

Request for Proposals for Servicing an Existing Federal Family Education Loan Portfolio
Alaska Commission on Postsecondary Education
RFP #190000074

Questions Received and Responses Provided

Q: What servicing system is used to service the loan portfolio?

A: Higher Education Loan Management System (HELMS) provided by NelNet

Q: Have other systems been used for servicing?

A: No. Our Federal Family Education Loan Portfolio has only been serviced on HELMS

Q: Can Alaska provide a breakdown of their FFELP portfolio by loan status (ie: in-school, grace, repayment, deferment, forbearance)?

A: As of April 30, 2019:

- In-School = \$374,096
- Grace = \$24,412
- Repayment = \$38,499,376
- Deferment = \$5,951,856
- Forbearance = \$861,023

Q: What specific borrower account information must be provided on the IVR system?

A: Specific requirements have not been established for the IVR system beyond the minimum requirements stated in the RFP. In your response to the RFP, indicate what account information and functionalities your IVR system has or is capable of providing.

Q: Can you provide additional details on the 48 on-time payment benefit – it appears to be a 1% or 2% principal reduction?

A: The amount of the benefit varies based on the loan type: Stafford Subsidized (Cost-Reduction 2%), Stafford Unsubsidized (Cost-Reduction 2%), PLUS (Cost-Reduction 1%), Federal Consolidation (Cost-Reduction 1%). ACPE will provide additional detailed information to the successful offeror. The portfolio contains accounts that are on track to become eligible for this benefit but have not yet qualified. The successful offeror's servicing system must be capable of tracking and applying the benefit when a borrower becomes eligible. Additional detail about this benefit is included in Sec. 3.03 4.O (Borrower Benefits).

Q: If a borrower starts making payments and then goes into a forb/def, are they still eligible for the 48 on-time payments? Do we pick up counting the months when they re-enter repayment?

A: Yes. The loan(s) will continue to be eligible for the benefit and counting resumes when the deferment or forbearance ends and the loan(s) re-enter repayment.

Q: If the borrower has become eligible for and are receiving the 48 on-time payment benefit and are late or have a NSF do they lose eligibility for this benefit forever?

A: No. Borrowers lose eligibility at the time of default.

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Q: Does a borrower lose eligibility for 0.25% interest rate reduction if they have a certain number of NSF's?

A: No, A borrower will lose eligibility for the 0.25% interest rate reduction at the time they are no longer making payments through an automatic recurring electronic method or are no longer current on their repayment schedule. The borrower becomes eligible again at the time a new automatic recurring electronic method is setup as long as they are current on their repayment schedule.

Q: Do you advance the due date if the borrower is within a specific dollar tolerance of their monthly amount due? If so, what is the dollar tolerance?

A: Yes, ACPE will advance the due date if a payment is within \$5 of the amount due.

Q: Is there a fee for NSF?

A: No.

Q: The RFP states that there is a maximum of 12 months to cure a loan, but regulations allow up to 36 months. If the loans is cured after 12 months will ACPE return funds to the servicer?

A: Yes, ACPE will return funds to the servicer for loans cured within the allowable timeframe.

Q: How will permanently uninsured loans be handled? Will they be written off? Sent to outside collections?

A: Permanently uninsured loans will not be sent to outside collections. The servicer will attempt to collect and once the loan is considered uncollectible, it will be written off.

Q: Are previously rehabbed loans included in your FFELP portfolio?

A: Yes, a small number of rehabbed loans are included.

Q: Do you service subsidized and unsubsidized portions of consolidation loans separately or as one single loan?

A: Subsidized and unsubsidized portions of consolidation loans are maintained as separate loans on the servicing system, and are kept in sync as required.

Q: Collected funds are deposited each day into a centralized clearing account for all clients. Payments received by the lender can also be ACH'd or wired directly into the centralized clearing account. A reconciliation of payments received and posted to borrowers' accounts is created and funds are transferred to the lender the following business day. Based on this set-up, would a segregated account still be necessary?

A: A segregated account would not be necessary but we would require a copy of the reconciliation of the centralized clearing account to ensure payments are processed timely. For reconciling items, we would want to know when they were posted to the centralized clearing account and when they were processed to borrowers' accounts or otherwise disposed of.

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Q: Section 1.04 – Prior Experience and 3.03 (10)(H) – Legal/Compliance refer to “significant” and “material” findings. Since these terms are often used differently, would ACPE define them?

A: ACPE uses the terms “significant” and “material” interchangeably. Please provide information on any finding formally communicated to management or governing bodies due to an audit in the past three years.

Q: Section 3.03 (4)(J) – Correspondence - Is the 5-day response requirement an average over a period of time (ie – weekly, monthly, quarterly)?

A: No. A response must be provided within five business days of receiving correspondence. If the offeror is not able to provide the information requested within five business days, the offeror must notify the borrower that the correspondence was received and provide a date in which a timely response will be made.

Q: Section 3.03 (4)(J) – Correspondence – Can ACPE verify that the term ‘correspondence’ includes any request received from a borrower (i.e. – requests for deferment, forbearance, IBR, repayment schedule changes, complaints, recurring ACH payments, etc.)

A: Correct – correspondence includes all of the items listed in the question.

Q: Section 3.03 (4)(J) – Correspondence – Is ACPE able to provide the average monthly volume of correspondence currently received?

A: We cannot easily determine the amount of FFELP correspondence received in a given month. ACPE received 1,200 pieces of incoming correspondence, both hard copy and electronic, during the month of May 2019. ACPE’s loan portfolio is approximately 22% FFELP and 78% private loans.

Q: Section 3.03 (4)(I) Status Codes – Our current servicing system statuses align to Title IV requirements. Is it possible for ACPE to provide a list of their applicable statuses if they differ from Title IV requirements?

A: Statuses do not differ from Title IV requirements.

Q: What percentage of your borrowers currently receive electronic documents?

A: Twenty-nine percent (29%) of all borrowers (federal and private loan borrowers) are receiving electronic documents.

Q: What percentage of borrowers currently make ACH payments?

A: In June 2019, 73% of total payments (federal and private loans) processed were ACH/Web payments.

Q: How many borrowers do you have that are not in repayment status, but are currently set up for ACH?

A: Less than 2% of FFELP loan borrowers are making payments while in a non-repayment status.

Q: According to the timeline laid out in the RFP, ACPE plans for the contract that results from this process to begin on 9/13/19. By what date does ACPE hope to have all loans converted to the new system?

A: ACPE will evaluate conversion project plans included in the responses and will work with the new servicer to establish a project schedule. A target conversion date has not been established.