the Loan Authority please provide the following information for each type of loan and account related to this solicitation:

- a. Estimated or historical annual volume (#) of accounts sent to collections

In-School Program: A 2-year average would be 50 accounts.

Refinance Program: There have only been 2 accounts sent to collections since the program began in June 2016.

b. Estimated or historical annual value (\$) of accounts sent to collection

In-School Program: A 2-year average would be about \$700,000.

Refinance Program: Of the 2 accounts sent to collections, the average balance was \$80,000.

9. In general, what is the current liquidation rate for these accounts?
Recovery rates to date consist of 74% (First Placement) and 83% (Second Placement).
10. In general, what is the Loan Authority looking to improve under this RFP?
The Authority is required to RFP for Defaulted Loan Collection Services every 3 years.
11. In general, has the current contract gone full term and have all options to extend been exercised?
The current contract has gone full term.
12. In your General Information and Requirements paragraph, you indicate that the age of the accounts range from a few months to 11 + years. Have there been payments on the old accounts, which would keep them within the statute of limitations?
That is correct.
13. If the student resides outside of Connecticut, should the collection agency fee be increased?
The collection agency fee should not be increased.
14. In the event that a student cannot make the initial down payment of 1/3 of the balance, can we accept reasonable payment arrangements? In item "T" of your proposal, you indicate that an account "may" be transferred to another agency after six months if the loan is not being paid according to CHESLA's payment method. Even if the student is making regular, on time payments, but hasn't paid 1/3 down payment?
Reasonable payment arrangements may be accepted after approval by the Authority. Accounts making regular, on-time payments would not be transferred to another agency.
15. Regarding settlements....it appears that you are willing to settle accounts, and if I am interpreting this correctly, a settlement is considered to be waiving the 15% collection agency fee. Are there ever exceptions?
CHESLA has the discretion to allocate settlements on a case by case basis. There have been instances in which the collection fee has been waived and there have been instances in which some accrued interest was waived.
16. Exhibit A, Page 1 F. **QUESTION:** Is CHESLA expecting a specific format for the monthly status update? If so, is CHESLA able to provide a template of such report?
CHESLA receives monthly reports in Excel format detailing balances on accounts compared to the prior month end. A template can certainly be provided upon selection.
17. Exhibit A, Page 2 L. **QUESTION:** Is CHESLA expecting a specific format or communication method (report, email, etc.) for repayment renegotiations?
An email is acceptable.
18. Exhibit A, Page 2 O. **QUESTION:** Will CHESLA provide the Proposer with letterhead and specific letter language to use when notifying the borrower the account has been referred for payment? Does CHESLA require this letter to be sent to the borrower at time of placement with the Proposer?
CHESLA will provide letterhead and specific letter language upon selection. CHESLA would like letters to be sent to the borrower at time of placement.

19. Exhibit A, Page 2 S. **QUESTION:** Does CHESLA provide an indication of how many times an account was placed with previous agencies? It is understood that the placement level will not impact the fee structure.
CHESLA does not provide an indication of how many times an account was placed with previous agencies. Placement level will not impact the fee structure.
20. Exhibit A, Page 3 V. **QUESTION:** Will the 15% collection fee be calculated by CHESLA at time of placement?
Yes, CHESLA will calculate the fee at the time of placement and provide the fee amount to the agency.
21. Exhibit A, Page 5 (14) **QUESTION:** Are these two references to be supplied required to be other guarantor agencies specifically, or will institutions of Higher Education suffice? For example: UCONN, Connecticut State University System, etc.
Institutions of Higher Education will suffice.
22. Exhibit A, Page 6 (20) – **QUESTION:** Will an annual SOC 2 Type 2 report satisfy this requirement?
A SOC 2 report is acceptable.
23. What are your current vendor rates?
The collection agency is paid a percentage fee of payments recovered.
24. Please describe your level of satisfaction with your current or recent vendor(s) for the same purchasing activity, if applicable.
CHESLA is satisfied with the performance of the current vendor.
25. How many firms are you looking to hire?
CHESLA is open to hiring a primary firm and a secondary firm for secondary placements.
26. Will agencies be awarded specific debt types/placement levels?
CHESLA is a student loan lender. Agencies would receive accounts for both of our loan programs.
27. To what extent will the location of the bidder's call center and/or corporate headquarters have a bearing on any award?
As long as they are on-shore, the location of the bidder's call center and/or corporate headquarters will not have a bearing on the award.
28. What collection attempts are performed or will be performed internally prior to placement?
When loans are 120 days past due, CHESLA reaches out to borrowers and co-borrowers to hopefully resolve the accounts before collections.
29. Is Credit Bureau reporting required for Collection Agencies?
Yes.
30. How many accounts were approved for litigation in the last 12 months?
None.