

**UNIVERSITY OF MASSACHUSETTS
AMHERST**

**REQUEST FOR INFORMATION
PRIVATE EDUCATIONAL LOANS**



March 2019

SPONSORED BY 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 processes 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 2018-2019 school year is approximately \$50,000,000.

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 (Processing Services, Customer Services, Awarding Services Fiscal and Systems) report to the Director of Financial Aid Services. The Director of Financial Aid Services reports to the Associate Provost for Enrollment Management.

Adherence to Codes of Conduct

UMass Amherst and its Financial Aid Services staff adhere to the following codes of conduct: **NASFAA Code of Conduct**, **Preferred Lender Arrangement Code of Conduct**, and **University Vendor Relationships Code of Conduct**.

Overview

This Request for Information is designed so the University of Massachusetts Amherst can identify and provide to its students and parents, information regarding lenders of private educational 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 2019-2020 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 12 loan products from different lenders. However, this is subject to change without notice. The submission of information in response to this Request for Information does not create a binding obligation of any nature on the University or vendor.

Minimum Requirements

All lenders are expected to adhere to the minimum standards listed at the end of the Vendor Response Sheet. Make sure to complete responses to minimum standards you will or will not meet.

Evaluation of Submitted Information

All Information will be evaluated using the following criteria:

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

Once the Information 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 2019-2020 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 comparative information about the selected loan programs to students and their families on its published alternative loan program charts.

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

If you offer multiple loan programs, submit a separate Vendor Response Sheet for each program.

Financial Aid Services 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 RFI.

Questions

Email any questions regarding this RFI by 5:00 p.m. EST no later than **April 11, 2019**. No telephone calls will be accepted. All questions must be addressed to:

Nieve L. Santana
Associate Director
University of Massachusetts Amherst
Financial Aid Services
37 Mather Drive
Amherst, MA 01003
Email: nieve@finaid.umass.edu
Fax: 413-545-1722

Responses will be returned via email no later than **April 12, 2018**.

Information Submittals Deadline

Information must be submitted using the attached RFI lender response form. Lenders that are interested in responding to this RFI should submit their information **by 5:00 p.m., EST on Monday, April 22, 2019, via email or paper**. Late submittals will not be accepted. All responses must be submitted to:

Nieve L. Santana
Associate Director
University of Massachusetts Amherst
Financial Aid Services
37 Mather Drive
Amherst, MA 01003
Email:nieve@finaid.umass.edu

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

All lenders who submit proposals will be notified in writing of our decision no later than **May 22, 2019**.

Make sure to complete and sign the section at the end of the Vendor Response Sheet.

2019-2020 UMass Amherst Private Education Loans RFI
Lender Response Form

	2019-2020 University of Massachusetts Amherst Request for Information Private Education Loans	
Question	<u>General</u>	Answers
1	Lender name:	
2	Program/Product Name:	
3	Corporate Identity (for Profit/Non-Profit):	
4	Lender address:	
5	Telephone:	
6	Fax:	
7	Email:	
8	Website:	
9	Primary Marketing Contact:	
10	Primary Operational Contact:	
11	Attach your organization's mission statement and history in the student loan field.	
12	Provide the names of 3 references/colleges that have worked with your institution in the past.	
13	Have you been the subject of any investigations related to the Code of Conduct?	
14	Will your organization honor the terms and benefits presented for the 2019-2020 academic year?	
15	How will you notify students, parents and schools if loan terms change during the academic year?	
16	Does your organization release any student/borrower information to other divisions of your company?	
17	Does your organization have any affiliates who also offer educational loan products? If yes, please provide the affiliate and the product.	
18	Do you offer any direct-to-consumer loans?	
<u>Interest Rate(s) and Fees</u>		
19	What type of interest rates you offer?	
20	What is your Fixed interest rate ?	
21	What is the Range of your Variable interest rates ?	

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22	Do you charge any loan fees?	
23	If you provide tiering information, please provide the following information for each loan product, with and without a co-applicant:	
	a) Spread and index for each tier	
	b) Identify which fees are charged and the percentage for each tier (origination, disbursement, repayment, other)	
	c) The distribution of approved loans in each tier (e.g. 10% were tier 1, 25% were tier 2 --- totals for each loan should add to 100%)	
24	If you do not provide tiering information, please provide the following information for each loan product, with and without a co-applicant, across your entire private loan portfolio since July 1, 2017:	
	a) Current <u>weighted average</u> spread and index	
	b) Identify the <u>weighted average</u> fees charged	
	c) Overall <u>weighted average</u> approval rate	
<u>Eligible Borrower Yes/No</u>		
25	Student	
26	Parent	
27	Other relative of student	
28	International students without U.S. co-borrower	
29	International students with U.S. co-borrower	
30	Are co-borrowers required for all applicants?	
31	Can the co-borrower be released? If so please give details. For example in the event of death, disability, a # of on time payments, etc.	
32	Is Membership a requirement (especially for Credit Unions)	
33	Is Satisfactory Academic Progress a requirement?	
34	What are the enrollment requirements?	
	a. Is enrollment in a degree program/certificate a requirement?	
	b. Can the student use the loan for career training / non-credit courses?	
	c. Is there a minimum number of credits?	

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35	Can loan be taken for past due balance?	
	a. How old can the past due balance be?	
	b. Is current enrollment required to borrow loan for past due balance?	
	<u>Loan Amounts & Loan Changes</u>	
36	What is the minimum loan per year?	
37	What is the maximum loan per year?	
38	What is the lifetime aggregate?	
39	Attach an outline of your process flow for Title X compliance including at what point the loan is released to the University of Massachusetts Amherst for certification	
40	When during the loan application process, can loan amount changes (increases/decreases) be made?	
40b	Can an increased be made after loan is fully disbursed, if the full approved amount was not certified? If yes, what is the process to increase the loan amount	
41	Post disbursement, how does your Title X process affect loan changes (increases/decreases)?	
	<u>School Services</u>	
42	School Services Telephone Number:	
43	Do you have designated account managers assigned to specific schools?	
44	If yes, please list name and contact information for the University of Massachusetts Amherst.	
45	What processing systems do you use (i.e. ELM, OpenNet, or your own)?	
46	With which guarantor(s) does your organization have a relationship?	
47	Do you participate in Electronic Fund Transfer (EFT)? If yes, via EFT to ELM NDN?	
48	Do you participate in electronic loan processing for disbursements and refunds?	
49	Which files do you support (check all that apply)?	
	Application Send Files _____	
	Response Files _____	
	Disbursement Rosters _____	

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	Change Files	
50	Do you support netting disbursement rosters?	
51	If you do not participate in ELM NDN, then what address should funds be returned to?	
	<u>Borrower Services</u>	
52	Borrower Services Telephone Number:	
53	How long is the average wait time for credit decisions?	
54	When does credit expire on your loan applications?	
55	Do you provide borrowers with immediate online help via email or chat?	
56	What are your customer service call center hours for origination/certification issues?	
57	What are your peak times for origination issues?	
58	What are the average wait times for calls to your customer service center for origination issues during peak and non-peak times?	
59	If additional documentation is needed from the borrower/co-borrower how long does it take you to process the documents once they are received?	
60	Do you collect the Self Certification form before the school certifies the loan or after?	
61	Can borrowers fully access their account online?	
62	Do you accept payments online? If so, please list website	
63	Do you offer Loan Calculators? If so, please list website.	
64	Debt Management/Financial Literacy Tools? If so, please list website.	
65	Option to e-sign promissory note?	
66	Do you market other banking related products/services to borrowers?	
67	If yes, please attach a description of the products/services.	
	<u>Repayment Terms</u>	

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68	What are your repayment terms? Indicate grace period, forbearance, and deferment options.	
69	What is the maximum repayment period?	
70	Deferment option available for enrolled students?	
71	Interest-only option?	
72	Minimum monthly payment?	
73	Co-signer release option?	
74	# of payments before release of co-signer.	
75	Deferment and/or forbearance option(s) for borrowers in repayment? Please explain application process and when a deferment or forbearance is granted.	
76	Loan forgiveness options?	
77	Do you offer a loan consolidation program?	
78	If yes, is a co-borrower required for the consolidation loan?	
79	What kind of default prevention measures do you take?	
Back End Borrower Benefits		
80	Describe the benefit and the conditions that trigger the benefit.	
81	Provide utilization rates for benefits. If a utilization rate is not provided, the rate will be assumed to be zero.	
Loan Servicing		
82	Do you service your own loans?	
83	If not, please attach a list of all servicers you have contracted with contact information.	
84	What are your customer service call center hours?	
85	What are your peak times related to servicing loans?	
86	What are the average wait times for calls to your customer service center during peak and non-peak times?	
Other		

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87	Indicate the total volume processed for the loan program for the following years:	
	2016-2017:	
	2017-2018:	
	2018-2019:	
88	Provide the current default rate of your lender's private loan portfolio.	
	National %:	
	If, available, Massachusetts %:	
	University of Massachusetts Amherst %:	
89	Provide your current approval/denial percentages for the University of Massachusetts Amherst families, with and without a co-applicant.	
90	Will you have sufficient capital to maintain lending for the 2019-2020 academic year?	
	Please explain.	
Repayment Example		
91	<i>Please complete using \$40,000 as loan amount (\$10,000 per year for four years).</i>	
	<i>Assume disbursements on 9/5 and 1/15 and repayment beginning after graduation on 5/15/23.</i>	
	<i>Assume the interest is not paid (if an option on your product) while the student is in school or during the grace period. If tier information is provided, please provide best tier.</i>	
91a With no borrower benefits:		
Example 1	Highest possible FIXED interest rate, with NO borrower benefits and NO co-borrower:	
Example 2	Highest possible VARIABLE interest rate, with NO borrower benefits and NO co-borrower:	
91b With all borrower benefits :		
Example 3	Lowest possible FIXED interest rate, with ALL borrower benefits and a co-borrower:	
Example 4	Lowest possible VARIABLE interest rate, with ALL borrower benefits and a co-borrower:	
	Note other features/benefits:	
Loss of Benefits		
92	Can borrower lose a benefit due to late payment?	

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	If yes, is the borrower forced to compensate the lender/holder for the lost benefit?	
93	Is there an opportunity to regain benefits that have been lost? How?	
94	Note other features/benefits available:	
Servicing & Selling of Loans		
95	Who services your loans?	
96	Do you sell your private loans?	
97	If yes, provide an attachment with the following:	
	What organizations?	
	What time(s) in a student's academic career is the loan sold?	
98	Will you always sell a borrower's portfolio to the same organization?	
99	How do you inform a student that a loan has been sold? Include samples of your correspondence.	
100	What, if any, other information would you like to provide?	