

Request for Proposals

For

Debt Collections Services

Rhode Island Student Loan Authority

560 Jefferson Blvd., Suite 200

Warwick, RI 02886

401.468.1700

August 21, 2013

Please note the following critical dates:

RFP Issued	August 26, 2013
Due date for written questions	September 13, 2013
Due date for receipt of proposals	September 27, 2013
Anticipated decision date	October 11, 2013

Agency Background

The Rhode Island Student Loan Authority (RISLA) was established in 1981 as a public agency of the State of Rhode Island (the "State") and is a leading originator of non-federal education loans and the sponsor of the College Planning Center of Rhode Island.

RISLA's employees are not employees of the State. RISLA does not receive funding from the State and RISLA's debt obligations are not backed by the State.

RISLA is governed by a six member board of directors, five of whom are appointed by the Governor of the State and the sixth of whom is the General Treasurer of the State.

Introduction

RISLA is soliciting proposals from qualified firms to provide "Debt Collection Services". One or more qualified vendors may be awarded this work at an agreed upon rate or cost as needs arise in the future. There is no guarantee of any level of activity to any vendor or vendors awarded a contract. In addition, the Authority reserves the right to reject all proposals for "Debt Collection Services".

Notifications and Instructions

Bidders are instructed to review all sections of this RFP carefully and follow instructions completely. All costs associated with developing or submitting a proposal in response to this RFP shall be borne by the bidder. Alternative approaches and methodologies to accomplish the desired or intended results of the Authority are welcome.

Background

RISLA has made non-federal student loans since 1992 and has an outstanding balance of \$401,887,608 as of 6/30/2013. Of this, 2,274 borrowers representing \$32,645,900 in loan principal are in default of their repayment obligations. Historically, expressed as a % of the original defaulted principal, RISLA has experienced cash recoveries net of collection expenses ranging from 25% to upwards of 60% depending on loan type and repayment vintage. An account is considered to be in default at 120 days past due. RISLA needs to collect on these accounts in order to minimize losses but also to assist students in repairing their credit.

The purpose of this RFP is to solicit proposals that will help RISLA maximize recovery of loan losses at the lowest collection fee levels. In addition, RISLA wishes to provide defaulted borrowers with the opportunity to "rehabilitate" their loans after 8 consecutive on-time payments so that they have the opportunity to complete their repayment term free of collection expenses. This will require the selected firm to "release" the account back to RISLA. RISLA intends to structure any contracts for "Debt Collections Services" so that the selected bidder(s) are incentivized to help borrowers "rehabilitate" their accounts. We greatly encourage bidders to provide one or multiple fee proposals for the loan rehabilitation program.

Scope of work

1. Complete all billing, necessary research, debtor locating (skiptracing) and debtor contact in order to collect on placed accounts.
2. Complete all necessary research in order to locate certain parties of interest to the state (debtors, absent parents, etc.), i.e., "skip tracing."
4. The vendor shall provide management reports and inventory and payment data extracts in a manner and frequency to be prescribed by RISLA. The vendor shall provide whatever data extracts and/or reports necessary to a successor upon expiration of the contract.
5. The vendor shall provide a toll-free telephone number for return telephone calls.
6. Violation of any federal or state general or special law or regulation governing the fair collection of debts, whether related to accounts covered under the awarded contract or other accounts handled by awarded vendors, shall be grounds for termination of the contract. In addition, vendors shall be required to indemnify RISLA for such violations.
7. Under no circumstances shall vendors attempt to make collections by coercion or threats. Vendors may not hire outside counsel without notifying and securing approval from RISLA.
8. Vendors shall respond within two (2) business days to complaints or inquiries RISLA transmits to the vendor. RISLA reserves the right to investigate and ultimately cancel a contract upon verification of repeated complaints.
9. The Authority retains the right to withdraw accounts under which no collections have been made six (6) months after assignment and may reassign these accounts to another awarded vendor or to staff internally.
10. Vendors must be willing to accept another vendor's discontinued accounts as secondary referrals.
11. Vendors will be responsible for professional quality, technical accuracy and timely completion and submission of all deliverables or services required to be provided under the contract. The vendor shall, without additional compensation, correct or revise any errors, omissions, or other deficiencies in its deliverables and other services in a timely manner.
12. No collection fees shall be paid to any vendor on accounts that are referred for collection, but on which RISLA receives payment prior to any collection efforts being performed by the vendor.
13. Awarded vendors shall be responsible for any embezzlement, fraudulent, dishonest, vandalism, and malicious mischief act or acts by the vendor and its employees during the term of the contract. Awarded vendors shall guarantee the confidentiality, security and

safety of all files, documents, computer files and other records pertaining to the Services.

14. Awarded vendors shall reimburse RISLA for any amount which becomes uncollectible which is lost due to any act or omission of the vendor or its officers, agents, or employees. Such acts or omissions may include, but are not limited to, accepting a compromise settlement for less than the total amount due without authorization and acknowledging that a payment constitutes payment in full when in fact the debt or account is not paid in full.

15. Any amounts received by vendor which are in excess of that which is due and payable are overpayments and shall be forwarded to the Authority in full with an explanation that the amount is an overpayment. Vendor shall not be entitled to a collection fee for overpayments and shall not retain any portion of an overpayment.

16. Vendor shall be responsible for ensuring that the account balances are updated so as to reflect the amounts actually past due. Vendor shall exercise special care to ensure that the entire delinquent amount is included in any court judgment obtained or has been paid before informing the borrower that the debt has been paid in full.

17. RISLA retains the right to terminate services of a vendor upon fifteen (15) days written notice. Upon the termination of any resulting agreement or contract, collections received by vendors within forty five (45) days after the termination date will be subject to the fee arrangement specified. Any collections received after the forty five (45) day period shall be returned to RISLA without a fee charge.

18. RISLA operates an offset program for the collection of debt from State payables. If a debt or a portion of the debt becomes recoverable through the State payables or a federal offset program, RISLA reserves the right to withdraw the debt or recoverable portion from collection services. No collection fee shall be paid to any vendor on the amount collected through the debt offset programs or financial data matching program.

19. Vendors are to enter into payment agreements in accordance with payment agreement parameters set forth by RISLA or with written consent of RISLA.

20. Vendors shall remit all monies received (gross receipts) to RISLA within (30) thirty days after receipt of monies from debtor(s).

21. Selected vendor(s) will be required to use RISLA's web based servicing module to confirm loan balances, interest rates, payment history, and other servicing elements. RISLA will maintain account balances and will ultimately determine when account balances are satisfied.

22. Selected vendors must agree to RISLA's limits and standards for charging fees to the borrower on litigation accounts.

Additional Requirements

I. Executive Summary

Provide an Executive Summary of your organization that will highlight the bidder's approach and ability to meet the requirements set forth in the RFP.

II. Staffing and organization overview

RISLA will rely upon the expertise, experience, ability and capability of a qualified vendor. In response to this RFP, a qualified vendor shall present evidence of its professional competence, training, and any other relevant documentation. The firm selected and accepting this contract shall be of recognized standing within the profession of debt collection, particularly in debt collection of higher education loans. The respondent shall present the qualifications, technical expertise and experience of the firm's key personnel who will be assigned to the performance of services. The Proposal must include a resume or a statement of qualifications for all key personnel.

III. Experience and Capacity

- i. Please provide a comprehensive listing of similar programs undertaken and implemented, as well as similar clients served.
- ii. Submit a list of contract(s) that have been terminated in the past two(2) years along with the entity name(s) that obtained the contract and the reasons why the contract was terminated (if applicable). RISLA reserves the right to seek additional information regarding a company's capabilities from any source it feels is competent to provide such information.
- iii. The bidder must furnish RISLA with a list of settled and pending regulatory complaints over collection practices for the past two (2) years.
- iv. The bidder should provide a minimum of three (3) references from other clients, preferably in higher education financing.
- v. The bidder shall submit appropriate financial-related information in order to provide RISLA with the ability to judge the bidder's financial capacity and capabilities to undertake and successfully complete the contract.
- vi. The bidder shall submit a list of all national and/or regional locator networks and associations to which the bidder subscribes/belongs, as well as to which credit reporting agencies the bidder has access.
- vii. The bidder shall provide an overview of the firm's processes and procedures to ensure compliance with Federal and State collection laws including but not limited to the Telephone Consumer Protection Act. In addition, please provide an overview of your firm's protocol for handling complaints and inquiries from the Consumer Financial Protection Bureau and other regulatory agencies.

IV. Reporting

- i. Describe the bidder’s capability to provide monthly data files in a format determined by the Authority to the Authority including payments received along with a breakdown by principal, interest, and fees and other information specified by the Authority
- ii. The bidder should provide examples of performance reports and custom reports it has furnished to existing clients.
- iii. The bidder should provide documentation demonstrating success collecting debt, particularly in the higher education loan area. Please provide details or examples.
- iv. Please provide an overview of the technology that the firm uses in its collections operations.

V. Litigation

- i. Describe the bidder’s methodology for charging and retaining fees and interest on litigation accounts (attorney fees, collections fees, contingency fees, court fees, administration fees, pre-judgment interest and post-judgment interest).
 - a. What fees are charged? Are those fees passed on to RISLA or the borrower and when?
 - b. How will judgments, executions, court fees and other legal information be communicated to RISLA so that RISLA is able to update its internal servicing system in a timely fashion?

VI. Pricing

Confirm if the bidder agrees to the fee schedule outlined below. Fees are wholly contingent upon collections ("make-whole method"). Prices and terms of the proposal must be valid for the length of any resulting contract.

<u>Traditional Collections</u>	
<i>FEES THE AUTHORITY WILL PAY TO AWARDED BIDDER(S)</i>	
	Contingency Fee
1st Placement	12%
2nd Placement	15%
3rd Placement	17%
Litigation	20%
<u>Rehabilitation</u>	
<i>Fee to return account to Authority after 8 on-time payments</i>	
<i>PLEASE POPULATE FEES AGENCY WILL CHARGE BASED ON:</i>	
% of Outstanding Loan Balance	
Flat Fee	
<i>The Authority is open to innovative ideas to provide rehabilitation options for borrowers.</i>	

Please provide an overview of the minimum collections activity the vendor will conduct over the initial 6 month period after placement based on the fee schedule above.

Selection Process

All questions concerning this RFP must be submitted in writing by no later than 4PM EST the close of business on Friday, September 13, 2013. Questions should be addressed to: Chad Pastorius via email at cpastorius@risla.com and Lindie Thibodeau Johnson at lthibodeau@risla.com.

Proposals must be received by RISLA by no later than 4PM EST on September 27, 2013. Proposals may be emailed to Chad Pastorius at cpastorius@risla.com and Lindie Thibodeau Johnson at lthibodeau@risla.com.

Any proposals received thereafter may, at the discretion of RISLA, shall be rejected.

A bidder's call where written questions will be answered will be held on Wednesday September 18, 2013 at 2 p.m. eastern standard time. The dial in number is 800-704-9804 and the code is 355339#.

Proposals will be evaluated by the Executive Director of RISLA and other RISLA staff. The award will be subject to the execution of a contract with terms and conditions acceptable to RISLA.

RISLA reserves the right to cancel this RFP and to reject any and all proposals.

RHODE ISLAND STUDENT LOAN AUTHORITY

DATE: August 26, 2013