

HARVARD LAW SCHOOL

Graduate & Professional Student Loan Programs



Request for Proposal

Our objective is to offer a custom loan product that acknowledges the success rate of Harvard Law School (HLS) alumni and HLS's Low Income Protection Plan (LIPP), and provides the same low fixed interest rate to *all* qualifying HLS students, regardless of credit score (subject only to international rate differential). HLS is willing to consider a risk sharing structure, as described herein.

Objective

Harvard Law School is seeking information from lenders offering non-federal student educational loans beginning with the 2022-2023 academic year (AY22) through a Request for Proposal (RFP) process. This request seeks loan products for our domestic and international students enrolled at Harvard Law School. This RFP is designed so that Harvard Law School can identify a group of lenders with loan products that have competitive rates, and offer excellent customer service and borrower benefits. Harvard Law School hopes to select and publish loan products from different lenders. We seek competitive offerings to share with our students. As such, we are interested in working with lenders to explore all viable options, including risk share, in order to offer our students the best pricing and borrower benefits. Information provided within RFP responses may be distributed to our students and placed on websites.

In AY20/21 Harvard Law School students borrowed ~\$64.15 million in loans, of which \$18.64 million were federal loans and \$38.1 million were private loans. In AY21/22 to date, students have borrowed ~\$62.5 million in loans, of which \$23.5 million are federal loans and \$32.5 million are private loans.

Harvard Law School strives to enroll the most highly qualified students worldwide. For more information on Harvard Law School (i.e. total enrollment, international enrollment, resources), please go to: http://www.provost.harvard.edu/institutional_research/factbook.php

About Harvard Law School and Harvard University

Harvard University (incorporated as "President and Fellows of Harvard College") is a private university and a member of the Ivy League. Founded in 1636 by the colonial Massachusetts

legislature, Harvard is the oldest institution of higher learning in the United States. Harvard University consists of Harvard College, eleven graduate schools, and several research institutions and museums.

Founded in 1817, Harvard Law School is one of the professional graduate schools at Harvard University and is one of the oldest law schools in the United States. Traditionally, over 1,900 students are enrolled, with over 1,700 in the three-year Juris Doctor (J.D.) program. HLS also offers advanced degrees through the Master of Laws (LL.M) and Doctorial of Juridical Science (S.J.D.) programs. Upon graduation, roughly 58–65 percent of HLS J.D. graduates enter private practice, about 18-22 percent enter judicial clerkships, and about 15-20 percent enter public interest or government work, business and industry, academia, or other unique pursuits. After clerkships, HLS graduates pursue careers in the private sector, public interest, government, and academia. Employment statistics for HLS J.D. graduates compiled for the American Bar Association show that for the past five years over 96 percent of graduates are employed at 10 months from graduation. For the Class of 2021, excluding a small number of graduates pursuing advanced degrees, the percentage employed at 10 months was 98.3 percent, the median salary of employed graduates was \$190,000, and the average salary of those graduates was \$147,446.

To ensure that graduates employed in lower-paying jobs can remain current with student loan payments, **HLS provides loan repayment assistance through the Low Income Protection Plan (LIPP)**. To date in the 2021-2022 award year, LIPP has provided paid over \$10.8M in loan repayment assistance to more than 580 HLS graduates. Due to the high income potential for HLS graduates in the legal profession combined with the support of LIPP, the default rate on student loans for HLS graduates is low. The University-wide Cohort Default Rate based on U.S. Department of Education data has been less than 1% for the three most recent years for which data is available. Additional information on the LIPP is available upon request.

Terms & Conditions

HLS seeks the best possible offering for Harvard Law students enrolled at least half time, subject to the following:

1. **Global Reach.** Harvard Law School is a global community. We seek to keep the cost of borrowing as low as possible for our domestic and international student populations.
2. **Application.** The student application process must be fully online and available 24/7.
3. **Systems.** Harvard Law School uses ELM One and ELM NDN to manage loans and prefers responding lenders to be able to certify, adjust and disburse via real-time processing on ELM One.
4. **Confidential Materials and Ownership of Responses.** Confidential materials should not be submitted as a response. Proposals marked as confidential will be neither accepted nor honored. All responses become the property of Harvard Law School.

5. **Rejection.** Harvard Law School reserves the right to reject any and all responses.
6. **Cost.** The respondent bears all costs incurred in the preparation and presentation of the RFP to Harvard Law School.
7. **Non-Endorsement.** Respondents and lenders agree to make no reference to Harvard University at any time in any literature, promotional material, brochures, sales presentation, or the like, whether on-line or not, without express consent. No public disclosure or press release pertaining to the specifications or RFP process shall be made public without prior written approval from Harvard University.
8. **Conflicts of Interest.** If the respondent or any individual working on the RFP has a possible conflict of interest, respondent shall include in its proposal a statement indicating the nature of the conflict. Harvard Law School reserves the right to reject the response, if in its sole discretion any interest disclosed from any source could give the appearance of a conflict; or cause speculation as to the objectivity of the loan program. Harvard Law School's determination regarding any questions of conflict of interest shall be final.

Key Data Elements in the Response

Requirement: All respondents must complete and return the RFP Response Matrix, attached. We would like to offer this program to both domestic and international students. Please provide a separate response for domestic and international applicants.

The following are key data elements that are included in the Matrix.

1. **Interest Rate.** We prefer a fixed interest rate for loans first disbursed during any 12-month period beginning on July 1 and ending on June 30. The interest rate will be equal to the 10-year Treasury note, plus a margin of Xbps as specified in the RFP Response Matrix
2. **Credit Scoring.** We would like to offer this program to all students regardless of credit history. We do not object to credit information being collected, but object to it being used for lending decisions. We prefer that credit scoring not be used to determine the interest rate.
3. **Risk Share.** We will consider risk sharing structures to help achieve lower interest rates to our students. Please provide detail on any risk sharing proposals. Our goal is to achieve the lowest possible rates for our students while avoiding or minimizing cost to Harvard. Feel free to provide multiple answers and/or matrices for each option as needed.
4. **Fees.** We prefer a no-fee product. Please describe your proposed fees for the following categories: application fees, origination fees, forbearance fees, guarantee fees, late

fees, including default interest rates and any other fees. Indicate when you will assess any fees. If you charge late fees, how many occurrences can accrue in one calendar year? Is the amount of late fees capped?

5. **Cosigner.** We prefer a product without a cosigner requirement for either domestic or international borrowers.
6. **Aggregate Borrowing Limits.** We prefer a product with no aggregate borrowing limit. If you need to impose one, please specify how flexible you will be once a student reaches this number.
7. **Interest Capitalization.** We prefer that the first capitalization be postponed until active repayment begins. Please outline your interest capitalization policy.
8. **Repayment.**
 - (1) We prefer a 10-year term for repayment, with in-school deferment.
 - (2) Borrowers should be able to prepay or accelerate payments without penalty.
 - (3) We require borrowers to have the ability to prepay principal during the in-school, grace, deferment, and forbearance periods, even if they have accrued uncapitalized interest on their accounts.
9. **First Payment Due.** Do you provide a grace period after the student is no longer in attendance before repayment begins? Define when first payment is due.
10. **Repayment Incentives and Options.** Please detail your repayment incentives, both front-end and back-end, e.g., options for on-time and auto-debit payments. Can a borrower lose the incentive? Do you have a “cure” process whereby the incentive can be restored?
11. **Deferments.** We prefer that these terms mirror as closely as possible the terms for William D. Ford Federal Direct Loans (“Direct Loans”). Please detail your policies for deferment. Include a provision for deferments in the event of unemployment, illness or a catastrophic event. Please know that we have joint-degree students in programs such as medicine and dentistry, which have extended training beyond their academic requirements, and require appropriate deferment privileges.
12. **Forbearance.** We prefer that these terms mirror as closely as possible the terms for Federal Direct Loans. Please detail your policies and procedures for forbearance arrangements. Indicate if there is a standard offering plus additional time available at the lender’s discretion.
13. **Military Status.** We prefer that these terms mirror as closely as possible the terms for Federal Direct Loans. Please define how an active duty military status will affect the grace period and interest accrual on the loan.

14. **Death & Disability Cancellation.** We prefer that these terms mirror as closely as possible the terms for Federal Direct Loans. Please describe the availability of death and disability cancellation, either via pooled risk or the offering of low-cost insurance to the borrowers.
15. **Servicing Standards.** We require that our students and families receive industry leading customer service. Please complete the *Servicing Standards* section of the response matrix accompanying this RFP.

Timing

February 14, 2022: Press Release

February 18, 2022 by 12pm noon: Questions submitted to Natasha Onken, Assistant Dean for Student Financial Services nonken@law.harvard.edu

February 22, 2022 by 5pm: Answers distributed to all respondents

March 4, 2022: Response submission deadline

RFP Contact

Thank you in advance for reviewing this RFP. Please submit all responses (and direct any inquiries) to:

Natasha Onken, Assistant Dean for Student Financial Services (nonken@law.harvard.edu)