Inquiry Response Summary
CHESLA RFP for Defaulted Loan Collection Service

The information contained within this summary represents CHESLA’s response to the submitted inquiries to its RFP for Defaulted Loan Collection Service. For reasons of transparency, the information is being shared with all potential bidders.

Samuel E. Rush, Deputy Director
1/20/2017
CHESLA’s current collection agency is EOS-CCA. Recovery rates to date consist of 75% (First Placement) and 82% (Second Placement).

There are approximately 730 private student loans (23% classified as performing) with a total balance of $8.4 million dollars outstanding. Interest on the loans should accrue daily. The bidder should adhere to all laws/regulations pertaining to the collection and servicing of these private student loans.

Approximately $46,800 was retained as payment by the current provider from collections made during October/December 2016 reporting quarter.

CHESLA’s management is receptive to options presented during the RFP process; therefore it has not committed itself to the retention/selection of one/multiple providers until the RFP proposals have been reviewed.

CHESLA’s goal is to conduct a fair RFP process. Describing the satisfaction/dissatisfaction of the current provider, in our view, would jeopardize that goal.

The average loan balance is approximately $11,500 and is comprised of 1st and 2nd category placements. The percentage of loans with one or two (1 or 2) co-borrower(s) is in excess of 80%.

The portfolio includes some accounts deemed “charged-off” in accordance to accounting practices. Routine collection efforts should continue on these accounts.

The portfolio ranges in age from a few months to as much as 11+ years. New 1st placement loans for collection range in age from 120/137 days and average between 6/9 accounts placed with the provider monthly. The balance of new placement loans range from $100.00 to $50,000+.

CHESLA has no additional 2nd placement accounts for placement. Out of statute accounts are removed from the collection process and not included in the portfolio. You should be prepared to classify/determine the limitation dates on the accounts for your system, as determined by collection history of the accounts.

Payment plans that do not conform to the guidelines described in Exhibit A, Overview of Policies should be brought to the attention of CHESLA for review.

CHESLA’s 15% collection fee is calculated by its staff and is part of the account information provided at placement for collection service. CHESLA does not anticipate being charged a fee for the collection of the 15% collection fee.

Court costs are paid by CHESLA and added to the account for reimbursement. CHESLA does not anticipate being charged a fee for the collection of court cost. 14.25% of the accounts currently have court costs due CHESLA posted to the outstanding balance.

CHESLA’s staff attempts to collect the past due balances after a period of over 120 days non/insufficient payments. This attempt may resolve itself in the form of immediate payment of the past due balance or extending a short payment schedule to cure the past due debt.

For tax reporting purposes, annual 1098E forms should be mailed to the borrower (co-borrower one when applicable).

The provider’s software and accounting/inventory will serve as the system of record for the collection accounts. Monthly and ad hoc reports are created for export to CHESLA in Excel. Reconciliation data is
available in month end reports to CHESLA. Account placement is conducted via an encrypted Excel spreadsheet to the provider by CHESLA.

Defaulted CHESLA borrowers expose themselves to possible garnishment of their State of Connecticut income tax refunds.

The required exhibits (State of Connecticut forms - Exhibits B-1, B-2, D, and E ) are exempt from the 15 page limit request.

Your Cover Letter, Table of Contents, Pending Litigation, Sample Contract, Standard Reports and Disaster Recovery plan are exempt from the 15 page limit request.

CHESLA requires agencies to provide credit bureau reporting services.

Exhibit A, page 5, item 17 addresses insurance. Please use best business judgement in providing the coverage requested or available to meet this request.

Exhibit A, page 1, F – Problem Account is defined as any account that requires escalation to CHESLA for further assistance or information required to assist or settle collection efforts.

Exhibit A, page 3, A – A payment plan is one in which payment, over a scheduled amount of time, reduces all the components that make up the outstanding balance. Payments that do not meet/achieve this standard are deemed “payment/remittance” and not classified as a “payment plan/arrangement.”