

**Request for Proposals
Student loan servicing platform
Answers to Questions**

Note: Each question is referenced by the appropriate RFP page number(s) and section where applicable.

#	Page #	RFP Section Reference	Question & Answer (Bolded)
1			How many loans are currently in your active portfolio? As of March 1, 2018 there are 150,805 loans in the NJCLASS portfolio.
2			How many users will be accessing the system? (not students, but end users from your side) There will be approximately 100 end users, but they will not be logging in concurrently.
3			When does NJ HESAA plan to announce this award? HESAA plans to announce this award either fourth quarter 2018 or first quarter 2019.
4			What system is currently being used to service the NJCLASS loans? NJCLASS loans are currently being serviced by a system built in-house.
5			Will loans default for outstanding interest delinquency? Yes.
6	3-5	3.0	How is a period of in-repayment defined? Does interest only payments or periods of deferment or forbearance time count toward the maximum repayment term? NJCLASS loans have fixed repayment terms that include all periods of deferment or forbearance.
7	5	3.0	What is the difference between a co-borrower and cosigners? "Co-borrower" means an individual who is a party to the loan. The co-borrower assumes full liability for the debt, including interest charges, late fees, and collection costs. The co-borrower is subject to all of the same collection methods as the borrower and the lender can collect the debt from the co-borrower without first trying to collect from the borrower. "Cosigner" means an individual who signs a promissory note and agrees to repay the loan in the event the borrower does not. The cosigner assumes full liability for the debt, including interest charges, late fees, and collection costs. The cosigner is subject to all of the same collection methods as the borrower and the lender can collect the debt from the cosigner without first trying to collect from the borrower.
8	5	4.0/1	Please clarify what is meant by, "The adjustment transaction must also store accurate documentation and calculations of the previous transaction record that was adjusted?"

			While HESAA needs to be able to adjust an entry, there also needs to be an audit trail supporting the amount.
9	5	4.0/2	Please provide the types of situations which would require an accounting period to remain open after the period end date. Types of situations which might require an accounting period to remain open include offsets effectuated in batch processes, weather emergencies, system failures.
10	5	4.0/3	Please provide a list of the “various external databases” reference listed in the section. Currently this is limited to the New Jersey Department of Labor but may expand if other databases become available.
11	5	4.0/3	Is the Administrative Wage Garnishment applicable when the loan is in a pre or post charge-off status, or both? (Item 4.03 Page 3) Both
12	6	4.0/6	Please define the term, bankruptcy notification service.” A service which provides notice to creditors regarding bankruptcy status of parties to a loan.
13	6	4.0/7c.	Please define the term “unique billing requirements” and under what special circumstances would a change to a customer’s bill be necessary. An example of a unique billing requirement would be if a bill needs to be revised when HESAA reaches a settlement with a borrower that necessitates special billing that does not conform to the standard billing requirements.
14	6	4.0/10	Please further define NJ HESAA’s expectations for post charge-off and or recovery requirements. Need to either use HESAA’s system as the system of record or interface with third-party collectors and their systems as well as track judgment amount, judgment rate of interest, accruals, costs and provide flexibility to revise repayment terms.
15	7	4.0/13	Please explain under what conditions NJ HESAA makes compromises for all loans, regardless of status or only for those that have been charged off? A customer may make an offer to settle in full at any time during the life of the loan.
16	7	4.0/15c.	Is this requirement reference the pulling of soft-hit reports based on loans reported by NJ HESAA only, for validation of what has been reported? HESAA has been informed by the credit reporting bureaus that when HESAA pulls credit it is never a soft hit, even if for validation purposes.
17	7	4.0/15c.	Does NJ HESAA use e-Oscar batch processing? HESAA does not currently use e-Oscar batch processing.
18	7	4.0/19	What are scores obtained from external sources, recovery predictors, and early warning scores?" From where is this data obtained?

			This information is obtained through HESAA's contracts with a credit reporting bureau.
19	8	4.0/22	Is it NJ HESAA's preference to scan and transmit their documents for input into the imaging system or is the expectation that the system provider (or our vendor) accept NJ HESAA's mail and process for insertion in to the imaging system? HESAA does not have a preference but requests that vendors provide information on their scanning capability.
20	8	4.0/22a.	Does NJ HESAA outsource all of the work for post charge-off loans? HESAA services post charge-off small balance loans in-house.
21	8	4.0/23	What data elements need to be tracked for employees and their immediate family members; delinquency, late payments? And to what threshold? HESAA needs the ability to track the existence of loans for employees and their immediate family members. HESAA starts tracking at sixty days delinquent.
22	8	4.0/25e.	What types of files/information would need to be sent to the State of New Jersey? Information needs to be sent to the State for offsets, including lottery, and administrative wage garnishment
23	8	4.0/27	Please clarify the types of fees (NSF fees, late fees, origination fees, etc.) Currently HESAA only charges an administrative fee, but reserves the right to charge in the future NSF, late fees and other fees that are not currently identified.
24	8	4.0/30	To better assist us with responding to the functionality, would NJ HESAA provide a sample of the existing general ledger application? HESAA will provide a sample to the selected vendor as part of the implementation process.
25	9	4.0/34	Please define how many months prior to the end of term would communication be required. What occurs if the term expires and a balance remains. Examples: balloon payment, additional term. Communication is required 24 months prior to the end of the term. When the term expires there is no balloon payment. Interest continues to accrue and HESAA continues to bill the customer.
26	9	4.0/36	For loans which are fully deferred and a payment is directly applied to principal, please confirm that the outstanding interest would be capitalized at a point in time. If it does not, please advise how the unpaid interest is handled? For some programs interest capitalizes, other times the interest accrues and is paid at a later date.
27	9	4.0/38	Please clarify the need to quote payoffs into the future, but only for business days, since interest accrued daily. The quote needs to be for a business day so HESAA can accept payment.
28	9	4.0/39	What type of filing methodology is/will be used for the physical collateral? Paper notes are held by the bond trustee and electronic notes are held by HESAA in an electronic vault

29	10	4.0/41	Please explain the term, temporary cessation of interest accrual? Is this the same as 0% interest? (Item 4.0 41 Page 10) Yes
30	10	4.0/43 a.	Is the reporting in this section ad hoc (on demand) or predefined reports? HESAA requires both ad hoc and predefined reports.
31	11	4.0/51a.	This requirement references, "Need the ability to transfer loans to different entities." Are you able to provide a list of these external entities? HESAA will provide a list of external entities to the selected vendor during implementation.
32	11	4.0/51a.	Does this transfer completely remove the account from the system, or would updates still need to be made? Transfers do not completely remove an account from the system and updates do still need to be made.
33	14	5.2C.1.m.	This requirement references annual independent and accredited third party penetration testing. Is there a specific accreditation standards body or type that NJ HESAA prefers? HESAA uses the FISMA/NIST 800-53 standard.
34	15	5.2 C.1	Please define the specific activities associated with "full access to all operations"? Full Access refers to cooperating with HESAA to ensure compliance of physical, personnel, and systems security pursuant to FISMA NIST SP 800-53 v4 and/or similar controls by providing any and all evidence requested; including but not limited to, relevant policies, procedures, audits, security plans, and related materials.
35	15	5.2 C.1.u	What is NJ HESAA's security reauthorization process and general timeline? All major configuration changes must be documented and forwarded to HESAA for approval and authorization.
36	15	5.3 A.6	Are there any specific metrics or types of evaluations expected to be included in the review? The specific metrics will be determined to certify that all project milestones have been met and deliverables received pursuant to the contract and/or SOWs.
37	18	5.7	What is meant by "Notification to the portfolio of what's new?" Advising the customer of changes to the system such as log-on instructions, new bill appearance/format, etc.
38	18	5.7	Please provide a general timeline as to NJ HESAA expectation for full implementation of the new student loan backend servicing platform? HESAA anticipates working with the selected vendor to establish a realistic implementation schedule.
39	18-19	5.8	Are the "Change Order Management" procedures defined by NJ HESAA and are they available for review by vendor's or are the vendors' change order management processes acceptable to use? HESAA will work with the selected vendor to determine the change order management procedure.

40	26	7.10	<p>This requirement references “all of the FISMA guidelines and controls required by NIST SP 800-53” but does not provide guidance for control enhancement selection. Is FIPS system risk rating of “Moderate” appropriate a safe assumption?</p> <p>FIPS rating of “Moderate” is appropriate.</p>
41	27	7.10 B. 1.	<p>Can more detail be provide regarding the specific requirements associated with the statement: “The contractor shall be subject to the same security and infrastructure review processes that are required by NJOIT and its partner Departments and Agencies. The contractor shall submit relevant documentation and participate in the System Architecture Review (SAR) process.”</p> <p>The System Architecture Review (SAR) is intended to assure that the technology solution is conceived, designed, developed and deployed to maximize the benefits and functionality of the technology, while minimizing costs and risks. It ensures State and/or Federal cybersecurity requirements are understood and managed in the proposed solution; allows for discussion regarding new technologies; ensures awareness and support from all operational units; ensures alignment with HESAA enterprise IT infrastructure; ensures, at a high level, whether the project might impact IT capacity so proper planning can take place; and identifies costs and risks of certain decisions.</p>
42			<p>Will the responses to these questions be emailed or posted to HESAA’s site? What is the expected timeline for responses?</p> <p>Responses to the questions were posted to HESAA website and notice of posting was emailed to vendors who submitted questions or requested notification.</p>
43			<p>What system(s) is currently originating these loans?</p> <p>HESAA currently uses a combination of web-based and mainframe systems for originating and servicing NJCLASS loans. FFELP loans are serviced on a mainframe system purchased from PHEAA.</p>
44			<p>What system(s) is currently servicing these loans?</p> <p>NJCLASS loans are currently being serviced by a system built in-house.</p>
45			<p>What is HESAA’s expected timeline for an award decision?</p> <p>HESAA plans to announce this award either fourth quarter 2018 or first quarter 2019.</p>
46			<p>What is HESAA’s expected timeline for an implementation?</p> <p>HESAA anticipates working with the selected vendor to establish a realistic implementation schedule.</p>
47	3-5	3.0	<p>Could you please provide the current loan and borrower counts, as well as the total dollar amount for the portfolio to be converted to the servicing system?</p> <p>How many are FFELP loans?</p> <p>There are currently 190,000 FFELP loans outstanding with a balance of approximately \$1.14B that are held by lender/servicers;</p>

			<p>The current default portfolio is 25,848 accounts with an approximate balance of \$259 million outstanding.</p> <p>How many are non-FFELP loans?</p> <p>As of March 1, 2018 there are 150,805 loans in the NJCLASS portfolio for an outstanding balance of approximately \$2 billion</p>
48	3-5	3.0	<p>Besides interest rates, what are the characteristics of the NJCLASS loans that are no longer being originated on HESAA's current system?</p> <p>Step-up interest rate of 0.75% after set number of monthly principal and interest bill statements. The number of months vary by bond fund and repayment option. Some loans also increase to the higher step-up rate at point of default. The capitalization frequency may also vary based upon bond fund. Some loans eligible for ACH interest rate discount.</p> <p>Graduate/Professional loans with variable rate interest rates that are reset annually.</p> <p>Ten-year loans with variable interest rates that are reset quarterly (and based on 3-month LIBOR, or substitute index).</p> <p>Medical/Dental loans offer a 3-year residency deferment with capitalization at end of deferment period. Loan repayment with option for graduated repayment terms for 24 months within the first 7 years of graduation/withdrawal from medical school.</p>
49	4	3.0	<p>The ReFi+ loan program states it allows for the consolidation of PLUS loans. Would this be limited to on-system PLUS loans? If not, is a direct interface to another system required?</p> <p>Parent PLUS loans included in a NJCLASS ReFi+ loan are not limited to on-system PLUS loans. Applicants must provide documentation of loan balance and loan holder.</p>
50	3-5	3.0	<p>When interest payments are required during the in-school period, what happens when the borrower does not make those payments? Is collection activity required?</p> <p>When interest payments are required but not paid, the borrower is considered delinquent and collection activities will begin at specific stages.</p>
51	6	4.0/8	<p>Which of the loan programs will be boarded via an automated process and which will be boarded manually?</p> <p>HESAA anticipates boarding all loans automatically.</p>
52	7	4.0/14 & 15	<p>How are responses to e-OSCAR disputes done? Connect:Direct software?</p> <p>Responses are currently done using the e-Oscar system. If the selected vendor has direct connect software that is preferable.</p>
53	9	4.0/39	<p>Can HESAA describe what is typically used as "pledged collateral"?</p> <p>Typically this refers to the promissory note.</p>
54	16	5.5	<p>Can HESAA say if this statement is true for both hosted and nonhosted?:</p>

			<p>"The contractor is responsible for synchronization of the user acceptance environment from the production environment on a mutually agreeable schedule."</p> <p>The statement applies only to hosted systems</p>
55	10	4.0/40	<p>What is the system requirement for #40 Red Flag Compliance? What are the reporting requirements?</p> <p>The system should provide HESAA with the ability to flag an account for a variety of reasons, including but not limited to, potential fraud, which would trigger automatic system responses that would be able to be created, managed and updated as required. Preferably, the servicing system would be able to interact with the current originations system to capture any such red flag status. Additionally, the new system should have an audit or report generating function that would allow data to be captured, tracked, isolated and exported.</p>
56	11	4.0/51	<p>Can you provide a list and purpose of system interfaces (in/out)?</p> <p>HESAA will supply a comprehensive list of system interfaces to the selected vendor upon implementation</p>
57	5	3.0	<p>Is it HESAA's expectation that the software provide guarantor services as referenced on page 5?</p> <p>If the software provider also offers software to guaranty agency functions, this information should be provided.</p>
58	7	4.0/20	<p>What is the maximum number of disbursements on a loan?</p> <p>HESAA needs the ability for at least 3 disbursements with features that allows for adjustments to scheduled disbursement amounts or reinstatement of cancelled disbursements.</p>
59	10	4.0/49	<p>Please describe a situation where payments are made in advance.</p> <p>Borrowers are permitted to make any payment toward their NJCLASS loan without receiving a bill statement. This feature allows borrowers to repay their loans before a due date, repay more than the amount due on a bill statement, or make payments while the loan is deferred, such as during a student's school enrollment.</p>
60	7	4.0/12b.	<p>Can HESAA clarify what is meant by "the adjusted delinquency status when borrowers are given relief from delinquency by HESAA."</p> <p>This situation can occur when a borrower becomes past due on a payment, and subsequently asks for relief, such as unemployment, financial hardship, etc. The system should have the flexibility to waive the payment that is past due, cancel any delinquency and place the loan into an appropriate relief status, requiring interest-only payment, or no payments during the relief period.</p>
61	11	4.0/51	<p>Please define 'same time access', and also elaborate on who would need 'same time access' to accounts.</p> <p>HESAA needs to be able to interface in real time with collection software.</p>
62			<p>How many student loans will be serviced?</p>

			<p>There are currently 190,000 FFELP loans outstanding with a balance of approximately \$1.14B that are held by lender/servicers;</p> <p>The current default portfolio is 25,848 accounts with an approximate balance of \$259 million outstanding.</p> <p>As of March 1, 2018 there are 150,805 loans in the NJCLASS portfolio for an outstanding balance of approximately \$2 billion</p>
63	Terms & Conditions	1	<p>While conflicting terms and conditions were submitted by a vendor, an addendum to the RFP is not warranted. HESAA reserves the right to negotiate the conflicting terms if the vendor that submitted such terms is selected.</p>