

**UNIVERSITY OF
MASSACHUSETTS AMHERST**

**REQUEST FOR PROPOSALS
PRIVATE EDUCATIONAL LOANS**



RFP AA09-JM-3240

March 2009

SUBMITTED BY THE AMHERST PROCUREMENT DEPARTMENT

SPONSORED BY THE UMASS AMHERST FINANCIAL AID SERVICES

About UMass Amherst

The University of Massachusetts Amherst, the flagship campus of the University of Massachusetts system, is a public four-year, co-educational school in Amherst, Massachusetts, offering programs in the liberal arts and professional fields leading to Bachelor's, Master's and Doctorate degrees. UMass Amherst Financial Aid Services process financial aid for over 20,000 full-time, traditional Undergraduates, 3,000 Graduate students and approximately 1,000 Continuing and Professional Education students. UMass Amherst private educational loan volume for the 2008-2009 school year is approximately \$32,000,000.

Processing Systems

Financial Aid Services at UMass Amherst uses PeopleSoft for all processing of financial aid and uses online certification for private loans (i.e., ELM Resources, MEFA).

UMass Financial Aid Services Office

UMass Amherst Financial Aid Services is staffed by 30 FTE employees. Five Associate Directors (Counseling, Fiscal, Loan, Systems, and Student Employment) report to the Director of Financial Aid Services. The Director of Financial Aid Services reports to the Deputy Provost for Academic Affairs.

Adherence to Codes of Conduct

UMass Amherst and its Financial Aid Services staff adhere to the NASFAA Statement of Ethical Principles and Code of Conduct for Institutional Aid Professionals.

Overview

This Request for Proposal is designed so the University of Massachusetts Amherst can identify and provide to its students and parents, information regarding lenders of private loan products that have competitive rates, excellent customer service and borrower benefits. We seek information from lenders interested in serving our traditional undergraduate, non-traditional undergraduate and graduate student and parent populations for Alternative Educational Loan Programs. Students and their families will be notified of the loan products for the 2009-2010 academic year but will also receive information stating that UMass Amherst will process loans from any lender. Students and their families will be able to apply for loans through the lender of their choice without penalty. UMass Amherst hopes to select and publish up to 10 loan products from different lenders offering private educational loans; however, this is subject to change without notice. The submission of information in response to this Request for Proposal does not create a binding obligation of any nature on the university or vendor.

Minimum Requirements

All lenders will be expected to adhere to the following minimum standards. Please indicate which of these standards you will/will not be able to meet if you are selected as a preferred lender by checking the appropriate box on the RFP Lender Response Sheet.

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1. Resolution of loan certification, disbursement and servicing issues within 24 business hours. Will Will not be able to adhere to this standard.
2. Superior customer service to our students and families
 Will Will not be able to adhere to this standard.
3. Dedicated customer service representative(s) as well as a toll free priority service telephone number to serve borrowers and Financial Aid Services staff at UMass Amherst. Will Will not be able to adhere to this standard.
4. Commitment to honor benefits and loan terms that are described in your response to this RFP for the entirety of the 2009-2010 processing year (July 1, 2009 to June 30, 2010) Will Will not be able to adhere to this standard.
5. Reporting of key operating and financial metrics, including but not limited to, loan volumes and approval rates on a quarterly basis. Will Will not be able to adhere to this standard.
6. Online certification process and ability to disburse loan funds via EFT (i.e., ELM Resources, ELM NDN Disbursement)
 Will Will not be able to adhere to this standard

Evaluation of Submitted Proposals

All proposals will be evaluated using the following criteria:

1. Front-end fees and benefits to borrowers
2. Repayment benefits and utilization rates
3. Quality of customer service to the borrower and the Financial Aid Services Office staff, including availability of consumer information and web based service features.
5. References, including reputation of the lender and accompanying processor(s) in the Industry.
6. Online Loan Certification and Electronic Funds Transfer (EFT).

Once the proposals have been evaluated, the University will notify the lenders that have been accepted. The selected lenders will have their information published on our website for the 2009-2010 academic year.

UMass Amherst does not guarantee the volume of alternative loans. As federal guidelines permit, the college will advise UMass Amherst students of their options in selecting a private loan product. The University will offer specific recommendations to students and their families regarding its published alternative loan programs.

Please keep your proposal succinct, with as much detail as is necessary to address the requirements listed above.

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This request for proposal does not create any contractual relationship between the University of Massachusetts Amherst and any party. The University reserves the right to accept or reject any or all proposals submitted for this project.

The University reserves the right to remove any lenders' information from the University website at any time if it is determined, in the sole judgment of the University, that the lender has not fulfilled any of its obligations under this RFP.

QUESTIONS

Any questions regarding this RFP must be emailed or faxed and must be received by 5:00 p.m. EST on April 2, 2009. No telephone calls will be accepted. All questions must be addressed to:

John O. Martin
Director of Procurement
University of Massachusetts
e-mail: procurement@admin.umass.edu
fax (413) 545-1643
Attn. RFP AA09-JM-3240

The University will mail its responses to all written questions from all lenders of record by formal addendum **by 5 p.m. on April 6, 2009.**

The UNIVERSITY will extend the due date by written addendum if such information significantly amends this RFP or makes compliance with the original proposed due date impractical.

PROPOSAL SUBMITTALS

Proposals should be submitted using the attached RFP response sheet. Lenders that are interested in responding to this RFP must submit their information **by 5:00 p.m., EST on Monday, April 13, 2009.** Late submittals will not be accepted and will be placed, unopened, in the file. All response must be submitted to:

University of Massachusetts
Procurement Office
407 Goodell
140 Hicks Way
Amherst, MA 01003
Attn. RFP AA09-JM-3240

We reserve the right to schedule face-to-face meetings with any or all respondents in order to determine the eligibility of any lender.

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All bidders who submit proposals will be notified in writing of our decision no later than **April 20, 2009**.

PUBLIC INFORMATION

All proposals and related documents submitted in response to this RFP are subject to the Massachusetts Freedom of Information Law, M.G.L. Chapter 66, Section 10 and to M.G.L. Chapter 4, Section 7, Subsection 26, regarding public access to such documents. Statements in the bid response that are inconsistent with those statutes will be disregarded.

The person signing below signifies that s/he is authorized to bind the company to the information contained in their response to this RFP.

Vendor Name:	Vendor Address
Submitted By: Name & Title	
Signature:	
Telephone:	Fax No:
Email Address:	

**University of Massachusetts Amherst Request for Information
Response Sheet - General Questions
RFP AA09-JM-3240 Private Educational Loans
RFP LENDER RESPONSE SHEET
RFP AA09-JM-3240 Private Educational Loans**

Lenders must answer all questions listed below.

Question	<u>General</u>	Answers
1	Lender name:	
2	Program/Product Name:	
2	Corporate Identity:	___ For Profit ___ Non-Profit
3	Lender address:	
4	Telephone:	
5	Fax:	
6	Email:	
7	URL:	
8	Primary Marketing Contact:	
9	Primary Operational Contact:	
10	Please attach your organization's mission statement and history in the student loan field.	
11	Please attach a minimum of three references and testimonials from institutions of higher education similar to MASFAA that have worked with your institution in the past.	
12a	Will your organization honor the terms and benefits presented for the full 2009-2010 academic year? <input type="checkbox"/> Yes <input type="checkbox"/> No You must check one box	

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12b How will you notify students, parents and schools if loan terms change during the academic year?

Borrower Services

13 What are your customer service call center hours for origination issues?

14a What are your peak times for origination issues?

14b What are the average wait times for calls to your customer service center for origination issues during peak and non-peak times?

Peak_____ Non-peak_____

15a Do you provide borrowers with online immediate help via email or chat?

15b Can borrowers fully access their account online?

15c Do you accept payments online? Yes No If yes, please list URL.

15d Do you provide Loan Calculators? Yes No If yes, please list URL

153 Do you provide Debt Management/Financial Literacy Tools? Yes No If yes, please list URL

15f Is there an option to e-sign the promissory notes? Yes No

16a Do you solicit other banking related products/services to borrowers? Yes No

16b If yes, please attach a description of the products/services.

School Services

17a Do you have designated account managers assigned to specific schools? Yes No

17b If yes, please list names and contact information.

18 What third party processing systems do you use (i.e. ELM, OpenNet, Commonline)?

19 With which guarantor(s) does your organization have a relationship?

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20 Do you participate in Electronic Funds Transfer (EFT)? Yes No

21 Do you participate in electronic loan processing, disbursements, refunds? Yes No
If yes, Disbursements, Refunds or Both?
If yes, which formats do you support?

CommonLine 4 _____

CommonLine 5 _____

CommonRecord:Commonline(CR:C)_____

22 Which files do you support (check all that apply)?

Application Send Files _____

Response Files _____

Disbursement Rosters _____

Change Files _____

23 Do you support netting disbursement rosters?

Loan Servicing

24a Do you service your own loans? Yes No

24b If not, please attach a list of all servicers you have contracted.

25 What are your customer service call center hours for servicing issues?

26a What are your peak times for servicing issues?

26b What are the average wait times for calls to your customer service center for servicing issues during peak and non-peak times?

Peak_____ Non-peak_____

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Other

- 27** Please indicate the total volume processed for the loan program for the following years
- | |
|-----------|
| 2006-2007 |
| 2007-2008 |
| 2008-2009 |
- 28** Please provide the current default rate of your lender's private loan portfolio.
- | |
|---|
| National% |
| If available:
Massachusetts
UMass Amherst |
- 29** Please provide your current approval/denial percentages for UMass Amherst families.
- 30a** Will you have sufficient capital to maintain lending for the 2009-2010 academic year?
30b Please explain.
- 31** Note other features/benefits:

Eligible Borrower Yes/No

- 32a** Student
- 32b** Parent
- 32c** Other
- 32d** International students
- 32e** Student must make satisfactory academic progress
- 32f** Student not making satisfactory academic progress
- 32g** Full-time students

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32h Students enrolled less than half-time

32i Students in a degree program

32j Students **not** enrolled in a degree program

32k Students enrolled in a **Certificate Program**

32l Loan can be taken for past due balance

32m How old can the balance be?

Loan Amounts & Loan Changes

33a Minimum per year

33b Maximum per year

33c Aggregate

33d When during the loan process can loan amount changes (increases/decreases) be made?

33e How are loan changes made?

Front end fees

34a Origination Fee:

34b Guarantee Fee:

34c Other (explain):

Interest rate(s)

35a Do you have a tiered rate structure? Yes No

35b Interest rate with co-borrower

35c Interest rate without co-borrower

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Repayment terms

- 36a** Deferment option available- Yes No If yes, what conditions?
- 36b** Interest-only option? Yes No
- 36c** Minimum monthly payment? Yes No
- 36d** Cosigner release option? Yes No
- 36e** # of payments before release of co-signer

Back end borrower benefits

- 37a** Please describe the benefit and the conditions that trigger the benefit.
- 37b** Please provide utilization rates for benefits If a

Repayment example

Please complete using \$40,000 as loan amount (\$10,000 per year for four years).

Assume disbursements on 9/1 and 1/1 and repayment beginning after graduation on 5/15/13.

Assume the interest is not paid (if an option on your product) while the student is in school or during the grace period.

- 38a** With no borrower benefits:
- 38b** With all borrower benefits :

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Loss of benefits

- 39a** Can borrower lose a benefit due to late payment? Yes No
- 39b** If yes, is the borrower forced to compensate the lender/holder for the lost benefit?
- 39c** Is there an opportunity to regain benefits that have been lost? Yes No
How?
- 40** Note other features/benefits:

Servicing & Selling of loans

- 41a** Who services your loans?
- 41b** Do you sell your private loans? Yes No
- 41c** If yes, please provide an attachment with the following:
What organizations?
What time(s) in a student's academic career is the loan sold?
Will you always sell a borrower's portfolio to the same organization?
How do you inform a student that a loan has been sold? Please include samples of your correspondence?
- 42** What, if any, other information would you like to provide?