

AGENDA ITEM 7.
FFELP LOAN PORTFOLIO SERVICING CONTRACT

Submitted for: Action

Summary: In May of 2008, the Illinois Student Assistance Commission (ISAC) issued a Request for Proposals (RFP) for servicing ISAC's Illinois Designated Account Purchase Program (IDAPP) FFELP loan portfolio that is currently serviced in-house. IDAPP's Alternative Loan portfolio was outsourced to Education Computer Systems, Inc. (ECSI) in late 2007. Moving the servicing of IDAPP's FFELP portfolio to an outside vendor is a major component of the restructuring of ISAC to reduce costs and increase its efficiency. Management estimates that this contract will reduce servicing costs by approximately \$2 million per year.

Nine (9) bidders responded to the RFP each addressing a series of in-depth questions about their systems and processes. A team of ISAC staff evaluated the responses on a technical basis, scoring each as to the ability of the bidder to service loans as required by ISAC. The top four bidders (based on technical score only) were then evaluated as to the pricing of the services being requested. The bidders were then ranked based on a combined score of technical and price responses.

Nelnet, Inc. of Lincoln, Nebraska (Nelnet) is the successful bidder. Management is now seeking the approval of the Commission to execute and deliver a servicing contract with Nelnet on terms and conditions substantially similar to the form of contract attached hereto as **Exhibit A**, with such changes and modifications as the Chairman and Executive Director deem acceptable and in the best interests of the ISAC.

The servicing contract with Nelnet shall be for a term not to exceed six (6) years including all renewals and shall be in an aggregate amount not to exceed \$25 million for the entire term of the Servicing Contract. Nelnet shall also be required to host a job fair at ISAC's Deerfield office for any ISAC employees that may be affected by the servicing contract. The Chairman and Executive Director shall have the authority to negotiate such other terms as each deems acceptable and in the best interest of ISAC.

Action Requested: That the Commission approve the following resolutions:

“BE IT RESOLVED that the Illinois Student Assistance Commission (ISAC) authorizes the execution and delivery by the Executive Director of a servicing contract with Nelnet, Inc. (the “Servicing Contract”) and any amendments thereto in substantially the form attached hereto as **Exhibit A** with such changes and modifications as the Chairman and Executive Director deem acceptable and in the best interests of the ISAC and such other documents, certificates and instruments as are necessary to consummate the transactions contemplated by the Servicing Contract; provided, however, that the term of the Servicing Contract shall not exceed six (6) years including renewals and the aggregate amount of fees payable by ISAC to Nelnet under the Servicing Contract shall not exceed \$25 million for the entire term of the Servicing Contract.”

“BE IT FURTHER RESOLVED that, subject to the limitations set forth in the paragraph above, the Chairman and Executive Director are, and each of them is, hereby authorized to do or perform all such acts and to execute all such certificates, documents and other instruments as they or any of them deem necessary, convenient or desirable to consummate the transactions contemplated by this Resolution and all of the acts and doings of the Chairman and Executive Director which are in conformity with the intent and purposes of this Resolution, whether heretofore or hereafter taken or done, shall be and are hereby approved, confirmed and ratified.

PBC# 08-33648

Project Title: Student Loan Servicing FFELP Contract # _____

DRAFT FOR DISCUSSION PURPOSES CONTRACT

The Parties to this Contract are the State of Illinois acting through the undersigned Agency/Buyer (collectively, the "State") and the Vendor. The Contract consists of this signature page, the following pages detailing the contents described below, and any attachments identified on these pages, all of which are incorporated herein by reference and made a part hereof.

1. TERM AND TERMINATION
2. DESCRIPTION OF SUPPLIES / SERVICES
3. PRICING
4. STANDARD TERMS AND CONDITIONS
5. CERTIFICATIONS AND CONFLICTS
6. SUPPLEMENTAL PROVISIONS
ATTACHMENT 1, CONFIDENTIALITY RECOGNITION, AGREEMENT AND CERTIFICATIONS
ATTACHMENT 2, SUPPLEMENTAL PRICING AGREEMENT
ATTACHMENT 3, ISAC'S RFP #IDAPP20082 AND QUESTION AND ANSWER DOCUMENTS
ATTACHMENT 4, VENDOR'S TECHNICAL PROPOSAL

In consideration of the mutual covenants and agreements contained in this Contract, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree to the terms and conditions set forth herein and have caused this Contract to be executed by their duly authorized representatives on the dates shown below. This contract may be signed in counterparts each of which shall be deemed to be an original and all of which together shall constitute one and the same instrument.

VENDOR

NELNET, INC. _____

Signature _____

Printed Name _____

Title _____ Date _____

Address 3015 South Parker Road, Suite 400 _____

Aurora, CO 80014 _____

Phone 303.696.5633 _____ Fax 303.696.5556 _____

E-mail robert.beiersdorf@nelnet.net _____

Dept. of Human Rights Public Contract # 103080-00 _____

STATE OF ILLINOIS

ILLINOIS STUDENT ASSISTANCE COMMISSION _____

Signature _____

Printed Name Andrew A. Davis _____

Title Executive Director _____ Date _____

Address 1755 Lake Cook Road _____

Deerfield, IL 60015 _____

Phone 847-948-8500 _____ Fax 847-948-5033 _____

E-mail adavis@isac.org _____

DEPARTMENT OF CENTRAL MANAGEMENT SERVICES

Official Signature _____

Designee Signature _____

Printed Name _____

Printed Name _____

Title _____ Date _____

Title _____ Date _____

Address _____

CPO #33 -- Approved by General Counsel

Phone _____ Fax _____

Signature _____

E-mail _____

Printed Name _____ Date _____

STATE USE ONLY - Procurement Method (IFB, RFP, Small, etc): <u>RFP</u>		Award Code: <u>A</u>
IPB Publication Date: <u>6-18-08</u>	IPB Ref. # <u>22015413</u>	Subcontractor Utilization? Y / <u>N</u>
Subcontractor Disclosure? Y / N		
(Fiscal Use Only) Obligation # _____		

Ver. 2-2008

1. TERM AND TERMINATION

1.1 TERM OF THIS CONTRACT

This initial term of this Contract shall commence upon [[September 30, 2008]] [[the last dated signature of the Parties]] and expire on December 31, 2012 (the "Initial Term"). *[[RFP §4.9: The student loan servicing shall commence upon successful deconversion of loans to vendor's platform.]]*. This Contract is not a life of loan servicing agreement with respect to any loan that is or becomes subject to servicing by Vendor hereunder.

1.2 RENEWAL

The Contract may be renewed for up to three years beyond [[the Initial Term]] for term lengths to be decided by the parties. Any and all renewal(s) shall be done by signed written agreement between the Vendor and Illinois Student Assistance Commission ("ISAC" or "Agency/Buyer"). The renewal shall be subject to the same terms and conditions as the original Contract unless otherwise stated below. Renewal pricing is shown in Section 3. However, the Contract may not renew automatically, nor may the contract renew solely at the Vendor's option.

1.3 TERMINATION FOR CAUSE

The State may terminate this Contract, in whole or in part, immediately upon notice to the Vendor if it is determined that the actions, or failure to act, of the Vendor, its agents, employees or subcontractors have caused, or reasonably could cause jeopardy to health, safety, or property. If Vendor fails to perform to the State's satisfaction any material requirement of this Contract or is in violation of a material provision of this Contract, the State shall provide written notice to the Vendor requesting that the breach or noncompliance be remedied within the period of time specified in the State's written notice. If the breach or noncompliance is not remedied by that date the State may either: (a) immediately terminate the Contract without additional written notice or, (b) enforce the terms and conditions of the Contract, and in either event seek any available legal or equitable remedies and damages.

1.4 TERMINATION FOR CONVENIENCE

Following thirty (30) days written notice, the State may terminate this Contract in whole or in part without the payment of any penalty or incurring any further obligation to the Vendor. Following any such termination for convenience, the Vendor shall be entitled to compensation upon submission of invoices and proof of claim for services provided under this Contract up to and including the date of termination. This termination may include, without limitation, the termination of this Contract with respect to any loan to be sold to the United States Department of Education (the "Department of Education").

2. DESCRIPTION OF SUPPLIES AND SERVICES

2.1 NEED FOR SUPPLIES AND/OR SERVICES REQUIRED

Student Loan Servicing- ISAC's lending division, the Illinois Designated Account Purchase Program ("IDAPP"), currently services or provides for servicing of Federal Family Education Loan Program ("FFELP") loans that it owns or that are owned by other holders. IDAPP currently services some of these FFELP loans ("RSSA Loans") using the Vendor's or its Affiliates' Remote Servicing System pursuant to an Electronic Data Processing Servicing Agreement Remote Servicing System (RSS), dated as of June 1, 1998, as amended (the "RSS Agreement"). Vendor or its Affiliates also currently service some other of these FFELP loans ("Outstanding Vendor-Serviced Loans") on behalf of IDAPP pursuant to various agreements between IDAPP and the Vendor or its Affiliates ("Outstanding Vendor Servicing Agreements"). IDAPP originates and purchases FFELP loans that are eligible loans ("§ 459A Loans") for Department of Education financing and loan sale programs under Section 459A of the Higher Education Act of 1965, as amended (the "Higher Education Act"). Pursuant to this Contract:

- a) As of the first day of the Initial Term, all Outstanding Vendor-Serviced Loans shall be serviced by Vendor under and pursuant to the terms of this Contract;
- b) On or before [[____]], 2008, all RSSA Loans (other than § 459A Loans) shall be converted from servicing by IDAPP under the RSS Agreement to servicing by Vendor under this Contract; and

- c) Each § 459A Loan shall be serviced by IDAPP pursuant to the RSS Agreement until the earlier of (i) the sale of the § 459A Loan to the Department of Education (at which time such § 459A Loan shall no longer be serviced under the RSS Agreement or this Contract); (ii) the conversion of the § 459A Loan from servicing by IDAPP under the RSS Agreement to servicing by Vendor under this Contract, which conversion shall occur within [[____]] (__) days prior written notice from IDAPP to the Vendor; and (iii) [[____]], at which time all remaining § 459A Loans then serviced by IDAPP pursuant to the RSS Agreement shall be converted from servicing by IDAPP under the RSS Agreement to servicing by the Vendor under this Contract.

To the extent of any conflict or inconsistency between the terms and provisions of the RSS Agreement and this Contract with respect to the servicing of the § 459A Loans by IDAPP and the provision of supplies and services related thereto by Vendor or its Affiliates under the RSS Agreement, the terms of this Contract shall govern. Vendor hereby waives any and all fees and expenses payable under the RSS Agreement with respect to the § 459A Loans serviced by IDAPP from and after the commencement of the Initial Term[[, other than those specific fees and expenses identified in Attachment 2 as “§ 459A Loan RSS Fees”]].

This Contract is non-exclusive, and the Vendor understands and agrees that IDAPP currently intends to maintain servicing of various FFELP loans with its other third-party servicers.

2.2 SUPPLIES AND SERVICES REQUIRED

The Vendor shall provide the Services Required from the Vendor as described in Section 4 (the “Required Services”) of State of Illinois Department of Central Management Services Request for Proposals, IDAPP Student Loan Servicer for FFELP #IDAPP20082 (“ISAC’s RFP #IDAPP20082”), as modified by ISAC’s Question and Answer Documents published on May 8, 2008 and May 12, 2008 (“ISAC’s RFP Q&A Documents”), which ISAC’s RFP #IDAPP20082 and ISAC’s RFP Q&A Documents are attached hereto as Attachment 3 (collectively referred to as “Attachment 3”), and hereby incorporated by reference and made a part hereof. The Vendor shall provide the Required Services in a manner required by Attachment 3 and as described in Vendor’s Technical Proposal RFP Response Prepared for IDAPP Student Loan Servicer for FFELP #IDAPP20082, dated May 15, 2008 (“Vendor’s Technical Proposal”), a copy of which is attached hereto as Attachment 4 (“Attachment 4”) and hereby incorporated by reference and made a part hereof.

2.3 MILESTONES AND DELIVERABLES

Vendor shall not perform services, provide supplies or incur expenses in amount exceeding the amount shown in this Section, unless a higher amount is authorized in writing by the State prior to the Vendor performing the services, providing the supplies, or incurring the expenses.

The estimated Not-to-exceed dollar amount shall be: \$10,600,000.00

2.4 VENDOR / STAFF SPECIFICATIONS

Vendor and its staff that are assigned to this contract shall have experience in the services described herein. Key personnel and other vendor personnel identified from time to time by Vendor as being available to ISAC for customer service or other matters pertaining to this Contract shall remain accessible to ISAC when needed unless removed pursuant to the following terms:

2.4.1 Removal of Personnel

1. Removal by Client. If, at any time, ISAC notifies Vendor in writing that any of its personnel or its subcontractors’ personnel are not performing the responsibilities assigned to that individual or lacks the ability or skills needed to fulfill his or her tasks under this Agreement and describes such, or if ISAC requests in writing that anyone of its personnel or its subcontractors’ personnel be removed for cause and describes the action for which such personnel should be removed, then Vendor shall promptly take such actions as are necessary to substantially improve such person’s conduct or performance, or, at ISAC’s request and at no cost to ISAC, Vendor shall replace such person as soon as reasonably practicable with an individual whose skills are equal to or greater than those of the individual being removed. Such replacement shall be made in consultation with ISAC taking into consideration an appropriate ramp-up period for which ISAC will not be charged, in light of the services to be provided.
2. Removal by Vendor. Vendor shall not remove any key personnel from appointment with ISAC without ISAC’s prior consent (which consent shall not be unreasonably withheld), unless such removal is beyond Vendor’s control or such person’s employment has terminated, voluntarily or involuntarily. Key staff includes the Senior Manager and Team Managers. In the event any Vendor or subcontractor personnel must be so removed, Vendor shall, as soon as reasonably practicable, provide a replacement whose skills are equal to or greater than those of the individual being removed. Such replacement shall be made in consultation with ISAC taking into consideration an appropriate ramp-up period for which ISAC will not be charged, in light of the services to be provided.

2.5 WHERE SERVICES ARE TO BE PERFORMED

Unless otherwise specified in this section all services shall be performed in the United States. If the Vendor creates or manufactures the supplies or performs any of the work in another country in violation of the Contract, such action may be deemed a breach of the Contract.

2.6 SCHEDULE OF WORK

Any work performed on State premises shall be done during the hours designated by the State and performed in a manner that does not interfere with the State and its personnel.

2.7 WARRANTIES FOR SUPPLIES AND SERVICES

2.7.1 Vendor warrants that the supplies furnished under this Contract (a) will conform to the State's manufacturing standards, specifications, drawing, samples or descriptions furnished by the State, including but not limited to all specifications attached as exhibits hereto, (b) will be merchantable, of good quality and workmanship, free from defects for a period of twelve months or longer if specified in writing, and fit and sufficient for the intended use, (c) will comply with all federal and state laws, regulations and ordinances pertaining to the manufacturing, packing, labeling, sale and delivery of the supplies, (d) will be of good title and be free and clear of all liens and encumbrances, and (e) will not infringe any patent, copyright or other intellectual property rights of any third party. Vendor agrees to reimburse the State for any losses, costs, damages or expenses, including without limitations, reasonable attorney's fees and expenses, arising from failure of the supplies to meet such warranties. These warranties shall be in addition to all other warranties, express, implied or statutory, and shall survive the State's payment, acceptance, inspection or failure to inspect the supplies.

2.7.2 Vendor warrants that all services will be performed in a good and professional manner to industry standards by trained and competent personnel. Vendor shall monitor performances of each individual and shall reassign immediately any individual who is not performing to professional standards, who is not efficient or effective in performing the work of the contract, who is disruptive or not respectful of others in the workplace, or who in any way violates the Contract or State policies.

2.8 REPORTING, STATUS AND MONITORING SPECIFICATIONS

Vendor shall report to the Director of IDAPP, Steve Di Benedetto, or his designee.

2.8.1 Vendor shall immediately notify the State of any event that may have a material impact on Vendor's ability to perform the Contract.

2.8.2 Upon request and on forms provided by Agency/Buyer, Vendor shall report the number of qualified veterans and certain ex-offenders hired during Vendor's last completed fiscal year. Vendor may be entitled to employment tax credit for hiring individuals in those groups (PA 94-1067).

2.9 BREACH

Should Vendor breach the Contract and not cure any breach susceptible of being cured within the time specified by the State, the State may cancel the Contract and seek any available legal or equitable remedies, including but not limited to monetary damages and reasonable attorney fees and costs.

3. PRICING

3.1 METHOD AND RATE OF COMPENSATION

Vendor shall be compensated as provided in this Section 3, as supplemented by the Supplemental Pricing Agreement attached hereto as Attachment 2 ("Attachment 2"), which is hereby incorporated by reference and made a part hereof.

3.2 RENEWAL COMPENSATION

If this contract is renewed, the price shall be the same as for the initial term unless a different compensation, or formula for determining the renewal compensation, is stated below.

At each yearly renewal option, Vendor and ISAC may mutually agree to an increase in price based upon the most recent Consumer Price Index (CPI) for related services.

3.3 EXPENSES

Unless otherwise agreed upon and stated herein, this Contract does not allow for reimbursement of any expense incurred by Vendor, including but not limited to telephone or other communications device, postage, copying, travel, transportation, lodging, food and per diem. Any approved travel expenses shall be reimbursed in accordance with the Travel Regulation Council and Governor's Travel Board rules.

3.4 DISCOUNT Not Applicable

3.5 TAX

Vendor shall not bill for any taxes unless accompanied by proof the State is subject to the tax. If necessary, Vendor may request the applicable Agency/Buyer's Illinois tax exemption number and federal tax exemption information.

3.6 INVOICING

Vendor shall invoice at the completion of the Contract unless invoicing is tied in this Contract to milestone or deliverables, or other invoicing requirements agreed to elsewhere in this Contract.

3.7 PAYMENT TERMS AND CONDITIONS

3.7.1 By submitting an invoice, Vendor certifies that the supplies or services provided meet all requirements of the Contract, and the amount billed and expenses incurred are as allowed in the Contract. Invoices for supplies purchased, services performed and expenses incurred through June 30 of any year must be submitted to the State no later than July 31 of that year; otherwise Vendor may have to seek payment through the Illinois Court of Claims (30 ILCS 105/25).

3.7.2 Payments, including late payment charges, will be paid in accordance with the State "Prompt Payment Act" (30 ILCS 540) and rules (74 Ill. Adm. Code 900) when applicable. Payments delayed at the beginning of the State's fiscal year (July and August payments) because of the appropriation process shall not be considered a breach.

3.7.3 The State shall not be liable to pay for supplies provided or services rendered, including related expenses incurred prior to the execution of this Contract by the Parties and the beginning of the term of this Contract.

3.7.4 As a condition of receiving payment Vendor must pay its suppliers and subcontractors according to the terms of their respective contracts. Vendor shall provide lien waivers to the State upon request.

3.7.5 All costs incurred must be pre-approved by the Project Manager. Vendor shall invoice charges, in writing, with a detailed account of monthly maintenance costs, time spent, hourly rate (where appropriate), person performing and the service performed. All invoices for services provided or work product completed shall be sent to:

Illinois Student Assistance Commission
Attention: Nancy Pietryla
1755 Lake Cook Road
Deerfield, IL 60015

4. STANDARD TERMS AND CONDITIONS

4.1 AVAILABILITY OF APPROPRIATION (30 ILCS 500/20-60)

State shall use its best efforts to secure sufficient appropriations to fund this Contract. However, the State, at its sole option, may terminate or suspend this contract, in whole or in part, without penalty or further payment being required, if the Illinois General Assembly or the federal funding source fails to make an appropriation sufficient to pay such obligation, or if funds needed are insufficient for any reason.

4.2 AUDIT/RETENTION OF RECORDS (30 ILCS 500/20-65)

Vendor and its subcontractors shall maintain books and records relating to the performance of the Contract or subcontract and necessary to support amounts charged to the State under the Contract or subcontract. Books and records, including information stored in databases or other computer systems, shall be maintained by the Vendor for a period of three years from the later of the date of final payment under the Contract or completion of the Contract, and by the subcontractor for a period of three years from the later of final payment under the term or during the three year period thereafter. Books and records required to be maintained under this section shall be available for review or audit by representatives of the State, the Auditor General, the Executive Inspector General and other governmental entities with monitoring authority, upon reasonable notice and during normal business hours. Vendor and its subcontractors shall cooperate fully with any such audit and with any investigation conducted by any of these entities. Failure to maintain books and records required by this section shall establish a presumption in favor of the State for the recovery of any funds paid by the State under the Contract for which adequate books and records are not available to support the purported disbursement. The Vendor shall not impose a charge for audit or examination of the Vendor's books and records. If federal funds are used to pay contract costs, the Vendor must retain its records for five years. Vendor shall take reasonable steps to insure that any subcontractor is in compliance with the requirements of this section.

4.3 TIME IS OF THE ESSENCE

Time is of the essence with respect to Vendor's performance of this Contract. Except as specifically waived in writing, failure by either Party to exercise or enforce a right shall not affect any subsequent ability to exercise or enforce a right.

4.4 FORCE MAJEURE

Failure by either Party to perform its duties and obligations will be excused by unforeseeable circumstances beyond its reasonable control and not due to its negligence including acts of nature, acts of terrorism, riots, labor disputes, fire, flood, explosion, and governmental prohibition. The non-declaring party may cancel the Contract without penalty if performance does not resume within 30 days of the declaration.

4.5 CONFIDENTIAL INFORMATION

Each Party, including its agents and subcontractors, to this Contract may have or gain access to confidential data or information owned or maintained by the other Party in the course of carrying out its responsibilities under this Contract. The receiving Party shall presume all information received or to which it gains access pursuant to this Contract is confidential unless otherwise designated by the disclosing Party. No confidential data collected, maintained, or used in the course of performance of the Contract shall be disseminated except as authorized by law and with the written consent of the disclosing Party, either during the period of the Contract or thereafter. The receiving Party must return any and all data collected, maintained, created or used in the course of the performance of the Contract, in whatever form it is maintained, promptly at the end of the Contract, or earlier at the request of the disclosing Party, or notify the disclosing Party in writing of its destruction. The foregoing obligations shall not apply to confidential data or information lawfully in the receiving Party's possession prior to its acquisition from the disclosing Party; received in good faith from a third-party not subject to any confidentiality obligation to the disclosing Party; now is or later becomes publicly known through no breach of confidentiality obligation by the receiving Party; or is independently developed by the receiving Party without the use or benefit of the disclosing Party's confidential information.

4.6 USE AND OWNERSHIP

All work performed or supplies created by Vendor under this Contract, whether written documents or data, goods or deliverables of any kind, shall be deemed work-for-hire under copyright law and all intellectual property and other laws, and the State of Illinois is granted sole and exclusive ownership to all such work, unless otherwise agreed to herein. Vendor hereby assigns to the State all right, title, and interest in and to such work including any related intellectual property rights, and/or waives any and all claims that Vendor may have to such work including any so-called "moral rights" in connection with the work. Confidential data or information contained in such work shall be subject to Section 4.5 herein.

4.7 INDEMNIFICATION AND LIABILITY

The Vendor agrees to indemnify and hold harmless the State of Illinois, its agencies, officers, employees, agents and volunteers from any and all costs, demands, expenses, losses, claims, damages, liabilities, settlements and judgments, including in-house and contracted attorneys' fees and expenses, arising out of (a) any breach or violation by Vendor of any of its representations, warranties, covenants or agreements set forth herein, (b) any actual or alleged death or injury to any person, damage to any property or any other damage or loss by whomsoever suffered, claimed to result in whole or in part from vendor's negligent performance hereunder, and (c) any act, activity or omission of Vendor or any of its employees, representatives, subcontractors or agents. Neither party shall be liable for incidental, special, consequential or punitive damages.

4.8 INSURANCE

Vendor shall, at all times during the term and any renewals, maintain and provide a Certificate of Insurance naming the State as additional insured for all required bonds and insurance. Certificates may not be modified or canceled until at least 30 days notice has been provided to the State. Vendor shall provide: (a) General Commercial Liability-occurrence form in amount of \$1,000,000 per occurrence (Combined Single Limit Bodily Injury and Property Damage) and \$2,000,000 Annual Aggregate; (b) Auto Liability, including Hired Auto and Non-owned Auto, (Combined Single Limit Bodily Injury and Property Damage) in amount of \$1,000,000 per occurrence; and (c) Worker's Compensation Insurance in amount required by law. Insurance shall not limit Vendor's obligation to indemnify, defend, or settle any claims. Additionally, Contractor shall procure and maintain, during the term of this Agreement, professional liability/errors and omissions insurance in the amount of not less than One Million Dollars (\$1,000,000) per claim and shall show proof thereof upon ISAC's request. ISAC reserves the right to request proof of any insurance for services required pursuant to this agreement.

4.9 INDEPENDENT CONTRACTOR

Vendor shall, in the performance of this Contract, be an independent contractor and not an agent or employee of, or joint venturer with the State. All payments by the State shall be made on that basis.

4.10 ASSIGNMENT AND SUBCONTRACTING

This Contract may not be assigned, transferred or subcontracted in whole or in part by the Vendor without the prior written consent of the State. Vendor shall describe, as a supplemental provision to this Contract, the names and addresses of all authorized subcontractors utilized by Vendor in the performance of this Contract, together with a description of the work to be performed by the subcontractor and the anticipated amount of money that each subcontractor is expected to receive pursuant to this Contract. For purposes of this section, subcontractors are those specifically hired to perform all or part of the work or to provide the supplies covered by the Contract.

4.11 SOLICITATION AND EMPLOYMENT

Vendor shall not employ any person employed by the State during the term of this Contract to perform any work under this Contract. Vendor shall give notice immediately to the Agency/Buyer's director if Vendor solicits or intends to solicit State employees to perform any work under this Contract.

4.12 COMPLIANCE WITH THE LAW

The Vendor, its employees, agents, and subcontractors shall comply with all applicable federal, state, and local laws, rules, ordinances, regulations, orders, federal circulars and all license and permit requirements in the performance of this Contract. Vendor shall be in compliance with applicable tax requirements and shall be current in payment of such taxes.

4.13 BACKGROUND CHECK

Whenever the State deems it reasonably necessary for security reasons, the State may conduct, at its expense, criminal and driver history background checks of Vendor's officers, employees or agents. Vendor shall reassign immediately any such individual who does not pass the background checks.

4.14 APPLICABLE LAW

This Contract shall be construed in accordance with and is subject to the laws and rules of the State of Illinois. The Department of Human Rights' Equal Opportunity requirements (44 Ill. Adm. Code 750) are incorporated by reference. Any claim against the State arising out of this Contract must be filed exclusively with the Illinois Court of Claims (705 ILCS 505/1). The State shall not enter into binding arbitration to resolve any Contract dispute. The State of Illinois does not waive sovereign immunity by entering into this Contract. The official text of cited statutes is incorporated by reference (An unofficial version can be viewed at <http://www.ilga.gov/legislation/ilcs/ilcs.asp>). In compliance with the Illinois and federal Constitutions, the Illinois Human Rights Act, the U. S. Civil Rights Act, and Section 504 of the federal Rehabilitation Act and other applicable laws and rules the State does not unlawfully discriminate in employment, contracts, or any other activity.

4.15 ANTI-TRUST ASSIGNMENT

If Vendor does not pursue any claim and cause of action it has arising under federal or state antitrust laws relating to the subject matter of the Contract, then upon request Vendor shall assign to the State all right, title and interest in and to the claim or cause of action.

4.16 AUTHORIZATION

Each Party to this Contract represents and warrants to the other that: (a) it has the right, power and authority to enter into and perform its obligations under this Contract, (b) it has taken all requisite action (corporate, statutory or otherwise) to approve execution, delivery and performance of this Contract, and (c) this Contract constitutes a legal, valid and binding obligation upon itself in accordance with its terms.

4.17 CONTRACTUAL AUTHORITY

The Agency/Buyer that signs for the State of Illinois shall be the only State entity responsible for performance and payment under the Contract. When the Department of Central Management Services (CMS) signs in addition to an Agency/Buyer, CMS does so as approving officer and shall have no liability to Vendor. When CMS signs a Master Contract on behalf of State agencies, only the Agency/Buyer that places an order with the Vendor shall have any liability to Vendor.

4.18 NOTICES

Notices and other communications provided for herein shall be given in writing by registered or certified mail, return receipt requested, by receipted hand delivery, by courier (UPS, Federal Express or other similar and reliable carrier), by e-mail, or by fax showing the date and time of successful receipt. Each such notice shall be deemed to have been provided at the time it is actually received. By giving notice, either Party may change the contact information. ISAC shall send notices to the individual who signed the Contract using the contact information following the signature. Vendor shall send notices to:

Agency/Buyer Illinois Student Assistance Commission
1755 Lake Cook Rd.
Deerfield, IL 60015
ATTN: Steve Di Benedetto
Ph: 847-948-8500, ext. 5301
FAX: 847-831-8516
E-mail: sdibened@isac.org

5. CERTIFICATIONS AND CONFLICTS

Vendor certifies it is under no legal prohibition on contracting with the State of Illinois, has no known conflicts of interest and further specifically certifies that:

5.1 Vendor, its employees and subcontractors will comply with applicable provisions of the U.S. Civil Rights Act, Section 504 of the Federal Rehabilitation Act, the Americans with Disabilities Act (42 U.S.C. § 12101 et seq.) and applicable rules in performance under this Contract.

5.2 Vendor is not in default on an educational loan (5 ILCS 385/3).

5.3 Vendor has informed the director of the Agency/Buyer in writing if he/she was formerly employed by that agency and has received an early retirement incentive prior to 1993 under Section 14-108.3 or 16-133.3 of the Illinois Pension Code, 40 ILCS 5/14-108.3 and 40 ILCS 5/16-133.3, and acknowledges that contracts made without the appropriate filing with the Auditor General are not payable from the "contractual services" or other appropriation line items. Vendor has not received an early retirement incentive on or after 2002 under Section 14-108.3 or 16-133.3 of the Illinois Pension Code, 40 ILCS 5/14-108.3 and 40 ILCS 5/16-133.3, and acknowledges that contracts in violation of Section 15a of the State Finance Act are not payable from the "contractual services" or other appropriation line items (30 ILCS 105/15a).

5.4 Vendor certifies (i) that it will offer to assume the collective bargaining obligations of the prior employer, including any existing collective bargaining agreement with the bargaining representative of any existing collective bargaining unit or units performing substantially similar work to the services covered by the contract subject to its bid or offer, and (ii) that it shall offer employment to all employees currently employed in any existing bargaining unit performing substantially similar work that will be performed under this contract (30 ILCS 500/25-80).

5.5 Vendor has not been convicted of bribing or attempting to bribe an officer or employee of the State of Illinois or any other State, nor has Vendor made an admission of guilt of such conduct that is a matter of record (30 ILCS 500/50-5).

5.6 If Vendor has been convicted of a felony, at least five years have passed after the date of completion of the sentence for such felony, unless no person held responsible by a prosecutor's office for the facts upon which the conviction was based continues to have any involvement with the business (30 ILCS 500/50-10).

5.7 If Vendor, or any officer, director, partner, or other managerial agent of Vendor, has been convicted of a felony under the Sarbanes-Oxley Act of 2002, or a Class 3 or Class 2 felony under the Illinois Securities Law of 1953, at least five years have passed since the date of the conviction. Vendor further certifies that it is not barred from being awarded a contract and acknowledges that the State shall declare the Contract void if this certification is false (30 ILCS 500/50-10.5).

5.8 Vendor and its affiliates are not delinquent in the payment of any debt to the State (or if delinquent has entered into a deferred payment plan to pay the debt), and Vendor and its affiliates acknowledge the State may declare the Contract void if this certification is false (30 ILCS 500/50-11) or if Vendor or an affiliate later becomes delinquent and has not entered into a deferred payment plan to pay off the debt (30 ILCS 500/50-60).

5.9 Vendor and all affiliates shall collect and remit Illinois Use Tax on all sales of tangible personal property into the State of Illinois in accordance with provisions of the Illinois Use Tax Act (30 ILCS 500/50-12) and acknowledges that failure to comply can result in the Contract being declared void.

5.10 Vendor certifies that it has not committed a willful or knowing violation of the Environmental Protection Act (relating to Civil Penalties under the Environmental Protection Act) within the last five years, and is therefore not barred from being awarded a contract. If the State later determines that this certification was falsely made by the Vendor, the Vendor acknowledges that the State may declare the Contract void (30 ILCS 500/50-14).

5.11 Vendor has not paid any money or valuable thing to induce any person to refrain from bidding on a State contract, nor has Vendor accepted any money or other valuable thing, or acted upon the promise of same, for not bidding on a State contract (30 ILCS 500/50-25).

5.12 Vendor is not in violation of the "Revolving Door" section of the Illinois Procurement Code (30 ILCS 500/50-30).

5.13 Vendor will report to the Illinois Attorney General and the Chief Procurement Officer any suspected collusion or other anti-competitive practice among any bidders, offerors, contractors, proposers or employees of the State (30 ILCS 500/50-40, 50-45, 50-50).

5.14 In accordance with the Steel Products Procurement Act, steel products used or supplied in the performance of a contract for public works shall be manufactured or produced in the United States, unless the executive head of the procuring agency grants an exception (30 ILCS 565).

5.15 Vendor will, pursuant to the Drug Free Workplace Act, provide a drug free workplace and Vendor and its employees shall not engage in the unlawful manufacture, distribution, dispensation, possession or use of a controlled substance during the performance of the Contract. This certification applies to contracts of \$5000 or more with individuals; and to entities with 25 or more employees (30 ILCS 580).

5.16 Neither Vendor nor any substantially owned affiliate is participating or shall participate in an international boycott in violation of the U.S. Export Administration Act of 1979 or the applicable regulations of the U.S. Department of Commerce. This certification applies to contracts that exceed \$10,000 (30 ILCS 582).

5.17 Vendor has not been convicted of the offense of bid rigging or bid rotating or any similar offense of any state or of the United States (720 ILCS 5/33 E-3, E-4).

5.18 Vendor complies with the Illinois Department of Human Rights Act and rules applicable to public contracts, including equal employment opportunity, refraining from unlawful discrimination, and having written sexual harassment policies (775 ILCS 5/2-105).

5.19 Vendor does not pay dues to, or reimburse or subsidize payments by its employees for any dues or fees to any "discriminatory club" (775 ILCS 25/2).

5.20 Vendor complies with the State Prohibition of Goods from Forced Labor Act, and certifies that no foreign-made equipment, materials, or supplies furnished to the State under the Contract have been or will be produced in whole or in part by forced labor, or indentured labor under penal sanction (30 ILCS 583).

5.21 Vendor certifies that no foreign-made equipment, materials, or supplies furnished to the State under the Contract have been produced in whole or in part by the labor or any child under the age of 12 (30 ILCS 584).

5.22 Vendor certifies that it is not in violation of Section 50-14.5 of the Illinois Procurement Code (30 ILCS 500/50-14.5) that states: "Owners of residential buildings who have committed a willful or knowing violation of the Lead Poisoning Prevention Act (410 ILCS 45) are prohibited from doing business with the State until the violation is mitigated".

5.23 Vendor warrants and certifies that it and, to the best of its knowledge, its subcontractors have and will comply with Executive Order No. 1 (2007). The Order generally prohibits Vendors and subcontractors from hiring the then-serving Governor's family members to lobby procurement activities of the State, or any other unit of government in Illinois including local governments if that procurement may result in a contract valued at over \$25,000. This prohibition also applies to hiring for that same purpose any former State employee who had procurement authority at any time during the one-year period preceding the procurement lobbying activity.

5.24 Vendor has disclosed if required, on forms provided by the State, and agrees it is under a continuing obligation to disclose to the State, financial or other interests (public or private, direct or indirect) that may be a potential conflict of interest or which would prohibit Vendor from having or continuing the Contract. This includes, but is not limited to conflicts under the "Infrastructure Task Force Fee Prohibition" section of the State Finance Act (30 ILCS 105/8.40), Article 50 of the Illinois Procurement Code (30 ILCS 500/50), or those which may conflict in any manner with the Vendor's obligation under this Contract. Vendor shall not employ any person with a conflict to perform under this Contract. If any elected or appointed State officer or employee, or the spouse or minor child of same has any ownership or financial interest in the Vendor or the Contract, Vendor certifies it has disclosed that information to the State if required, on forms provided by the State, and any waiver of the conflict has been issued in accordance with applicable law and rule. A waiver is required if:

5.24.1 the person intending to contract with the State, their spouse or child: (i) holds an elective office in Illinois; (ii) holds a seat in the Illinois General Assembly; (iii) is an officer or employee of the Capital Development Board or the Illinois Toll Highway Authority; or holds an appointed position or is employed in any of the offices or agencies of the State government and who receives compensation for such employment in excess of 60% of the salary of the Governor (currently \$90,414.60). (The conflict of interest threshold of 60% of the Governor's salary set forth in Section 50-13 does not apply to elective office holders, legislators, and officers or employees of the Capital Development Board or the Illinois Toll Highway Authority.);

5.24.2 the contract is with a firm, partnership, association or corporation in which a person referenced in 5.23.1 above receives more than 7.5% of the total distributable income or an amount in excess of the salary of the Governor (currently \$150,691.00).

5.24.3 the contract is with a firm, partnership, association or corporation in which a person referenced in 5.23.1 above, together with their spouse or minor child, receives more than 15% in the aggregate of the total distributable income or an amount in excess of 2 times the salary of the Governor (currently \$301,382.00) from the firm, partnership, association or corporation.

6. SUPPLEMENTAL PROVISIONS

6.1 ENTIRE CONTRACT

This Contract, consisting of the signature page, Sections 1 through 6, and Attachments 1 through 4, constitutes the entire Contract between the Parties concerning the subject matter of the Contract, and supersedes all prior proposals, contracts and understandings between the Parties concerning the subject matter of the Contract, other than the terms and provisions of the RSS Agreement, to the extent not in conflict with or inconsistent with, any terms and provision of this Contract, with respect to the servicing of the § 459A Loans. Amendments, modifications and waivers must be in writing and signed by authorized representatives of the Parties. Any provision of this Contract officially declared void, unenforceable, or against public policy, shall be ignored and the remaining provisions shall be interpreted, as far as possible, to give effect to the Parties' intent. All provisions that by their nature would be expected to survive, shall survive termination. In the event of a conflict between the State's and the Vendor's terms, conditions and Attachments, the State's terms, conditions and Attachments shall prevail.

6.2 REPORTS AND AUDITS RELATING TO VENDOR

Vendor shall provide to ISAC:

6.2.1 a copy of any final review or audit report required by or for the Department of Education or any guarantor relating to Vendor's activities in performing the Required Services, within ten (10) Business Days after it becomes available to Vendor;

6.2.2 a Service Organization Audit Report (SAS No. 70) (Type II), prepared by independent certified public accountants selected by Vendor, in connection with Vendor's activities in performing the Required Services for each fiscal year of Vendor, no later than ninety (90) days following the end of the applicable fiscal year;

6.2.3 [[Vendor's annual financial statements, audited by a firm of independent certified public accountants, no later than one hundred twenty (120) days following the end of each fiscal year of Vendor; and

6.2.4 any other audited financial statements of Vendor provided to the Department of Education or any guarantor, within ten (10) Business Days of submitting such financial statements to the Department of Education or a guarantor.

6.3 RIGHTS AND DUTIES UPON EXPIRATION OR TERMINATION

6.3.1 Rights of Parties. Upon any termination (whether by expiration of the term hereof or early termination) of the Contract or a portion thereof, Vendor shall be paid for services provided to the date of termination or expiration, unless ISAC withholds payments to Vendor for outstanding liabilities. Vendor shall have no serial rights on disbursement or rights to collect fees on payments collected beyond the expiration or termination of the Contract, even if Vendor's efforts contributed to the collection of such payments or the disbursement of such funds.

6.3.2 Transition of Services. Upon any termination (whether by expiration of the term hereof or early termination) of the Contract or a portion thereof, or upon termination of this Contract with respect to any particular loan or loans (whether by virtue of transfer, sale, the passage of time or otherwise), Vendor shall use its best efforts, at no additional cost to ISAC, to effectuate a smooth transition from Vendor to either ISAC or a third party named by ISAC (the "New Servicer").

1. Deconversion Timing Upon Sale or Transfer of Loans. Notwithstanding anything herein to the contrary, Vendor shall provide for the deconversion and data and file transfer (including, without limitation, of all loan documents and Loan Documentation), to a New Servicer of (a) any § 459A Loan to be sold to the Department of Education upon thirty (30) days prior written notice to the Vendor, and (b) any other loan serviced hereunder to be sold or transferred to any other party upon [[ninety (90)]] days prior written notice to the Vendor.

2. Data and File Transfer. Vendor shall work cooperatively with ISAC or ISAC's designee to transfer ISAC borrower data in a format that is compatible with the format of the New Servicer. Vendor shall maintain any software licenses or computer platforms necessary during transition at no additional cost to ISAC until a full transition of data is effectuated. Notwithstanding anything herein to the contrary, all document and data retention provisions of this Contract shall be observed by the Vendor and all terms of the Confidentiality Certification shall be observed by Vendor, including, but not limited to, those pertaining to disposal, storage and safeguarding ISAC data, at no additional cost to ISAC. In addition to transferring data, Vendor shall also provide ISAC with a hard copy or electronic document of anything in its possession relating to the services performed, such as, correspondence with borrowers, third parties, or ISAC. [[Without limiting the foregoing, upon any such termination, the Vendor shall at the request of ISAC, return to ISAC those automated records and the Loan Documentation maintained by the Vendor in connection with the servicing of the loans to which the Vendor asserts no proprietary right and which are not a part of the records and reports maintained by the Vendor in connection with the servicing of loans generally. [[All documents relating to the loans shall be returned at the request of ISAC in a medium selected by the Vendor or in a paper format and at the reasonable expense of ISAC.]] Subject to the requirement for earlier deconversion and data and file transfer of loans sold as provided in Section [[6.[.].2.1]] above, Vendor shall return all loan documents, Loan Documentation, and records belonging to ISAC (FOB Shipper) at Vendor's sole cost and expense (other than the deconversion fee, if any) within ninety (90) days from the date of termination if so requested.]]

3. Loan Documentation. For purposes of this Contract, "Loan Documentation" means with respect to any loan, all documentation which is required by the guarantor of such loan for the payment of a default claim. Without limiting the generality of the foregoing, such documentation shall at a minimum include:
- a) the application for such loan;
 - b) the original promissory note (or certified true and correct copy thereof) for a loan, which shall be set forth on the appropriate form furnished or approved by the guarantor and the Department of Education, which note meets the criteria set forth by the Higher Education Act and any applicable regulations, rules, policies or procedures promulgated by the guarantor or the Department of Education, including, without limitation, each applicable guarantee agreement and federal reimbursement contracts ("Regulations");
 - c) evidence of guarantee of the loan by the guarantor;
 - d) evidence of full disbursement;
 - e) evidence of due diligence servicing in accordance with the requirements of the Higher Education Act and applicable Regulations;
 - f) if applicable, adequate evidence of the validity of the conveyance of such loan to ISAC; and
 - g) repayment history, including, but not limited to, payment transaction history and documentation of deferments and forbearances.
4. Availability of Web Site During Transition Period. Vendor shall continue to maintain the web portal for ISAC borrowers until a full transition is effectuated.
5. Notification of Transition and Customer Service During Transition. Vendor shall cooperate with ISAC in notifying ISAC borrowers of the transition from Vendor to the New Servicer. Vendor shall post an announcement on the web site, e-mail and send a letter to all affected ISAC borrowers notifying them of the transition. ISAC and Vendor shall work together to draft the announcement and transition letter. No announcement shall be made or letter sent without ISAC's prior written approval. During the transition period, Vendor shall maintain customer service with borrowers who have not redirected their communications or transactions accordingly. Upon receipt of a borrower correspondence, including but not limited to, an inquiry, payment, transactional form, such as, forbearance, deferment or other form or correspondence, Vendor shall immediately forward borrower correspondence to ISAC or its designee and shall send another ISAC approved notice of the transition to the borrower.
6. Communication with Third Parties. During the transition period, Vendor shall maintain communications as necessary with relevant third party entities, such as, ELM Resources, National Disbursement Network (NDN), National Student Loan Database System (NSLDS) and national credit bureaus until the transition is complete for each borrower.
7. Services During Transition. If ISAC determines in writing that any services provided for in this Contract must be performed by Vendor during the transition period, Vendor shall be paid according to the last pricing schedule agreed to by the parties prior to termination or expiration of the Contract or other reduced price negotiated by the parties.

6.4 JOB FAIR

Vendor shall sponsor at its own expense a job fair located in the State's Deerfield offices and provide a fair opportunity for ISAC employees to obtain and apply for employment positions with Vendor at all of its locations. Vendor shall not be required to alter its employment selection criteria. Vendor shall conduct such job fair for four (4) days at such dates and times as mutually agreed upon by Vendor and ISAC. At the option of ISAC, such days may not be consecutive.

CONFIDENTIALITY RECOGNITION, AGREEMENT AND CERTIFICATIONS:

1. All records and other information maintained by ISAC regarding the agency, any institution or person are confidential and shall be protected from unauthorized use and/or disclosure under this Agreement. Any dissemination, use or reuse of the shared data for other than the primary purpose of this Agreement without the express written authority of ISAC is specifically prohibited.

2. Vendor recognizes that the data it receives from and on behalf of ISAC is confidential and Vendor agrees to comply with all State and Federal requirements with respect to the protection of privacy, security and dissemination of the data including the following laws:

CONFIDENTIALITY REQUIREMENTS: 30 ILCS 585/0.01 et seq.

...AN ACT to make confidentiality requirements governing State agencies applicable to data centers and electronic data processing contractors which store or process confidential information from State agencies.

P.A.I 84-347, approved September 14, 1985, effective January 1, 1986.

585/0.01 Short Title

Section 0.01 Short Title. This Act may be cited as:

The Data Processing Confidentiality Act.

585/1. Notice

Section 1. Whenever any State agency governed by confidentiality requirements as to information in its possession gives, contracts out, or otherwise transmits such information in a form suitable for electronic data processing to any contractor, electronic data processing center, or other user outside such agency, for any purpose whatsoever, such agency shall notify the receiver of such data in writing of the agency's confidentiality requirements, including any penalties provided for their violation.

585/2 Duty of recipient

Section 2. It shall thereupon become the duty of the individual or entity who receives such data for electronic processing or storage to keep or use the same pursuant to the confidentiality requirements of the transmitting agency, and any receiver who violates them shall be subject to the same penalty as any officer or employee of such agency would incur for their violation. 30 ILCS 585/0.01 et seq.

Family Educational Rights and Privacy Act of 1974, as amended (20 U.S.C. 1232g), enacted as section 438 of the General Education Provisions Act. ("FERPA")

Gramm-Leach-Bliley Act 15 USC, Subchapter I, Sec. 6801-6810 Disclosure of Nonpublic Personal Information. ("GLB")

ISAC is required to maintain the confidentiality of student information it receives from schools (under FERPA) and the borrower's non-public personal information (under GLB). ISAC's privacy policy is attached as Exhibit

1. In furtherance of the above laws and in recognition of ISAC's privacy policy, Vendor agrees to the following:

Securing Data/Right to Inspection:

Vendor shall secure any and all data received pursuant to this Agreement in accordance with standard audit requirements (such as SAS70), and retain records of access and use of such data received for a period of three (3) years following the termination of this Agreement, and allow ISAC on-site inspection to verify data security and usage during such Agreement.

Publishing Summary Information Only

If information received pursuant to this Agreement is distributed or published, such information shall not contain personal identifiers but shall be in summary form.

Disposal/Return of Information:

Information received pursuant to this Agreement shall be disposed of after the purpose of the Agreement is served. Disposal means the return of the information to ISAC or destruction of the information, as directed by ISAC. The data disclosed shall not be archived or sent to a records center and shall not be retained with personal identifiers for any period longer than the term of the Agreement, (unless, by agreement of the parties, the data is to be retained for a specific period that exceeds the term of the Agreement).

Certification of Communication of Confidentiality Requirements to Personnel:

The undersigned certifies that all personnel having access to data under this Agreement have been instructed regarding the confidentiality requirements and sanctions specified for unauthorized disclosure and agrees to fully and promptly report any infraction of the confidentiality provisions to ISAC.

Right of Immediate Cancellation

Notwithstanding any provision to the contrary, this Agreement is subject to immediate cancellation by ISAC for failure of Vendor or its authorized contractor or agent to adhere to any provision set forth in this Confidentiality Agreement. Vendor agrees to indemnify and hold ISAC harmless for Vendor's breach of these confidentiality provisions.

WHEREAS, THE UNDERSIGNED AFFIRMS, UNDER PENALTY OF PERJURY, THAT HE OR SHE IS AUTHORIZED TO, AND DOES HEREBY, CERTIFY, ON BEHALF OF THE DESIGNATED ORGANIZATION, THAT ALL OF THE ABOVE TERMS ARE TRUE AND CORRECT, AND AGREES, ON BEHALF OF THE DESIGNATED ORGANIZATION, TO COMPLY WITH SAME.

Printed Name of Organization: _____

Printed Name and Title: _____

Signature of Authorized Representative: _____

Date: _____

THE ILLINOIS STUDENT ASSISTANCE COMMISSION'S PRIVACY POLICY

1. "Nonpublic personal information" - Personal information which identifies you, and is not publicly available.
2. We collect nonpublic personal information about you from the following sources:
 - Information we receive from you, your loan application and other forms and correspondence;
 - Information about your transactions with us or others with respect to your student loan (from parties such as your lender(s) and the U.S. Department of Education and their agents);
 - Information received from schools you attend or formerly attended, or to which you have applied for admission;
 - Information we receive from state and federal agencies;
 - Information we receive from consumer-reporting agencies;
3. We do not disclose any nonpublic personal information about current or former customers to anyone, except as permitted by law (for example, we share such information with our contractors and agents, and to schools, lenders and the U.S. Department of Education, as needed to administer your loan).
4. We restrict access to nonpublic personal information about you to those employees, contractors and agents who need to know that information in order to provide service to you in relation to your loan. We maintain physical, electronic and procedural safeguards in compliance with federal regulations to safeguard your nonpublic personal information, and require our agents and contractors to do the same.

SUPPLEMENTAL PRICING AGREEMENT

1. This Supplemental Pricing Agreement provides additional terms and conditions regarding the method and rate of compensation under the Contract to which this Supplemental Pricing Agreement is attached and made a part of by Section 3.1 of the Contract.
2. This Supplemental Pricing Agreement includes the attached Price Proposal of the Vendor, dated May 15, 2008, including Vendor's Section 5.3 of ISAC's RFP #IDAPP20082, and the Pricing Attachment and Pricing Appendix attached thereto ("Vendor's Pricing Proposal"), as revised and amended by the following provisions of this Attachment 2, which are hereby agreed to by the State and the Vendor. The Pricing Appendix included in the Vendor's Pricing Proposal is referred to herein as the "Vendor's Pricing Appendix".
3. In the Vendor's Pricing Appendix:
 - a) [[Under the heading Nelnet Servicing Pricing, is a GradPlus Loan to an in school borrower intended to be excluded from the In school status?]]
 - b) Under the heading "Ancillary Servicing Pricing":
 - c) Under "A. Conversion Fee":
 - (i) The waiver of the conversion fee shall apply to the conversions of all RSSA Loans; all Outstanding Vendor-Serviced Loans; and all § 459A Loans serviced by IDAPP under the RSS Agreement and this Contract.
 - (ii) No conversion fee is payable with respect to any FFELP loan originated and disbursed using Vendor's system.
 - (iii) No conversion of RSSA Loans, Outstanding Vendor-Serviced Loans, or § 459A Loans serviced by IDAPP under the RSS Agreement and this Contract shall constitute an "Extraordinary Conversion".
 - d) Under "B. Lender & Bond Transfers", "Three Dollars (\$3.00)" is changed to "Zero Dollars (\$0.00)".
 - e) Under "F. Appeal Fee", "Thirty Dollars (\$3.00)" is changed to "Zero Dollars (\$0.00)"; the reference "prior to servicing by Nelnet" shall be deemed to refer to any servicing by the Vendor or any Affiliate of the Vendor ; and no fee shall be assessed due to acts, errors, or omissions that occurred on the SSN as a result of ISAC's use of the Vendor's remote servicing system pursuant to the RSS Agreement.
 - f) Under "H. Bankruptcy Repurchase Fee", "Forty Dollars (\$20.00)" is changed to "Zero Dollars (\$0.00)"; and "Nelnet servicing related errors" shall be deemed to refer to any servicing errors by the Vendor or any Affiliate of the Vendor or by ISAC as a result of ISAC's use of the Vendor's remote servicing system pursuant to the RSS Agreement.
 - g) Under "I. Deconversion Fee", "Thirty-Five Dollars (\$35.00)" is changed to "Twenty Dollars (\$20.00)", and the last sentence is deleted.
 - h) Under "K. Nsight Services", [[Clarify how many licenses are required]]
 - i) Under "L. Late Fees", the provision is revised to read: "Nelnet will remit Thirty Five percent (35%) of late fees collected to Lender."
 - j) Under "N. Changes in the Schedule of Fees":
 - (A) Exclude cost of postage being covered
 - (B) Clarify CPI increase only after first two years of initial period?
4. [[Identify any "§ 459A Loan RSS Fees here]]