

**HESAA 2026 Auditing Services RFP  
Potential Vendor's Questions & HESAA's Answers**

**Below are the responses to questions received by the deadline:**

1. Are there any significant events, changes to the Authority's structures, or transactions expected to occur that would be considered as different/new/unusual that could materially impact audit procedures, deliverables, or the scope of work?

***No, there are not any significant events, changes to HESAA's structure or transactions expected to impact the audit.***

2. What issues/ trends are of most importance for the Authority from an operational, budgetary, a regulatory standpoint?

***From an operational and budgetary standpoint, loan volume is important to the Authority. Regarding the regulatory standpoint, compliance with statutory and FEC disclosure requirements are important.***

3. Has management for the Authority considered the future impacts of new accounting pronouncements during the contract period?

***HESAA is in the process of evaluating the disclosure impact of GASB Statement No. 103 – Financial Reporting Model Improvements.***

4. Is there more of an expectation for the work to be done on-site versus remote? Is there a preference? What is your position on in person vs. hybrid vs. remote interactions with the audit provider over the course of the engagement? Is a team of "local" staff important to the selection committee? Does the Authority prefer that the audit be performed on site, remote or in a hybrid capacity with specific elements of audit fieldwork performed on site?

***The contracted auditor is expected to conduct work in a hybrid manner, with both remote interactions and onsite field work. Of most importance is the end result, which is a competent and thorough audit provided on a timely basis.***

5. What were/are the fees for each of the audit deliverables as included in the RFP for fiscal year 2025?

***For FY2025, the fees for the audit deliverables were as follows:***

<b><i>NJ CLASS Loan Programs</i></b>	<b><i>World Trade Center</i></b>	<b><i>AUP</i></b>	<b><i>Individual Audits/Other HESAA Programs</i></b>
<b><i>\$67,900</i></b>	<b><i>\$5,300</i></b>	<b><i>\$24,250</i></b>	<b><i>\$11,100</i></b>

6. In Section 3.2 of the RFP, are there any expected changes in your IT systems for the Authority during the term of the RFP?

***HESAA expects a telephone system upgrade during Fiscal Year (FY) 2027. Additionally, during the next two years, HESAA is continuing to modernize its loans originations system and decommissioning the IBM mainframe.***

7. In Section 3.3 A of the RFP, are there any significant changes, or planned changes, to the NJCLASS/FFELP Loan Programs' current investment portfolio holdings in fiscal year 2026 and beyond?

***While the Authority reserves the right to make future changes, no significant changes in the current or future investment portfolio holdings are anticipated at this time. The investment holding requirements are disclosed in the bond indenture documents.***

8. In Section 4.3 of the RFP, how many bond offerings are contemplated during the contract period and what is the anticipated timing, and for each offering, is both a consent/inclusion letter and an agreed-upon procedures (AUP) required for each offering? What are the typical AUP procedures to be performed?

***The Authority typically has one bond issue each year but in 2025, there were three bond issues. While not typical, it is possible to have more than one bond issue in any one year. All bond issues typically require an inclusion letter for the prior audited financial statements. In some prior years, the rating agency has also required certain specific agreed upon procedures (AUP). In the past, the AUPs have included re-computing historical default and recovery tables, NJCLASS outstanding principal by gross borrower interest rate, rate type, current ACH utilization tables and outstanding principal aging tables. Where a rating agency requires further AUP procedures, the prior requests has included recalculation of default percentages. Each future year's requirements will depend on the specific rating agency's request. The bidder should price for an inclusion letter and separate AUPs for each new bond issue.***

9. N.J.S.A 52:34-13.2 (Executive Order 129), paragraph 1.b.(3) allows for an exception for all services to be provided in the United States if a waiver is granted/certified by the contracting officer and approved by the executive director or other equivalent authority. Is the Authority open to granting such exception in an effort to reduce proposed audit fees?

***HESAA is not open to granting an exception. All services under this agreement shall be provided in the United States.***

10. What prompted HESAA to issue the RFP for audit services?

***Executive Order (E.O.) 122 (2004) requires public authorities to engage an independent auditor. HESAA issued the present RFP for an Independent Auditor because HESAA's contract with its current Auditor is near its expiration.***

11. What would you consider to be the top three things you are looking for in a strategic partner?

***HESAA is looking for an Independent Auditor that can provide the services listed in the Scope of Work section of the RFP.***

12. What are your most significant concerns regarding a change in your audit provider?

***HESAA's largest concern in changing the audit provider is the time it will take for the audit team to get up to speed in understanding HESAA's operations while performing and completing the audit in an efficient and timely manner.***

13. Please discuss the approximate team structure/number of audit staff involved and how you prefer to interact with the audit team members. Do you have an estimate of the hours incurred on prior audits?

**HESAA expects the bidders to propose the structure/number of audit staff needed to perform the three annual audits. HESAA expects to interact with the staff via web conferencing, email, telephone, and in-person.**

14. What were the fees for these projects for the past three years? Please provide fees vs reimbursement of expenses, if possible, and indicate whether there are any out-of-scope services included in such fees.

	<b><i>NJ CLASS Loan Programs</i></b>	<b><i>World Trade Center</i></b>	<b><i>AUP</i></b>	<b><i>Individual Audits/Other HESAA Programs</i></b>
<b><i>Fiscal Year 2025</i></b>	<b><i>\$67,900</i></b>	<b><i>\$5,300</i></b>	<b><i>\$24,250</i></b>	<b><i>\$11,100</i></b>
<b><i>Fiscal Year 2024</i></b>	<b><i>\$66,000</i></b>	<b><i>\$5,300</i></b>	<b><i>\$24,250</i></b>	<b><i>\$11,100</i></b>
<b><i>Fiscal Year 2023</i></b>	<b><i>\$64,000</i></b>	<b><i>\$5,300</i></b>	<b><i>\$24,250</i></b>	<b><i>\$10,700</i></b>

15. Do you have an estimate of the hours incurred on prior audits?  
***HESAA paid a flat rate for the prior audits and therefore did not require time sheets for the number of hours incurred.***
16. As it relates to the “additional services” section 4.3 in the RFP:
- How many AUP reviews are required to be performed annually? Does it vary year to year?  
***One AUP is required per new bond issuance. AUP requirements may change from year to year depending on who is the rating agency for the bond issue. Consent for inclusion of the prior audited financial statements are minimally required for the Preliminary Official Statement/Official Statement.***
  - Are consent letters approving the use of the most recent audited financial statements of the Authority in the offering documents provided annually? Do the number of letters required vary year to year and should pricing for these letters be provided separately?  
***Annually, there typically is only one inclusion consent letter for the current bond issue. The bidder may provide pricing should a second letter be required at another point.***
17. Please provide some insight into the areas of testing where there are challenges in executing the audits in accordance with the timeline required.  
***From the client point of view, we are not aware of any challenges faced by the auditor in executing the audits in accordance with the required timelines.***
18. Do you prepare and update annually process narratives covering key financial areas of the respective entities requiring audits and are those made available to the external audit firm?  
***The Authority replies to an internal control questionnaire from the auditors each year.***
19. Are you aware of any complex accounting or auditing challenges on recent audits or any expected for future audits that we should consider within scoping?  
***No, HESAA is not aware of any complex accounting or auditing challenges on recent audits nor do we expect any for future audits.***

20. Please provide information on third-party service providers utilized by the entities.  
***DecisivEdge LLC hosts the Oracle based software system HESAA utilizes to service NJCLASS loans and Goldbridge Partners Inc. hosts NJ FAMS, the grants and scholarships system.***
21. Section 7.11.A references insurance requirements of the RFP. However, there do not appear to be any insurance requirements. If required, could these please be provided for review?  
***Insurance requirements are listed in the HESAA Standard Terms and Conditions, which can be found on HESAA's website at:***  
[www.hesaa.org/Documents/Procurements\\_TermsandConditions.pdf](http://www.hesaa.org/Documents/Procurements_TermsandConditions.pdf) .
22. Please provide copies of the most recent financial statement reports for the NJCLASS/FFELP Loan Programs, the other HESAA programs and funds, and the New Jersey World Trade Center Scholarship Fund.  
***HESAA's audited financial statement reports can be found on the HESAA website at:***  
<https://www.hesaa.org/Pages/AuditedFinancialStatements.aspx>
23. Please also provide copies of the most recent agreed-upon procedures (AUP) reports for testing the data prepared to be included in the Preliminary and Final Official Statements published as part of HESAA's annual issuance of bonds to fund the NJCLASS loan program.  
***The most recent AUP reports can be found attached to the end of this document.***
24. Did the predecessor auditor report any internal control deficiencies? Please provide management letter comments (if any) and any audit adjustments related to the most recent audit.  
***The current auditors did not report any internal control deficiencies.***
25. Do the auditors need to assist with preparing the financial statements and footnotes?  
***The Authority prepares the financial statements including footnotes. The auditor is expected to review the statements as part of the auditor's quality control review.***
26. Does HESAA require a Uniform Guidance audit in this Request for Proposal? If so, please provide a copy of the most recent Uniform Guidance audit report.  
***HESAA is not requesting a Uniform Guidance Audit through this RFP.***
27. Attachment 1 – Cost Proposal by Contract Year shows costs broken out for NJCLASS Loan Program, Individual Audits Other HESAA Programs and Funds, World Trade Center, and AUP. Attachment 2 –Estimated Staffing Plan by Contract Year shows hours broken out for NJCLASS Loan Programs, Other H ESAA Programs and Funds, and World Trade Center (but no AUP). Should Attachment 2 include hours for AUP to be consistent with the format of Attachment 1?  
***Attachment 2 can include hours. For understanding of the AUPs, see Q&A #8 and 23 above.***
28. In your opinion, what is the most important service that your audit provider can/should provide outside of their audit reports and related required correspondence?  
***The most important service the auditor can provide is thoroughness of the audits, including AUPs, and comments from internal control review and quality control review of financial statements and related footnotes.***

29. Have there been any significant changes in key management personnel, operating activities, federal funding, information technology systems or service providers since the past audit that would impact the audit?  
***There have not been any significant changes since the last audit that would impact the next audit.***
30. Have there been any significant changes in internal controls over financial reporting since the past audit that would impact the audit?  
***There have not been any changes in internal controls since the past audit that would impact the next audit.***
31. Are you completely satisfied with your current auditors and level of service? Are there any areas in which you would like to see changes/improvement?  
***HESAA is satisfied with the current auditors. There are no areas we are focusing on for improvement.***
32. If available, please provide an estimate of how many hours auditors were on site or otherwise assigned (if done remotely) for field work for the prior-year audits and AUP.  
***HESAA paid a flat rate for the prior audits and therefore did not require time sheets for the number of hours incurred.***
33. Please provide the total amount paid to the auditing firm Clifton Larson Allen LLP in the most recent audit year.  
***The total amount to be paid to CliftonLarsonAllen LLP for the most recent audit year is approximately \$108,550.***
34. Please clarify if Attachment 1 and Attachment 2 need to be presented in a separate Cost Proposal or they can be included within the technical file.  
***A separate Cost Proposal is to be submitted as per Section 6.1 of the RFP.***
35. In reference to RFP Section 5.3 Additional information, specific forms (Ownership Disclosure Form, Certification of Noninvolvement in Prohibited Activities in Iran, Form Related to Political Contributions, etc.) are stated to be included with the proposal. However, they are not included in the RFP. Please provide the forms that we need to submit with our proposal.  
***Links to all required forms are provided in the HESAA Standard Terms and Conditions, which can be found on the HESAA website at:***  
***[www.hesaa.org/Documents/Procurements\\_TermsandConditions.pdf](http://www.hesaa.org/Documents/Procurements_TermsandConditions.pdf)***
36. Have there been any significant changes between your most recently issued financial statements and the current year which the RFP relates to?  
***There have not been any significant changes between the most recently issued financial statements and those for the current fiscal year.***
37. Are there any new programs in place for Fiscal Year 2026?  
***There are not currently any new programs in place for FY 2026.***
38. What accounting system does HESAA use?

**For student loans, HESAA uses an internally designed mainframe system from which the Authority is migrating loans to an Oracle system internally named CLASS. For NJCLASS, Other HESAA Programs and Funds and World Trade Center, the general ledger is Abila MIP. For accounts payable, HESAA utilizes the State systems, NJCFS and NJSTART.**

39. Have there been difficulties in meeting the 90 day deadline for filing the financial reports of HESAA in recent years?

**There have not been any difficulties in meeting the 90 day deadline for filing the financial reports.**

40. Were there any additional services beyond the audit that your previous auditor was performing for the Authority?

**The current auditor did not provide any additional services beyond the audit under the current contract.**

41. When is the Authority typically ready for the audit to commence?

**For the AUPs, work is performed in April to June, toward the end of the annual bond process. For NJCLASS, Other HESAA Programs and Funds and World Trade Center, the preliminary work is in May or June and the final work is in August and September. The work under this agreement will commence with the NJCLASS, Other HESAA Programs and Funds, and World Trade Center audits for FY 2026. HESAA's current auditor will complete the AUP for the 2026 bond deal.**

42. Are meetings with the Board Audit Committee conducted in person or virtually?

**The meetings with the Board Audit Committee are generally conducted virtually.**

43. Would the Authority accept modifications to the RFP and its terms and conditions?

**HESAA is open to the modifications requested prior to the question deadline.**

44. Would the Authority accept the following modifications to the RFP and its general terms and conditions, as required to be submitted under this Q&A period:

**Please see the individual responses below as they relate to each requested modification.**

Source	Section	Question	Answer
Request for Proposal	2.0 Definitions	<p>Would the Authority consider revising the definition of 'Amendment' to replace 'signed by the Authority' with 'signed by both parties to reflect mutual agreement between the Authority and the Contractor as noted below:</p> <p><b>Amendment</b> – A change in the scope of services to be provided by the Contractor. An amendment is not effective until it is signed by <del>the Authority</del> <u>both parties</u>.</p>	HESAA will accept this request.
Request for Proposal	2.0 Definitions	Would the Authority consider revising the 'Contract' definition with specified order of precedence as noted below?	HESAA is open to negotiating this request.

		<p><del>Contract</del> <del>The HESAA Standard Terms and Conditions;</del> <del>(2) this RFP and any addenda to the RFP; and, (3) the Contractor's Proposal including any attachments or documents incorporated by reference (hereinafter "Proposal") including any attachments or documents incorporated by reference, including, if applicable Bidder responses to clarifications and a Bidder's Best and Final Offer, (4) other negotiated document, and/or (5) third party document.</del> <u>The Contract awarded, and the entire agreement between the parties, as a result of this Bid Solicitation shall consist of: (1) negotiated documents, including the Engagement Letters and amendments (2) Higher Education Student Assistance Authority Negotiated Terms and Conditions, (3) HESAA's Scope of Work; (4) the Contractor's proposal, including any attachments or documents incorporated by reference, including, if applicable Bidder responses to clarifications and a Bidder's Best and Final Offer, (5) this RFP and any addenda to this RFP, and/or (6) third party document. In the event of a conflict in the terms and conditions among the documents comprising this Contract, the order of precedence, for purposes of interpretation thereof, shall be as listed from highest ranking to lowest ranking as noted above.</u></p>	
Request for Proposal	2.0 Definitions	<p>Would the Authority consider striking the below definition and provide written clarification that a fairness opinion is not and will not be part of the audit scope? Fairness opinions are considered non-audit services and not permissible for an audit client due to auditor independence requirements.</p> <p><del>Fairness Opinion—An independent analysis indicating whether certain financial elements in a transaction, such as price, are fair to a specific constituent, from a financial point of view.</del></p>	HESAA will accept this request.
Request for Proposal	4.0 Scope of Services; second paragraph	<p>Would the Authority consider replacing the language regarding the posting of reports with the following to ensure compliance with professional standards and firm policy regarding consents and comfort letters:</p> <p>HESAA is seeking the services of an independent auditing firm to issue three separate audit reports. Each report will contain financial statements prepared in accordance with GAAP and in compliance with GASB and FASB pronouncements, as applicable. The Independent Auditor's Report will be required for each audit. Additionally, for the NJCLASS Loan</p>	HESAA rejects the requested amendment but is open to negotiating this request to ensure that the selected bidder is in compliance with professional standards.

		<p>Program, an Independent Auditor’s Report on Compliance and on Internal Control over Financial Reporting is to be provided. <del>Each report will be posted on HESAA’s website and used in HESAA’s bond offering documents.</del></p> <p><u>In the event the Entity requests our involvement with a future exempt filing that will include or incorporate by reference the Financial Statements and our audit report(s) thereon, professional standards require us to be separately engaged. The specific terms of our future services with respect to future exempt offerings will be determined at the time such services are to be performed and will be subject to the negotiation, agreement, and execution of a specific engagement letter or contract.</u></p> <p><u>In the event the Entity does not engage us to be involved with the offering document, then the Entity agrees to include the following language in the offering document:</u></p> <p><u>“Our independent auditor, has not been engaged to perform and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. Our independent auditor also has not performed any procedures relating to this official statement.”</u></p>	
Request for Proposal	4.3 Additional Services	<p>Would the Authority consider revising the requirement for the Contractor to provide letters approving the use of the most recent audited financial statements in offering documents? Firm policy does not allow agreeing to provide consents and comfort letters in advance. Instead, could the Authority incorporate language as follows:</p> <p>The Contractor will also be required to perform AUP reviews that test the data prepared to be included in the Preliminary and Final Official Statements published as part of the Authority’s annual issuance of bonds to fund the NJCLASS loan program. <del>The Contractor will be required to provide letters approving the use of the most recent audited financial statements of the Authority in these offering documents.</del> <u>In the event the Entity requests the Contractor’s involvement with future exempt filings, professional standards require us to be separately engaged under specific terms determined at that</u></p>	HESAA rejects the requested amendment but is open to negotiating this request to ensure that the selected bidder is in compliance with professional standards.

		<p><u>time. If not engaged, the Entity agrees to state in the offering document: 'Our independent auditor has not performed any procedures relating to this official statement since the date of its report included herein.'</u></p>	
Request for Proposal	7.2 Termination	<p>Would the Authority consider revising the termination language by removing the requirement for the prior Contractor to transfer information and cooperate with a new Contractor? The firm's position is that audit documentation is the property of the auditor (AU-C 230.A29). In the event of a transition, we will return all tangible client-provided data and deliver completed work as defined in the contract. We do not provide access to incomplete or draft workpapers, as the successor auditor must perform their own procedures and form their own opinion (AU-C 510).</p> <p>Unless otherwise provided herein, HESAA reserves the right to terminate any agreement entered into as a result of this RFP provided written notice has been given to the Contractor at least thirty days prior to such proposed termination date. The Contractor may terminate the contract upon sixty days' notice to the Authority. <del>In the event a new Contractor is selected, the prior Contractor shall facilitate transfer of all necessary information, including databases, files, and other information needed for the continued operation of the application, to the new Contractor, and otherwise cooperate with HESAA and the new Contractor to effectuate an orderly transition. The old Contractor shall provide this information to the new Contractor no later than thirty days after contract termination.</del></p>	HESAA rejects the requested amendment but is open to negotiating this request.
Request for Proposal	7.3 Transition	<p>Would the Authority consider removing Section 7.3, which requires the firm to continue services beyond contract expiration or termination? Once a contract is terminated, all work must stop immediately. It is important to maintain clarity that contract termination is final, so we propose removing this provision.</p> <p><del>7.3 Transition In the event the services are scheduled to end either by contract expiration or by termination, it shall be incumbent upon the firm to continue the service, if requested by HESAA, until new services can be completely operational. At no time shall this transitional period extend more than ninety (90) days</del></p>	HESAA is willing to accept this request.

		<del>beyond the expiration date of the existing contract. The firm will be reimbursed for this service at the rate in effect when this transitional period clause is invoked by HESAA.</del>	
Request for Proposal	7.4 Contract	<p>Would the Authority consider revising the order of precedence in Section 7.4 as follows to ensure that negotiated terms and our engagement letter are appropriately prioritized:</p> <p>The Contract awarded, and the entire agreement between the parties, as a result of this Bid Solicitation shall consist of: (1) <u>negotiated documents, including the Engagement Letters and amendments</u> (2) Higher Education Student Assistance Authority <del>Negotiated Standard</del> Terms and Conditions, <del>(2) this RFP and any addenda to this RFP;</del> (3) <u>HESAA's Scope of Work;</u> (4) the Contractor's proposal, including any attachments or documents incorporated by reference, including, if applicable Bidder responses to clarifications and a Bidder's Best and Final Offer, <del>(5) this RFP and any addenda to this RFP—other negotiated document,</del> and/or (6) third party document. In the event of a conflict in the terms and conditions among the documents comprising this Contract, the order of precedence, for purposes of interpretation thereof, shall be as listed from highest ranking to lowest ranking as noted above.</p>	HESAA is open to negotiating this request.
Request for Proposal	7.11A Data Confidentiality	<p>Would the Authority consider revising the data confidentiality section as follows to align with firm standards and provide clearer protection for both parties:</p> <p>All data contained in the source documents supplied by the Authority are to be considered confidential and shall be solely for the use of the Authority. The Contractor will be required to use reasonable care to protect the confidentiality of the data. Any <u>other</u> use, sale, or offering of these data in any form by the Contractor or his/her employees or assignees will be considered in violation of this contract and will cause an infraction to be reported to the State Attorney General for possible prosecution. Penalties for violations of such guarantees will include, but are not limited to, cancellation of contract and/or legal action with no damages paid by the Authority or the State of New Jersey.</p> <p>All financial, statistical, personnel, customer and/or technical data supplied by HESAA to the Contractor</p>	HESAA is willing to accept this request.

are confidential. The Contractor must take industry standard measures to secure all data from manipulation, sabotage, theft or breach of confidentiality. Except as permitted under the terms of the Contract, ~~the~~ Contractor is prohibited from releasing any financial, statistical, personnel, customer and/or technical data that are deemed confidential. The following shall not be considered confidential information and shall not be subject to the provisions of this section

7.11 A.: Any information that (a) was in Contractor's possession before receipt from a HESAA; (b) is independently developed or acquired by or for Contractor without use of a data owner's proprietary information; (c) is rightfully received by Contractor from a third party without a duty of confidentiality; (d) was disclosed by a data owner to a third party not under an obligation of confidentiality; or (e) is or becomes available to the public through no fault of Contractor. Unless permitted under the Contract, Contractor will not release any confidential information to a third party without the consent of the data owner unless required in order to comply with judicial or administrative process, or applicable professional standards, including but not limited to the AICPA and Government Auditing Standards. Prior to releasing a data owner's confidential information in response to judicial process, the Contractor shall give the data owner advanced written notice of the subpoena, if not legally prohibited, and provide the data owner the opportunity to object to the required disclosure. Any other use, sale, or offering of these data to a third party without the data owner's consent in any form by the Contractor, or any individual or entity in the Contractor's charge or employ, will be considered a violation of this contract and may result in contract termination and the Contractor's suspension or debarment from State contracting. In addition, such conduct may be reported to the State Attorney General for possible criminal prosecution. The Contractor shall be liable to HESAA for a breach of confidentiality subject to the insurance requirements set forth in this RFP.

The Contractor shall assume the total financial liability incurred by the Contractor associated with any breach of confidentiality if Contractor is solely responsible for such breach.

		<p>When requested, the Contractor <del>and all project staff including its subcontractor(s) must complete and sign will negotiate</del> confidentiality and non-disclosure agreements provided by HESAA. The Contractor shall require all staff to view yearly security awareness and confidentiality training modules provided by the Contractor. It shall be the Contractor’s responsibility to ensure that any new staff sign <del>at</del>the confidentiality agreement and complete the security awareness and confidentiality training modules within one month of the employee’s start date.</p> <p>To protect the State of New Jersey from losses resulting from Contractor employee theft, fraud or dishonesty, security clearance/background check for all Contractors and project staff must be obtained and must be provided to HESAA upon request. Refer to the National Institute of Standards and Technology (NIST) Special Publication (SP) 800-12, <u>An Introduction to Computer Security: The NIST Handbook</u>, Section 10.1.3, Filling the Position – Screening and Selecting.</p>	
Standard Terms and Conditions	1.OA Order of Precedence	<p>Would the Authority consider revising the language with the specified order of precedence as noted below to ensure that negotiated terms and our engagement letter are appropriately prioritized:</p> <p><del>The “Contract” shall consist of the following documents: (1) the HESAA Standard Terms and Conditions; (2) HESAA’s scope of work; and, (3) the Contractor’s Proposal including any attachments or documents incorporated by reference (hereinafter “Proposal”). In the event of a conflict in the terms and conditions among the documents comprising this Contract, the order of precedence, for purposes of interpretation thereof, listed from highest ranking to lowest ranking as noted above. The Authority’s terms and conditions shall prevail over any conflicts set forth in a Contractor’s Proposal.</del><u>The Contract awarded, and the entire agreement between the parties, shall consist of: (1) negotiated documents, including the Engagement Letters and amendments (2) Higher Education Student Assistance Authority Negotiated Terms and Conditions, (3) HESAA’s Scope of Work, (4) the Contractor’s proposal, including any attachments or documents incorporated by reference, including, if applicable Bidder responses to clarifications and a Bidder’s Best and Final Offer, (5)</u></p>	HESAA is open to negotiating this request.

		<u>this RFP and any addenda to this RFP other negotiated document, and/or (6) third party document. In the event of a conflict in the terms and conditions among the documents comprising this Contract, the order of precedence, for purposes of interpretation thereof, shall be as listed from highest ranking to lowest ranking as noted above.</u>	
Standard Terms and Conditions	2.0 State Law Requiring Mandatory Compliance By All Contractors	<p>Would the Authority consider revising to clarify that compliance is mandatory only where relevant, accommodating situations where certain laws noted in this section may not apply or may pose compliance challenges:</p> <p><u>If applicable,</u> the statutes, laws, regulations or codes cited herein are available for review at the New Jersey State Library, 185 West State Street, Trenton, New Jersey 08625.</p>	HESAA rejects this request as this is a factual statement.
Standard Terms and Conditions	2.6 Americans With Disabilities Act	<p>Would the Authority consider revising as the Firm can certify compliance with all applicable Federal civil rights laws and implementing regulations, including relevant ADA provisions. Significant portions of the ADA, specifically Titles II and III, apply only to state/local governments and public accommodation providers and thus are not applicable to the Firm.</p> <p>The Contractor must comply with all <u>applicable</u> provisions of the Americans with Disabilities Act (ADA), P.L 101-336, in accordance with 42 U.S.C. 12101, et seq.</p>	HESAA is willing to accept this request.
Standard Terms and Conditions	2.10C Standards Prohibiting Conflicts of Interest	<p>Based on the size of the Firm, would the Authority consider adding the word “knowingly” to the below language:</p> <p>No Contractor may <u>knowingly</u>, directly or indirectly, undertake any private business, commercial or entrepreneurial relationship with, whether or not pursuant to employment, contract or other agreement, express or implied, or sell any interest in such Contractor to, any State officer or employee or special State officer or employee having any duties or responsibilities in connection with the purchase, acquisition or sale of any property or services by or to any State agency or any instrumentality thereof, or with any person, firm or entity with which he/she is employed or associated or in which he/she has an interest within the meaning of N.J.S.A. 52:13D-13g. Any relationships subject to this provision shall be reported in writing forthwith to the Executive</p>	HESAA is willing to accept this request.

		Commission on Ethical Standards, now known as the State Ethics Commission, which may grant a waiver of this restriction upon application of the State officer or employee or special State officer or employee upon a finding that the present or proposed relationship does not present the potential, actuality or appearance of a conflict of interest;	
Standard Terms and Conditions	2.11 New Jersey Business Ethics Guide Certification	<p>Would the Authority consider adding "as applicable" to the requirement for following the Treasurer's business ethics guide to clarify that only relevant portions must be adhered to in dealings with the State?</p> <p>The Treasurer has established a business ethics guide to be followed by a Contractor, <u>as applicable</u>, in dealings with the State. The guide can be found at: <a href="https://www.nj.gov/treasury/purchase/pdf/BusinessEthicsGuide.pdf">https://www.nj.gov/treasury/purchase/pdf/BusinessEthicsGuide.pdf</a>.</p>	HESAA is willing to accept this request.
Standard Terms and Conditions	3.1 Compliance Codes	<p>Would the Authority revising to clarify that compliance with the New Jersey Uniform Construction Code, National Electrical Code 70®, B.O.C.A. Basic Building Code, OSHA, and other applicable codes, as well as securing permits, is required only where relevant to the contract requirements?</p> <p><u>If applicable</u>, <del>the</del> Contractor must comply with New Jersey Uniform Construction Code and the latest National Electrical Code 70®, B.O.C.A. Basic Building code, Occupational Safety and Health Administration and all applicable codes for this requirement. The Contractor shall be responsible for securing and paying all necessary permits, where applicable.</p>	HESAA is willing to accept this request.
Standard Terms and Conditions	3.2 Prevailing Wage Act Notice	<p>Based on the understanding that the Prevailing Wage Act applies only to public works contracts and since the scope of our contract does not fall under this category, would the Authority consider striking the following:</p> <p><del>The New Jersey Prevailing Wage Act, N.J.S.A. 34: 11-56.25 et seq. is hereby made part of every contract entered into by or on behalf of HESAA, except those contracts which are not within the contemplation of the Act. The Contractor 's signature on Proposal is his/her guarantee that neither he/she nor any subcontractors he/she might employ to perform the work covered by Proposal has been suspended or debarred by the Commissioner, Department of Labor</del></p>	HESAA rejects the requested amendment but is open to negotiating this request.

		<del>and Workforce Development for violation of the provisions of the Prevailing Wage Act and/or the Public Works Contractor Registration Acts; the Contractor's signature on the proposal is also his/her guarantee that he/she and any subcontractors he/she might employ to perform the work covered by Proposal shall comply with the provisions of the Prevailing Wage and Public Works Contractor Registration Acts, where required.</del>	
Standard Terms and Conditions	3.12 Cybersecurity Incident Reporting Requirement	<p>Would the Authority consider revising to align with firm standards for reporting timelines?</p> <p>This reporting required by N.J.S.A. 52:17B-193.2 et seq. (P.L.2023, c.19) to NJ OHSP is in addition to the Contractor's responsibility to report Security Incidents as may be set forth in Contract Scope of Work or the Waivered Contracts Supplement to HESAA's Terms and Conditions. If the Waivered Contracts Supplement is not made part of the contract and a notification period is not specified in the Contract Scope of Work, the Contractor shall give notice of the Cybersecurity Incident to HESAA as soon as practicable, but no less than <del>two one</del> <u>two</u> business days, after the Contractor reasonably believes that a Cyber Security Incident has occurred.</p>	HESAA is willing to accept this request.
Standard Terms and Conditions	4.1A-C Indemnification	<p>Would the Authority consider revising the indemnification in A-C to align with our firm standards as indicated below:</p> <p>A. The Contractor's liability to HESAA and its employees in third-party suits shall be as follows:</p> <p>1. The Contractor shall assume all risk of and responsibility for, and agrees to indemnify, defend, and save harmless the Authority and its officers, officials, agents, servants and employees, from and against any and all third-party claims, demands, suits, actions, recoveries, judgments and costs and expenses in connection therewith:</p> <p>a. For or on account of the loss of life, <u>tangible</u> property or injury or damage to the person, body or <u>tangible</u> property of any person or persons whatsoever, <u>to the extent</u> which shall arise from or result directly or indirectly from the work and/or products supplied under this Contract or the order; and</p>	HESAA rejects the requested amendment but is open to negotiating this request.

		<p>b. For or on account of the use of any patent, copyright, trademark, trade secret or other proprietary right of any copyrighted or uncopied composition, secret process, patented or unpatented invention, article or appliance (“Intellectual Property Rights”) furnished or used <u>by Contractor</u> in the performance of this Contract.</p> <p>2. In the event of a patent and copyright claim or suit involving third-party Intellectual Property Rights, the Contractor, at its option, may:</p> <ul style="list-style-type: none"><li>a. procure for HESAA the legal right to continue the use of the product;</li><li>b. replace or modify the product to provide a non-infringing product that is the functional equivalent; or</li><li>c. in the event that the Contractor cannot do “a.” or “b.”, refund the purchase price less a reasonable allowance for use that is agreed to by both parties.</li></ul> <p>B. The Contractor’s indemnification and liability under subsection “A” is not <del>limited by</del> <u>but is in addition to</u> <del>changed by</del> the insurance obligations. The provisions of this indemnification clause shall in no way limit the Contractor’s obligations assumed in the Contract, nor shall they be construed to relieve the Contractor from any liability, nor preclude HESAA from taking any other actions available to it under any other provisions of the contract or otherwise at law or equity. The Contractor agrees that any approval by HESAA of the work performed and/or reports, plans or specifications provided by the Contractor shall not operate to limit the obligations of the Contractor assumed in the Contract.</p> <p>C. Contractor will be relieved of its responsibilities under Subsection “A.” for any claims made by a third-party <u>to the extent</u> that <u>such</u> arise <del>solely</del> from the actions or omissions of HESAA, its officers, employees or agents. <u>Contractor has no obligation to indemnify HESAA from any claims resulting from the acts or omissions of HESAA; and in no event would any indemnification provided under this section be effected by Contractor if doing so would violate applicable professional standards.</u></p>	
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<p>Standard Terms and Conditions</p>	<p>4.2 Insurance</p>	<p>Would the Authority consider revising the insurance requirements to ensure they align with our firm's standard coverage and compliance obligations as follows:</p> <p>The Contractor shall secure and maintain in force for the term of the contract insurance as provided herein. All required insurance shall be provided by insurance companies with an A-VIII or better rating by A.M. Best &amp; Company. <del>All policies must be endorsed to Contractor shall</del> provide 30 days' written notice of cancellation <del>or material change</del> to HESAA at the address shown below. <del>If the Contractor's insurer cannot provide 30 days written notice, then it will become the obligation of the Contractor to provide the same.</del> The Contractor shall provide HESAA with current certificates of insurance for all coverages and renewals thereof. Renewal certificates shall be provided within 30 days <del>after</del> of the expiration of the insurance. The Contractor shall not begin to provide services or goods to HESAA until evidence of the required insurance is provided. The certificates of insurance shall indicate the title of the contract in the Description of Operations box and shall list the Higher Education Student Assistance Authority, P.O. Box 545, Trenton, New Jersey 08625 in the Certificate Holder box. The certificates and any notice of cancelation shall be emailed to HESAA at: <a href="mailto:Procurements@hesaa.org">Procurements@hesaa.org</a>. The insurance to be provided by the Contractor shall be as follows:</p> <ol style="list-style-type: none"> <li>a. Occurrence Form Commercial General Liability Insurance or its equivalent: The minimum limit of liability shall be \$1,000,000 per occurrence as a combined single limit for bodily injury and property damage. The above required Commercial General Liability Insurance policy or its equivalent shall name HESAA, its officers, and employees as "Additional Insureds" and include the blanket additional insured endorsement or its equivalent. The coverage to be provided under these policies shall be at least as broad as that provided by the standard basic Commercial General Liability Insurance occurrence coverage forms or its equivalent currently in use in the State of New Jersey, which shall not be</li> </ol>	<p>HESAA is willing to accept this request.</p>
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		<p>circumscribed by any endorsement limiting the breadth of coverage;</p> <p>b. Automobile Liability Insurance which shall be written to cover any automobile used by the insured. Limits of liability for bodily injury and property damage shall not be less than \$1,000,000 per occurrence as a combined single limit. HESAA must be named as an "Additional Insured" and a blanket additional insured endorsement or its equivalent must be provided when the services being procured involve vehicle use on the State's behalf or on State controlled property;</p> <p>c. Worker's Compensation Insurance applicable to the laws of the State of New Jersey and Employers Liability Insurance with limits not less than:</p> <ul style="list-style-type: none"> <li>• \$1,000,000 BODILY INJURY, EACH OCCURRENCE;</li> <li>• \$1,000,000 DISEASE EACH EMPLOYEE; and</li> <li>• \$1,000,000 DISEASE AGGREGATE LIMIT.</li> </ul> <p>This \$1,000,000 amount may be raised when deemed necessary by HESAA;</p> <p>b. Professional Liability Insurance: The Contractor shall carry Errors and Omissions, Professional Liability Insurance, and/or Professional Liability Malpractice Insurance sufficient to protect the Contractor from any liability arising out the professional obligations performed pursuant to the requirements of this Contract. The insurance shall be in the amount of not less than \$1,000,000 <del>and in such policy forms as shall be approved by HESAA</del>. If the Contractor has claims-made coverage and subsequently changes carriers during the term of this Contract, it shall obtain from its new Errors and Omissions, Professional Liability Insurance, and/or Professional Malpractice Insurance carrier an endorsement for retroactive coverage.</p>	
Standard Terms and Conditions	5.4 HESAA's Option to Reduce Scope of Work	Would the Authority consider revising the "Option to Reduce Scope of Work" to align with professional standards? Auditors should not agree to scope changes without reasonable justification per standards like AU-C 210.17 and AT-C 105.	HESAA rejects the requested amendment but is open to negotiating this request.

~~HESAA's Option to Reduce Scope of Work  
HESAA has the option, in its sole discretion, to reduce the scope of work for any deliverable, task or subtask called for under this contract. In such an event, HESAA shall provide to the Contractor advance written notice of the change in scope of work and what HESAA believes should be the corresponding adjusted contract price. Within five (5) business days of receipt of such written notice, if either is applicable:~~

~~**A.** If the Contractor does not agree with HESAA's proposed adjusted contract price, the Contractor shall submit to HESAA any additional information that the Contractor believes impacts the adjusted contract price with a request that HESAA reconsider the proposed adjusted contract price. The parties shall negotiate the adjusted contract price. If the parties are unable to agree on an adjusted contract price, HESAA shall make a prompt decision taking all such information into account, and shall notify the Contractor of the final adjusted contract price; and~~

~~**B.A.** If the Contractor has undertaken any work effort toward a deliverable, task or subtask that is being changed or eliminated such that it would not be compensated under the adjusted contract, the Contractor shall be compensated for such work effort according to the applicable portions of its price schedule and the Contractor shall submit to HESAA an itemization of the work effort already completed by deliverable, task or subtask within the scope of work, and any additional information HESAA may request. HESAA shall make a prompt decision taking all such information into account, and shall notify the Contractor of the compensation to be paid for such work effort. Any changes or modifications to the terms of this Contract shall be valid only when they have been reduced to writing and signed by the Contractor and HESAA.~~

5.4 Changes to the Scope of Work

Either party may propose a modification to the scope of work for any deliverable, task, or subtask under this contract. However, any change is subject to evaluation and agreement in accordance with professional standards and the process outlined below.

A. Process for Requesting a Change

Should HESAA request a change to the scope of the engagement, it shall provide the Contractor with a written request detailing the proposed change and the justification for it.

B. Evaluation of the Change Request

In accordance with our professional responsibilities under AICPA standards (including AU-C 210 and AT-C 105), the Contractor must evaluate whether a reasonable justification exists for any requested change.

1. A reasonable justification may include a change in circumstances that affects the entity's requirements or a misunderstanding concerning the nature of the service originally requested.
2. A change is not considered to have a reasonable justification if, for example, the request relates to information that is incorrect, incomplete, or otherwise unsatisfactory.

C. Agreement and Compensation

1. If the Contractor determines that a reasonable justification exists and the revised engagement is appropriate under professional standards, the parties shall negotiate in good faith to agree upon a revised scope of work and a corresponding adjusted contract price.
2. If the Contractor has undertaken work toward a deliverable that is subsequently changed or eliminated, the Contractor shall be compensated for such work effort based on the applicable portions of its price schedule.

D. Disagreement or Lack of Reasonable Justification

		<p><u>If the Contractor concludes that there is no reasonable justification for the change, or if the requested change would result in an engagement that is impermissible under professional standards, the Contractor is not required to agree to the change. In such an event, the Contractor will notify HESAA and will either:</u></p> <ol style="list-style-type: none"> <li><u>1. Continue to perform the work as originally agreed upon under this contract; or</u></li> <li><u>2. Withdraw from the engagement, as may be required by professional standards.</u></li> </ol> <p><u>E. Formalization</u>  <u>Any change to the scope of work and the corresponding contract price shall be valid only when documented in a formal, written amendment to this contract signed by authorized representatives of both HESAA and the Contractor.</u></p>	
Standard Terms and Conditions	5.5 Change In Law	<p>Would the Authority consider revising to ensure both parties negotiate in good faith to mutually agree on adjustments?</p> <p>If, after award, a change in applicable law or regulation occurs which affects the Contract, the parties may amend the Contract, whether including new work required by the change in law or to eliminate work no longer required by the change in law along with a commensurate price change. The parties shall negotiate the terms of the change in good faith, <del>however if agreement is not possible after reasonable efforts, HESAA shall make a prompt decision taking all relevant information into account, and shall notify the Contractor of the final adjusted scope of work and contract price.</del></p>	HESAA is willing to accept this request.
Standard Terms and Conditions	5.7 Termination of Contract	<p>Would the Authority be open to aligning the termination notice with our firm standard:</p> <p>A. For Convenience:</p> <p>Notwithstanding any provision or language in this contract to the contrary, the Authority may terminate this contract at any time, in whole or in part, for the convenience of the Authority, upon no less than 30 days written notice to the Contractor;</p> <p>B. For Cause:</p> <ol style="list-style-type: none"> <li>1. Where a Contractor fails to perform or comply with a contract or a portion thereof, the</li> </ol>	HESAA rejects the requested amendment but is open to negotiating this request.

		<p>Authority may terminate the contract, in whole or in part, upon <del>thirtyen</del> (130) days' notice to the Contractor with an opportunity to respond <u>and cure</u>; and</p> <p>2. Where in the reasonable opinion of the Authority, a Contractor continues to perform a contract poorly as demonstrated by e.g., formal complaints, late delivery, poor performance of service, short-shipping, and there has been a failure on the part of the Contractor to make progress towards ameliorating the issue(s) or problem(s) set forth in the complaint, the Authority may terminate the contract, in whole or in part, upon <del>thirtyen</del> (310) days' notice to the Contractor with an opportunity to respond <u>and cure</u>.</p> <p><del>C.— In cases of emergency the Authority may shorten the time periods of notification and may dispense with an opportunity to respond; and</del></p> <p><del>D.C. _____</del> In the event of termination under this section, the Contractor shall be compensated for work performed in accordance with the contract, up to the date of termination. <del>Such compensation may be subject to adjustments.</del></p>	
Standard Terms and Conditions	5.8 Subcontracting	<p>Would the Authority consider adding "applicable" to clarify that the Contractor's responsibility for a subcontractor includes adherence to all applicable contract terms and laws?</p> <p>The Contractor may not subcontract other than as identified in the Contractor's proposal without the prior written consent of HESAA. Such consent, if granted in part, shall not relieve the Contractor of any of his/her responsibilities under the contract, nor shall it create a privity of contract between the Authority and any subcontractor. If the Contractor uses a subcontractor to fulfill any of its obligations, the Contractor shall be responsible for the subcontractor's: (a) performance; (b) compliance with all <u>applicable</u> <del>of the</del> terms and conditions of the contract; and (c) compliance with the requirements of all applicable laws. Nothing contained in any of the contract documents shall be construed as creating any contractual relationship between any subcontractor and HESAA.</p>	HESAA is willing to accept this request.

<p>Standard Terms and Conditions</p>	<p>5.10 Mergers, Acquisitions and Assignments</p>	<p>Would the Authority consider revising the assignment provision to a mutual clause requiring prior written consent from both parties for any assignment or transfer of rights? This protects against conflicts and supports auditor independence by ensuring both parties approve any changes in entity structure.</p> <p><del>If, during the term of this contract, the Contractor shall merge with or be acquired by another firm, the Contractor shall give notice to the Authority as soon as practicable and in no event longer than 30 days after said merger or acquisition. The Contractor shall provide such documents as may be requested by the Authority, which may include but need not be limited to the following: corporate resolutions prepared by the awarded Contractor and new entity ratifying acceptance of the original contract, terms, conditions and prices; updated information including ownership disclosure and Federal Employer Identification Number. The documents must be submitted within 30 days of the request. Failure to do so may result in termination of the contract for cause.</del></p> <p><del>If, at any time during the term of the contract, the Contractor's partnership, limited liability company, limited liability partnership, professional corporation, or corporation shall dissolve, the Authority must be so notified. All responsible parties of the dissolved business entity must submit to the Authority in writing, the names of the parties proposed to perform the contract, and the names of the parties to whom payment should be made. No payment shall be made until all parties to the dissolved business entity submit the required documents to the Authority. The Contractor may not assign its responsibilities under the contract, in whole or in part, without the prior written consent of the Authority.</del></p> <p><u>Neither party may assign, transfer or delegate any of its rights, obligations, claims or proceeds from claims arising under or relating to this Agreement (including by operation of law, in which case the assigning party will, to the extent legally permissible, give as much advance written notice as is reasonably practicable thereof) without the prior written consent of the other party, such consent not to be unreasonably withheld, conditioned or delayed. Any assignment, transfer or delegation in violation hereof shall be null and void.</u></p>	<p>HESAA rejects the requested amendment but is open to negotiating this request.</p>
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		<p><u>Failure of a party to exercise or enforce any of its rights hereunder is not a waiver of such rights.</u></p> <p><u>In the event that any term or provision of this Agreement shall be held to be invalid, void or unenforceable, then the remainder of that provision is modified to the extent reasonably necessary to reflect the intent of the parties and this Agreement shall not be affected, and each such term and provision shall be valid and enforceable to the fullest extent permitted by law.</u></p>	
<p>Standard Terms and Conditions</p>	<p>5.11 Performance Guarantee of Contractor</p>	<p>Would the Authority consider striking the following as inapplicable given the nature of the services:  <b>PERFORMANCE GUARANTEE OF CONTRACTOR</b>  The Contractor hereby certifies that, if applicable:</p> <ul style="list-style-type: none"> <li>A. <del>The equipment offered is standard new equipment, and is the manufacturer's latest model in production, with parts regularly used for the type of equipment offered; that such parts are all in production and not likely to be discontinued; and that no attachment or part has been substituted or applied contrary to manufacturer's recommendations and standard practice;</del></li> <li>B. <del>All equipment supplied to the Authority and operated by electrical current is UL listed where applicable;</del></li> <li>C. <del>All new machines are to be guaranteed as fully operational for the period stated in the contract from time of written acceptance by the Authority. The Contractor shall render prompt service without charge, regardless of geographic location;</del></li> <li>D. <del>Sufficient quantities of parts necessary for proper service to equipment shall be maintained at</del></li> </ul>	<p>HESAA is willing to accept this request.</p>

		<p>distribution points and service headquarters;</p> <p><del>E. Trained mechanics are regularly employed to make necessary repairs to equipment in the territory from which the service request might emanate within a 48-hour period or within the time accepted as industry practice;</del></p> <p><del>F. During the warranty period the Contractor shall replace immediately any material which is rejected for failure to meet the requirements of the contract; and</del></p> <p><del>G.A. All services rendered to the Authority shall be performed in strict and full accordance with the specifications stated in the contract. The contract shall not be considered complete until final approval by the Authority is rendered. <u>All services shall be performed in accordance with applicable professional standards, including [e.g., AICPA standards, Government Auditing Standards], and the scope of services described in this Agreement. This engagement shall be considered complete upon the Contractor's delivery of the final signed attest report(s) to the Authority.</u></del></p>	
Standard Terms and Conditions	5.12 Delivery Requirements	<p>Based on the services, would the Authority consider revising the language as follows:</p> <p><del>A. Deliveries shall be made at such time and in such quantities as ordered in strict accordance with conditions contained in the contract;</del></p>	HESAA is willing to accept this request.

		<p><del>B. The Contractor shall be responsible for the delivery of material in first class condition to the Authority under this contract and in accordance with good commercial practice;</del></p> <p><del>C. Items delivered must be strictly in accordance with the contract; and</del></p> <p><del>D.A. In the event delivery of goods or services is not made within the number of days stipulated or under the schedule defined in the contract, HESAA shall be authorized to obtain the material or service from any available source, the difference in price, if any, to be paid by the Contractor. Unless otherwise noted elsewhere in the scope of work, all delivery times are 30 calendar days after receipt of order (ARO) and prices for items in proposals shall be submitted Freight On Board (F.O.B.) Destination (30 calendar days ARO/F.O.B.).</del></p> <p><del>E. The Contractor shall assume all costs, liability and responsibility for the delivery of merchandise in good condition to the Authority or designated purchaser. Thirty calendar days ARO/F.O.B. does not cover "spotting" but does include delivery to HESAA at its offices in Quakerbridge Plaza, Hamilton New Jersey unless otherwise specified. No additional charges will be allowed for any additional transportation costs resulting from partial shipments made at the Contractor's convenience when a</del></p>	
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		<p style="text-align: center;"><del>single shipment is ordered. The weights and measures of HESAA shall govern.</del></p> <p style="text-align: center;"><del>F.B. Collect On Delivery (C.O.D) terms will not be accepted.</del></p> <p><u>The Authority and the Contractor are jointly committed to the timely completion of this engagement in accordance with the schedule defined herein. The Authority agrees to provide timely information and access to its personnel, and in turn, the Contractor will staff the project properly and work diligently. If either party expects a delay, we will promptly notify the other in writing. Project deadlines will be reasonably extended to account for any delays caused by the Authority. Because the quality of this professional engagement cannot be compromised to meet a deadline, financial penalties for delays will not apply.</u></p>	
Standard Terms and Conditions	5.15 Maintenance of Records and Audits	<p>Would the Authority consider limiting the requirement to include only timekeeping and expense records, making them available upon request and when permissible under applicable professional standards? Our firm is unable to provide access to records beyond these.</p> <p><b>A.</b> Pursuant to N.J.A.C. 19:70-1.6(b), the contract partner as that term is defined pursuant to N.J.A.C. 19:70-1.2, shall maintain all <u>timekeeping and expense</u> documentation related to products, transactions, or services under this contract for a period of five years from the date of final payment. Such records shall be made available to the New Jersey Office of the State Comptroller upon request <u>when permissible under applicable professional standards</u>.</p> <p><b>B.</b> The State Comptroller may request, receive, review, and audit copies of any and all <u>timekeeping and expense</u> records and documents related to a State contract at any time. The Contractor shall make a good faith effort to cooperate with the request and upon receipt of the request, the Contractor</p>	HESAA rejects this request. N.J.A.C 19:70-1.6(b) requires this language to be included in all HESAA contracts.

		<p>shall promptly provide the requested records and documents free of charge in the time, place, and manner specified. Failure of the Contractor to comply with the request or the audit may be used by the Authority to establish contract non-compliance, to take any action, or seek any remedy available under the contract, at law, or in equity.</p>	
<p>Standard Terms and Conditions</p>	<p>5.16 Assignment of Antitrust Claim(s)</p>	<p>Would the Authority consider removing the provision on the assignment of antitrust claims? Given our role as a provider of professional attest services, and since HESAA does not purchase the items we use, such as software or supplies, this provision is not applicable to our engagement.</p> <p><del>The Contractor recognizes that in actual economic practice, overcharges resulting from antitrust violations are in fact usually borne by the ultimate purchaser. Therefore, and as consideration for executing this contract, the Contractor, acting herein by and through its duly authorized agent, hereby conveys, sells, assigns, and transfers to HESAA all right, title and interest to all claims and causes of action it may now or hereafter acquire under the antitrust laws of the United States or the State of New Jersey, relating to the particular goods and services purchased or acquired by HESAA pursuant to this contract.</del></p> <p><del>In connection with this assignment, the following are the express obligations of the Contractor:</del></p> <p style="padding-left: 40px;"><del>A. It shall take no action that will in any way diminish the value of the rights conveyed or assigned hereunder;</del></p> <p style="padding-left: 40px;"><del>B. It shall advise the Attorney General of New Jersey:</del></p> <p style="padding-left: 80px;"><del>1. In advance of its intention to commence any action on its own behalf regarding any such claim or cause(s) of action; and</del></p> <p style="padding-left: 80px;"><del>2. Immediately upon becoming aware of the fact that an action has</del></p>	<p>HESAA is willing to accept this request.</p>

		<p><del>been commenced on its behalf by some other person(s) of the pendency of such action.</del></p> <p><del>C. It shall notify the defendants in any antitrust suit of the within assignment at the earliest practicable opportunity after the Contractor has initiated an action on its own behalf or becomes aware that such an action has been filed on its behalf by another person. A copy of such notice shall be sent to the Attorney General of New Jersey; and</del></p> <p><del>D.A. It is understood and agreed that in the event any payment under any such claim or cause of action is made to the Contractor, it shall promptly pay over to HESAA the allotted share thereof, if any, assigned to HESAA hereunder.</del></p>	
Standard Terms and Conditions	5.21C Claims and Remedies	<p>Would the Authority consider removing the "cost of cover" remedy from the default clause? This approach isn't applicable to audits, where a new auditor must start over, not simply finish the work. We propose limiting recourse to contract termination and paying for completed work.</p> <p>In the event that the Contractor fails to comply with any material Contract requirements, HESAA may take steps to terminate this Contract in accordance with the <del>SSTC, authorize the delivery of Contract items by any available means, with the difference between the price paid and the defaulting Contractor's price either being deducted from any monies due the defaulting Contractor or being an obligation owed the Authority by the defaulting Contractor, as provided for in the State administrative code, or take any other action or seek any other remedies available at law or in equity</del>Termination of Contract clause.</p>	HESAA is willing to accept this request.
Standard Terms and Conditions	5.23E Confidentiality	Would the Authority consider revising the confidentiality clause as follows so essential disclosures comply with legal and contractual obligations:	HESAA is willing to accept this request.

		<p><u>Except when disclosure is required or permitted under the terms of the Contract,</u> HESAA and the Contractor agree to hold each other’s Confidential Information in confidence, using at least the same degree of care used to protect its own Confidential Information;</p>	
Standard Terms and Conditions	6.1 Price Fluctuation During Contract	<p>Would the Authority consider removing the clause requiring contractors to pass on price reductions during the contract period? In professional service engagements, pricing doesn't fluctuate like it might for goods, making this provision less applicable.</p> <p>Unless otherwise agreed to in writing by the Authority, all prices quoted shall be firm through issuance of contract or purchase order and shall not be subject to increase during the period of the contract. <del>In the event of a manufacturer's or Contractor's price decrease during the contract period, the Authority shall receive the full benefit of such price reduction on any undelivered purchase order and on any subsequent order placed during the contract period. The Authority must be notified, in writing, of any price reduction within five (5) days of the effective date. Failure to report price reductions may result in cancellation of contract for cause, pursuant to provision 5.7(b)1.</del> In an exceptional situation the Authority may consider a price adjustment. Requests for price adjustments must include justification and documentation.</p>	HESAA rejects this request.
Standard Terms and Conditions	Additional Terms	<p>Would the Authority agree to include additional terms and other contractual provisions that our firm views as necessary for the effective performance of this work?</p> <p><b><u>7.0 ADDITIONAL TERMS</u></b>  <b><u>7.1. Use of Contractor Resources and Enabling Tools.</u></b>  a. <u>Contractor may utilize members of the international Contractor network of independent firms and entities controlled by, under common control with, or sublicensees of, one or more Contractor network member firms (“Member Firms”) and/or third-party service and technology providers, including cloud providers, engaged by Contractor or a Member Firm (all of the above parties referred to as</u></p>	<p>HESAA rejects the requested amendment but is open to negotiating the following sections:</p> <p>7.1 – solely as it pertains to enabling tools. All work must be performed in the United States;</p> <p>7.2; and 7.4 through 7.9</p>

“Contractor Resources”), which may be in or outside the United States, to assist in the performance of the services. Contractor remains responsible to Agency for the performance of such services, and adherence to obligations of confidentiality, by any Contractor Resources. With the understanding that Contractor will remain responsible to Agency for the Contractor Resources, Agency acknowledges and agrees that the Contractor Resources will not be subject to flow-down terms set forth in the Agreement. Agency agrees it shall not bring any claim relating to the Agreement against any Contractor Resources, other than Contractor.

b. Contractor may, with the assistance of Contractor Resources, use information obtained during engagements (i) to analyze trends, perform comparative analyses, and develop and improve benchmarks; (ii) to develop and improve technology and services; and (iii) to improve other services to Agency and to provide insights to Agency about its business. Such information will not be disclosed to third parties other than Contractor Resources assisting Contractor with these uses unless such information is in an aggregated or anonymized format that does not identify Agency.

c. Enabling Tools.

i. Contractor may provide Agency with access to or use of Contractor proprietary and third-party scripts or software tools (“Enabling Tools”) i) to assist Agency in the extraction of data from Agency’s electronic books and records systems or other systems (“Agency Systems”) in connection with the services, or ii) to otherwise facilitate Contractor’s services to Agency. Agency may not permit third parties outside of Agency’s organization to have access to use of Contractor’s Enabling Tools without Contractor’s prior written approval, provided that agents or contractors of Agency having a need to know in order to perform their services

to Agency are permitted to have access to and use of Enabling Tools to the extent necessary for such parties to perform such services. Agency may not redistribute, reproduce (except as necessary to run), modify, commercialize, allow third parties to access (except as permitted above or as otherwise authorized by Contractor in writing), or reverse engineer or decompile (except where such rights cannot be limited by applicable law) Enabling Tools. Enabling Tools are provided on an “as is” and “as available” basis.

- ii. Other than as expressly permitted hereby, Agency agrees to keep Enabling Tools and credentials for accessing Enabling Tools in its possession, custody, or control confidential, using no less than a reasonable standard of care to protect them from unauthorized disclosure or use, and to notify Contractor of any legal compulsions to disclose them.
- iii. Enabling Tools are not intended to be used as a system of record, repository, or hosting service, and Agency acknowledges that its access to Enabling Tools may be suspended at any time. Information contained within online Enabling Tools may be removed within a reasonable period of time (no less frequently than annually) following the conclusion of the services. Certain Enabling Tools may be subject to additional terms or conditions, which will be provided in advance and in writing for Agency’s review and acceptance.
- iv. Enabling Tools may include agents or scripts for extracting data from Agency’s Systems. With respect to such extraction agent or scripts, Agency understands and agrees that it is solely responsible for following appropriate change management policies, processes and controls relating to the environment

(including without limitation appropriate backup of Agency’s information and Systems) (collectively, “Change Management Processes”). In the event Agency fails to use such Change Management Processes or if such Change Management Processes prove to be inadequate, Agency acknowledges that the Systems and/or agents or scripts may not function as intended. At the conclusion of the services, Agency shall delete all copies of such Enabling Tools from Agency’s Systems.

**7.2. Confidentiality; Access to Audit Documentation.**

a. Contractor may disclose confidential information when required by law, legal process, or applicable professional standards, including but not limited to the AICPA and Government Auditing Standards. Contractor represents that it (i) will treat confidential information in accordance with applicable professional standards, and (ii) has technical, legal and other safeguards, measures and controls in place to protect Agency’s confidential information from unauthorized disclosure or use. Contractor may disclose confidential information (i) to Contractor Resources performing the applicable services, (ii) to Contractor Resources and the legal entities comprising Contractor International and their respective partners, principals, employees, and agents (“Contractor Parties”) providing internal, administrative, clerical, analytical and/or regulatory compliance operations and functions, and information technology support, and (iii) to Contractor Parties for purposes of performing engagement acceptance and other professional responsibilities such as maintaining auditor independence and performing conflicts checks; provided, that such Contractor Resources and Contractor Parties shall be subject to obligations of confidentiality. In all such cases, Contractor shall remain responsible to Agency for maintaining the confidentiality of Agency’s confidential

information. Any non-disclosure or confidentiality agreements the parties entered into prior to the date of the Agreement shall not be deemed to prevent Contractor from performing the services in accordance with the Agreement and applicable professional standards.

- b. The Engagement Documentation for the services is the property of Contractor. Engagement Documentation means audit documentation and/ or attestation documentation, as applicable, as defined under the applicable professional standards. Terms such as working papers or workpapers may also be used.

**7.3. Dispute Resolution.** The parties agree that any dispute or claim arising out of or relating to the Agreement or the services provided thereunder shall first be submitted to non-binding mediation as a prerequisite to litigation. Mediation may take place at a location to be designated by the parties using the Mediation Procedures of the International Institute for Conflict Prevention and Resolution, with the exception of paragraph 2 (Selecting the Mediator). If, after good faith efforts, the parties are unable to resolve their dispute through mediation within ninety (90) days after the issuance by one of the parties of a request for mediation, then the parties are free to pursue all other legal and equitable remedies available to them. Nothing herein shall preclude Contractor from filing a timely formal claim in accordance with applicable [insert State] law provided, however, that Contractor shall, if permitted, seek a stay of said claim during the pendency of any mediation. Either party may seek to enforce any written agreement reached by the parties during mediation in any court of competent jurisdiction.

**7.4. Independence.** For the purpose of complying with the AICPA Code of Professional Conduct, Agency agrees to provide the following in relation to the entity(ies) for which we perform a financial statement audit, review, or compilation engagement (as applicable):

- a. at least annually, a complete and accurate legal entity listing of all of Agency's affiliates as defined by AICPA Code of Professional Conduct interpretation ET 1.224 *Affiliates*,

Including State and Local Government Affiliates, as applicable;

- b. timely information about events that may result in a change in Agency's affiliates; and
- c. a listing of Agency's officers, directors, individuals who have a beneficial ownership interest (known through reasonable inquiry) that gives the individual significant influence over the Agency, and individuals in key positions with respect to the preparation or oversight of the financial statements.

For the purpose of complying with the AICPA Code of Professional Conduct, Agency agrees to provide the following in relation to the entity(ies) for which we perform a non-financial statement audit or attestation engagement (as applicable):

- a. a listing of officers, directors, individuals who have a beneficial ownership interest (known through reasonable inquiry) that gives the individual significant influence over the entity, and individuals in key positions with respect to the subject matter of the attest engagement.

**7.5. KPMG Clara.** In an effort to facilitate efficient communication between Contractor and Agency related to the services and to track engagement progress during the course of the engagement, Contractor may provide Agency with access to certain service coordination tools (e.g., KPMG Clara). If such access is provided to Agency, the provisions set forth in Exhibit I shall apply to such access.

**7.6. Ownership.** Upon full and final payment to Contractor of fees owed under the Agreement, Contractor (i) assigns to Agency, all right, title and interest in and to the deliverables except to the extent any Contractor Property is contained therein, and (ii) grants Agency a royalty-free, non-exclusive, non-transferable, non-sublicensable perpetual license, to use such Contractor Property solely in connection with Agency's use of the deliverables. Contractor Property shall mean all intellectual property, technology, know-how, methodologies, works of authorship, and other materials pre-existing the Agreement or created, acquired, or licensed separately from the Agreement, or created in performance of the Agreement which are not specific to Agency, including any modifications, enhancements, improvements, or derivative works.

Notwithstanding anything herein that may be construed to the contrary, Agency agrees that nothing in this Agreement prevents Contractor from using residual knowledge, which includes generalized knowledge, experience, know-how, or any of the ideas, concepts, methodologies, tools or techniques derived from or discovered during the provision of the services performed under the Contract. Contractor shall have the right to retain for its files copies of all information necessary to comply with its contractual obligations and applicable professional standards.

**7.7. Use of Names and Logos.** Agency gives Contractor the right to use Agency's logo solely for presentations or reports to Agency or for internal Contractor presentations and intranet sites.

**7.8. Engagement Letters.** Per professional standard requirements, Contractor shall provide Agency with an engagement letter, updated annually, outlining the agreed upon services and party responsibilities. The engagement letters shall be incorporated into the Agreement.

7.9 For all Agreed Upon Procedure (AUP) review services, the liability of Contractor and its personnel and agents to the Authority and its directors, officers, personnel and agents on account of any actions, damages, claims, liabilities, costs, expenses or losses in any way arising out of or relating to the Services performed under this Agreement shall be limited to the amount of fees paid or owing to Contractor under this Agreement. In no event shall Contractor or any of its personnel or agents be liable for consequential, special, indirect, incidental, punitive or exemplary damages, costs, expenses, or losses (including, without limitation, lost profits and opportunity costs). In addition to the above, because of the importance of management's representations to the effective performance of our services, the Authority hereby releases Contractor and its personnel from and against any and all claims, liabilities, costs, and expenses relating to our services under this Agreement attributable to any misrepresentations in the representation letter. The provisions of this paragraph shall apply regardless of the form of action, damage, claim, liability, cost, expense, or loss asserted, whether in contract, statute, tort (including but not limited to negligence) or otherwise.

Standard Terms and Conditions	Additional Term	<p>Would the Authority consider including the below term. The Authority could have access to certain technologies and/or licensed third party tools which requires our firm to address certain terms of use related to those tools and technologies.</p> <p style="text-align: center;"><b><u>KPMG CLARA</u></b> <b><u>TERMS OF USE</u></b></p> <p><u>As used herein, “KPMG Clara” shall refer to those service coordination tools made available to Client by KPMG that allow a group of users to access a virtual repository for the purposes of sharing information, engaging in online discussions, providing status with regard to engagement activity and accessing certain content. These terms of use (the “Terms”) are between Client and KPMG and shall govern Client’s use of KPMG Clara, including content posted to KPMG Clara by KPMG and/or its licensors. If Client is comprised of multiple legal entities, Client agrees that (a) it has the authority to bind all such entities, and (b) these Terms shall govern such entities’ use of KPMG Clara. In the event of any conflict or inconsistency between these Terms and the contract(s) between KPMG and Client to which these Terms or KPMG Clara relates, these Terms shall govern with respect to Client’s use of KPMG Clara only.</u></p> <p><u>1. Client and its Authorized Users (as defined below) may access and use KPMG Clara solely in furtherance of KPMG’s engagement(s) with Client. KPMG Clara is not intended for use as a document retention system and should not be regarded as a system of record. Client should retain or download any information from KPMG Clara it wishes to retain for its files. Access to information within KPMG Clara may be removed or become unavailable within a reasonable time once the corresponding engagement is completed. “Authorized User” means Client’s employees and other personnel authorized by Client and approved by KPMG to access and use KPMG Clara. Client shall ensure that all Authorized Users who access and use KPMG Clara comply with these Terms. Client shall promptly notify KPMG</u></p>	HESAA is willing to accept the below term.
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about any Authorized User who should no longer have access to KPMG Clara or improper access to the password of an Authorized User.

2. Client may not: (a) copy, translate, modify, adapt or create derivative works from KPMG Clara; (b) rent, lease, lend, pledge, or directly or indirectly transfer or distribute KPMG Clara to any third party; or (c) use KPMG Clara to upload, store, post, email, transmit or otherwise make available any content that is unlawful and/or infringes any intellectual property rights or data protection, privacy or other rights of any other party. Client is responsible for the information its users may upload to such tools and compliance with all laws and regulations applicable to use or access by Client's users outside the U.S. (e.g., export control and data privacy laws and regulations). Except for the license granted herein to Client, Client acquires no right or interest of any kind in or to KPMG Clara.
3. Technical factors such as bandwidth, network configurations, and browser settings can affect KPMG Clara's speed and accessibility. KPMG does not guarantee the continuous, uninterrupted or error-free operability of KPMG Clara, or compatibility with Client's computer browser or any other part of its computing systems. Access to KPMG Clara may be suspended or limited at any time, and content may be unavailable. KPMG is not responsible for the content of any third-party websites, or hyperlinks which may be featured on KPMG Clara.
4. If KPMG's relationship with Client terminates for any reason, all further access to and use of KPMG Clara by Client and its Authorized Users must immediately cease and KPMG may deactivate or delete related user accounts, unless otherwise required by applicable law or professional standards to maintain such accounts. KPMG reserves the right to terminate Client's access to KPMG Clara for any reason.
5. EXCEPT AS EXPRESSLY STATED IN THESE TERMS, KPMG CLARA IS MADE AVAILABLE

		<p><u>ON AN "AS-IS", "AS AVAILABLE" BASIS WITHOUT REPRESENTATIONS OR WARRANTIES OF ANY KIND, WHETHER EXPRESS OR IMPLIED.</u></p> <p>6. <u>Refer to KPMG's Privacy Statement (<a href="https://home.KPMG/us/en/home/misc/privacy.html">https://home.KPMG/us/en/home/misc/privacy.html</a>) for information about how KPMG collects, uses, and protects personal data.</u></p>	
	Section 7.4 (Contract)	<p>The Contract awarded, and the entire agreement between the parties, as a result of this Bid Solicitation shall consist of: (1) <u>the Bidder's engagement letter</u> (2) Higher Education Student Assistance Authority Standard Terms and Conditions <u>as negotiated between the parties, (2) this RFP and any addenda to this RFP, (3) the Contractor's proposal, including any attachments or documents incorporated by reference, including, if applicable Bidder responses to clarifications and a Bidder's Best and Final Offer, (4) other negotiated document, and/or (5) third party document.</u> In the event of a conflict in the terms and conditions among the documents comprising this Contract, the order of precedence, for purposes of interpretation thereof, shall be as listed from highest ranking to lowest ranking as noted above.</p>	HESAA rejects this requested revision.
	Section 7.5 (Open Public Records Act):	<p><del>HESAA reserves the right to make the determination as to what to disclose in response to an OPRA request. Any information that HESAA determines to be exempt from disclosure under OPRA will be redacted.</del></p>	HESAA does not have the statutory authority to accept this revision, therefore this request is rejected.
	Section 7.9 (Prime Contractor Responsibilities):	<p>The selected Contractor, and any successor Contractor, (in the event of merger/acquisition or other change in operating status), will be required to assume sole responsibility for the complete effort of any contract(s) awarded to the Contractor subsequent to its bid submission, <u>and assume all cost incurred by HESAA, directly or indirectly, in connection with or as a result of the transition.</u> If a merger/acquisition has been announced prior to or</p>	HESAA rejects this requested revision.

		during the Contractor’s proposal preparation period, the bidder shall identify all relevant or emerging dates surrounding the merger relative to official name change, system changes, account number changes, etc., if known at the time of bid submission.	
	Section 7.10 (Subcontracting and Assignment) :	The Contractor is prohibited from assigning, transferring, conveying, subletting, or otherwise disposing of the agreement or its rights, title, or interest therein or its power to execute such agreement to any other person, company, or corporation without the previous consent and approval, in writing, by HESAA. <del>Unless otherwise agreed to in writing by HESAA, the Contractor shall bear all cost incurred by the Authority, directly or indirectly, in connection with or as a result of such an assignment.</del>	HESAA rejects this requested revision.
	Section 7.11.A (Data Confidentiality):	<del>When requested, the Contractor and all project staff including its subcontractor(s) must complete and sign confidentiality and non-disclosure agreements provided by HESAA.</del> The Contractor shall require all staff to view yearly security awareness and confidentiality training modules provided by the Contractor. It shall be the Contractor’s responsibility to ensure that any new staff <del>sign the confidentiality agreement and</del> complete the security awareness and confidentiality training modules within one month of the employee’s start date.	HESAA is willing to negotiate this requested revision to ensure that all staff assigned to this contract maintain confidentiality of HESAA’s data.
	Section 7.11.A (Data Confidentiality):	To protect the State of New Jersey from losses resulting from Contractor employee theft, fraud or dishonesty, security clearance/a background check for all Contractors and project staff must be performed obtained and must be provided to HESAA upon request upon hire. Refer to the National Institute of Standards and Technology (NIST) Special Publication (SP) 800-12, An Introduction to	HESAA is willing to accept this revision.

		Computer Security: The NIST Handbook, Section 10.1.3, Filling the Position – Screening and Selecting.	
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**HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY  
STATE OF NEW JERSEY**

**AGREED-UPON PROCEDURES**

**STUDENT LOAN REVENUE BONDS, SERIES 2020**



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**WEALTH ADVISORY  
OUTSOURCING  
AUDIT, TAX, AND  
CONSULTING**



## **INDEPENDENT AUDITORS' REPORT ON APPLYING AGREED UPON PROCEDURES**

Higher Education Student Assistance Authority (State of New Jersey) (the Company)  
RBC Capital Markets, LLC  
Moody's Investors Service, Inc.  
(Collectively, the Specified Parties)

Re: Higher Education Student Assistance Authority (State of New Jersey) Student Loan Revenue Bonds, Series 2020

We have performed the procedures described below, which were agreed to by the Specified Parties, solely to assist the Specified Parties with the offering of the Bonds covered by the Preliminary Official Statement, dated May 11, 2020 (the Preliminary Official Statement or the Offering Documents). The Company is responsible for the Offering Documents and the information set forth in the Preliminary Defaulted Pool Data File, the Defaulted Pool Data File, the Preliminary Data File, and the Final Data File (each defined below). The sufficiency of these procedures is solely the responsibility of the Specified Parties. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose. All terms used herein, which are defined in the Offering Documents, are used with the meanings set forth therein.

Unless otherwise indicated, the following definitions have been adopted in presenting our procedures and findings:

- The term "compared" means compared to the information shown and found it to be in agreement, unless otherwise noted. Such compared information was deemed to be in agreement if differences were attributable to rounding.
- The term "recomputed" means recalculated and compared the results to the information shown and found it to be in agreement, unless otherwise noted. Such recomputed information was deemed to be in agreement if differences were attributable to rounding.
- The phrase "Student Loan File" means a file containing various screens from the Company's loan servicing system. The screens were received from the Company electronically. We make no representation regarding the accuracy of the electronic documents received.

**I. The Sample Loan Procedures**

On March 5, 2020, the Company provided us with an electronic data file containing certain data with respect to 337,295 student loans as of January 31, 2020 (the Preliminary Data File). The Specified Parties instructed us to exclude student loans in “Default” and “Paid in Full” status (i.e. values of PF, BA, BD, BK, BC, DB, DC, DD, DE, DF, DG, DI, DJ, DK, DL, DN, DO, DP, DR, DS, DT, DW, ME, MI, OD, RD, TD, and DU), and to include student loans with values in the “NUM\_FUND\_LD” field from the 2010 and 2019 bond indentures in the Preliminary Data File. The resulting data file contained 32,308 borrowers and constituted the “Final Data File.”

We were instructed by the Specified Parties to select a random sample of 100 student loans from the Final Data File (collectively, the “Sample Loans”). Refer to Exhibit A attached hereto for a listing of the Sample Loans.

For each Sample Loan, we compared or recomputed attributes #1 through #11 listed in the table below contained on the Final Data File to the corresponding information in the Student Loan File using the source documents (screens) listed below:

No.	Attributes	Field Name (Final Data File)	Source Documents (Screen Name)	Screen Identifier	Field Name Used	File Layout Position
1	Loan Number	NUM_APPLICATION_LD	Loan Maintenance Financial Information	SD07	APPLICATION NUMBER	1-10
2	Fund Number	NUM_FUND_LD	Loan Maintenance Tracking Information	SD06	FUND NUMBER	11-14
3	Original Repayment Option	INITIAL_REPAYMENT_OPTION	Loan Maintenance Information Loan Payment History	SD09, SD18	INITIAL REPAYMENT OPTION	240-241
4	Current Loan Status	CDE_LOAN_TRK_STAT_LD	Loan Maintenance Tracking Information	SD06	TRACKING STATUS	89-90
5	Current Loan Balance*	AMT_OSTD_BAL_LD	Financial Information, Loan Payment History	SD07, SD18	OSTD BALANCE, Activity of transactions	71-79
6	Interest Rate	PCT_LOAN_INT_RATE_LD	Loan Maintenance Financial Information	SD07	PCT INT RATE	156-162
7	Loan Begin Date	DTE_LOAN_BEGIN	Loan Maintenance Financial Information	SD07	BEGIN DATE	101-108
8	Loan Period End Date	DTE_LOAN_END	Loan Maintenance Financial Information	SD07	END DATE	109-116
9	Co-Signer	CO_SIGNER_INDICATOR	NJCLASS Loan App, Consolidate Loans Staff Processing	XPA; SD06	36 – ENDORS, Cosigner SSN	234-235
10	Credit Score	APPROVAL_FICO_SCORE	NJCLASS Loan App, Consolidate Loans Staff Processing	XPA, Page 2	BEACON	231-233
11	School Type	CDE_OE_SCHOOL_LD	NJCLASS Loan App, Consolidate Loans Staff Processing, Educational Institution Master	XPA	26 – COLCODE	91-96

\*This attribute was recomputed based on information in the Student Loan File

For purposes of comparing Current Loan Balance, we were instructed by the Specified Parties to compare this data field to the SD07 screen. We were further instructed by the Specified Parties to utilize the SD18 screen to recompute Current Loan Balance as of the Final Data File cut-off date of January 31, 2020, by adding to the Current Loan Balance per the SD07 screen the principal payments made by the borrower. We were further instructed by the Specified Parties to subtract the amount shown in the "INT CAP YTD" field on the SD07 screen from the Current Loan Balance per the SD07 screen in instances where the Sample Loan status changed from "Option 3" to "Option 1" subsequent to January 31, 2020.

For purposes of comparing Credit Score, we were instructed by the Specified Parties to locate the "BEACON" field on the XPA screen. If a credit score was present, we were instructed by the Specified Parties to compare this score to the corresponding information on the Final Data File. If no credit score was present, we were instructed by the Specified Parties to consider the Credit Score to be zero for purposes of comparing it to the corresponding information on the Final Data File. In cases where multiple credit scores were listed on the XPA screen, we were instructed by the Specified Parties to utilize the Credit Score with the most recent date for purposes of comparing it to the corresponding information on the Final Data File. In cases where the loan was a consolidation loan as indicated by the values "###C" in the "NUM\_FUND\_LD" field in the Final Data File, we were instructed by the Specified Parties to compare Credit Score to the "Score" field from the web origination system.

The information regarding the Sample Loans was found to be in agreement.

## **II. The Defaulted Pool Sample Loan Procedures**

On March 10, 2020, the Company provided us with an electronic data file containing certain data with respect to 27,238 student loans as of December 31, 2019 (the Preliminary Defaulted Pool Data File). The Specified Parties instructed us to exclude student loans that defaulted prior to calendar year 2020 as indicated in the "ChargeoffDate" field in the Preliminary Defaulted Pool Data File, and to exclude student loans with credit scores of less than 670 as indicated in the "FICO" field in the Preliminary Defaulted Pool Data File. The resulting data file contained data with respect to 17,126 student loans and constituted the "Defaulted Pool Data File."

We were instructed by the Specified Parties to select a random sample of 50 student loans from the Defaulted Pool Data File (collectively, the Defaulted Pool Sample Loans). At least 30 of the 50 loans should be loans that defaulted prior to the 2013 Bond Issue. Refer to Exhibit B attached hereto for a listing of the Defaulted Pool Sample Loans.

For each Defaulted Pool Sample Loan, we compared or recomputed attributes #1 through #10 listed in the table below contained in the Defaulted Pool Data File to the corresponding information in the Student Loan File using the source documents (screens) listed below.

No.	Attributes	Field Name (Defaulted Pool Data File)	Source Documents (Screen Name)	Screen Identifier	Field Name Used
1	Loan Number	LOANNUMBER	Loan Maintenance Financial Information	SD07	APPLICATION NUMBER
2	Fund Number	FundCode	Loan Maintenance Tracking Information	SD08	FUND NUMBER
3	Original Loan Repayment Option	Original Payment Option	Loan Maintenance Tracking Information	SD09	RELIEF OPTION
4	Original Loan Balance	AmountDisbursed	Loan Maintenance Financial Information	SD07	AMOUNT LOAN
5	Total Capitalized Balance	AmountCapitalized	Loan Maintenance Financial Information	SD07	AMT CAP INT
6	Loan Begin Date	FirstDisbursementDate	Loan Maintenance Financial Information	SD07	BEGIN DATE
7	Repayment Start Date	DateEnteredRepayment	Loan Maintenance Financial Information	SD03, SD07	DATE GRANTED, RPMT START
8	Credit Score	FICO	NJCLASS Loan App, Consolidate Loans Staff Processing	XPA2	BEACON
9	Default Date	ChargeoffDate	Pursuit Activity File	SD08, XPUR	DTE DEFAULT, DATE SUBMITTED FOR CHARGE-OFF
10	Recoveries For a Period of Time	CYXXXXGrossCollections Columns	Loan Maintenance Financial Information	SD18	COLLECTIONS

For purposes of comparing Credit Score, we were instructed by the Specified Parties to locate the “BEACON” field on the XPA screen. If a credit score was present, we were instructed by the Specified Parties to compare this score to the corresponding information on the Final Data File. If no credit score was present, we were instructed by the Specified Parties to consider the Credit Score to be zero for purposes of comparing it to the corresponding information on the Final Data File. In cases where multiple credit scores were listed on the XPA screen, we were instructed by the Specified Parties to utilize the Credit Score with the most recent date for purposes of comparing it to the corresponding information on the Final Data File. In cases where the loan was a consolidation loan as indicated by the values “###C” in the “NUM\_FUND\_LD” field in the Final Data File, we were instructed by the Specified Parties to compare Credit Score to the “Score” field from the web origination system.

The information regarding the Defaulted Pool Sample was found to be in agreement.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the data referred to above. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

The procedures performed were applied based on the methodologies, assumptions and information indicated in the Offering Documents or provided by the Specified Parties, including the Preliminary Defaulted Pool Data File, the Defaulted Pool Data File, the Preliminary Data File, and the Final Data File, without verification or evaluation of such methodologies, assumptions and information by us; therefore, we express no opinion or any other form of assurance regarding (i) the physical existence of the student loans or as to the conformity of their respective characteristics with those assumed for purposes of the comparisons or recomputations described herein, (ii) the reasonableness of the methodologies, assumptions, or projected outcomes set forth in the Offering Documents or provided by the Specified Parties, (iii) whether the actual payments on the student loans or the Bonds will correspond to the payments calculated in accordance with the assumptions and methodologies set forth in the Offering Documents or provided by the Specified Parties, (iv) the reliability or accuracy of the data and documents furnished to us by the Specified Parties which were used in our procedures, or (v) the adequacy of the disclosures in the Offering Documents, or as to whether any of the statements expressed therein omit any material facts.

The terms of our engagement are such that we have no obligation to update this report because of events and transactions that may subsequently occur.

This report is intended solely for the information and use of the Specified Parties and is not intended to be and should not be used by anyone other than the Specified Parties.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

**CliftonLarsonAllen LLP**

Plymouth Meeting, Pennsylvania  
May 11, 2020

**HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY  
(STATE OF NEW JERSEY)  
THE SAMPLE LOANS  
AS OF JANUARY 31, 2020**

**EXHIBIT A**

Sample Loan Number	Loan Unique ID	Sample Loan Number	Loan Unique ID
1	P10530390	51	P16505169
2	P17505131	52	P08532586
3	P09502423	53	P19501616
4	P16510562	54	P14505420
5	P15505811	55	P13511272
6	P11508140	56	P10525077
7	P10501498	57	P08511788
8	P12510188	58	P19508646
9	P16507754	59	P09520248
10	P11517800	60	P15508782
11	P09508109	61	P17516205
12	P09502210	62	P06511989
13	P14510580	63	P07504181
14	C17519559	64	P06500449
15	P18502327	65	P16514822
16	P17504268	66	P08512752
17	P14515140	67	P18508511
18	P14511812	68	P19507446
19	P18509092	69	P15509384
20	P07500033	70	F15509099
21	P15502274	71	P13506791
22	P09503646	72	P09518434
23	P08529463	73	P12501751
24	P18509652	74	P13504937
25	P16512284	75	P07526980
26	P14510772	76	P07529021
27	P06001553	77	P17522481
28	F16508668	78	P11520446
29	P12507927	79	P18519212
30	P16512296	80	P09527180
31	P20500644	81	P13506319
32	P19510393	82	P09515313
33	P07517224	83	P12512674
34	P17502447	84	P17523647
35	F15502762	85	P12515130
36	P09504244	86	P13511723
37	P09522485	87	P14510080
38	P19505861	88	P09511117
39	P12504097	89	P06500822
40	P17518160	90	P10511139
41	P16515666	91	P16505501
42	P19504624	92	P05506933
43	P11513387	93	P08520861
44	C15502322	94	P11522252
45	F08507977	95	P10527810
46	P17522492	96	P08509029
47	P16513024	97	P17523347
48	P08503152	98	P17512645
49	P17516339	99	P05004173
50	P13511265	100	P07508792

**HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY  
(STATE OF NEW JERSEY)  
THE DEFAULTED POOL SAMPLE LOANS  
AS OF DECEMBER 31, 2019**

**EXHIBIT B**

Defaulted Pool Sample Loan Number	Loan Unique ID	Defaulted Pool Sample Loan Number	Loan Unique ID
1	P07526098	26	P09520813
2	P10501339	27	P13516743
3	P08501149	28	P06503542
4	P07526698	29	P05507851
5	P07511496	30	P04004637
6	P10534614	31	P02009700
7	P06511447	32	P04812731
8	P09520836	33	P06514093
9	P05504000	34	P05502913
10	P08515313	35	P09514562
11	P09526880	36	P07507262
12	F08506234	37	P03012217
13	P11501568	38	P08525848
14	P08501299	39	P05004941
15	P07515436	40	P01018112
16	P07522530	41	P07511321
17	P03008194	42	P12512184
18	P06515302	43	P08530197
19	P06588405	44	P07519431
20	P10516553	45	P08504454
21	P05004854	46	P02007304
22	P09523167	47	P11518812
23	P10514585	48	P09524425
24	C06500352	49	P05500557
25	P08509394	50	P06515593



**HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY  
STATE OF NEW JERSEY**

**AGREED-UPON PROCEDURES**

**STUDENT LOAN REVENUE BONDS, SERIES 2020**



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CONSULTING**



## **INDEPENDENT AUDITORS' REPORT ON APPLYING AGREED UPON PROCEDURES**

Higher Education Student Assistance Authority (State of New Jersey) (the Company)  
RBC Capital Markets, LLC  
Moody's Investors Service, Inc.  
(Collectively, the Specified Parties)

Re: Higher Education Student Assistance Authority (State of New Jersey) Student Loan Revenue  
Bonds, Series 2020

We have performed the procedures described below, which were agreed to by the Specified Parties, solely to assist the Specified Parties with the offering of the Bonds covered by the Preliminary Official Statement, dated May 11, 2020 (the Preliminary Official Statement or the Offering Documents). The Company is responsible for the Offering Documents and the information set forth in the Preliminary Defaulted Pool Data File, the Defaulted Pool Data File, the Preliminary Data File, and the Final Data File (each defined below). The sufficiency of these procedures is solely the responsibility of the Specified Parties. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose. All terms used herein, which are defined in the Offering Documents, are used with the meanings set forth therein.

Unless otherwise indicated, the following definitions have been adopted in presenting our procedures and findings:

- The term "compared" means compared to the information shown and found it to be in agreement, unless otherwise noted. Such compared information was deemed to be in agreement if differences were attributable to rounding.
- The term "recomputed" means recalculated and compared the results to the information shown and found it to be in agreement, unless otherwise noted. Such recomputed information was deemed to be in agreement if differences were attributable to rounding.
- The phrase "Student Loan File" means a file containing various screens from the Company's loan servicing system. The screens were received from the Company electronically. We make no representation regarding the accuracy of the electronic documents received.

## I. The Historical Default and Recovery Tables

<u>Item</u>	<u>Symbol</u>	<u>Procedure and Findings</u>
-------------	---------------	-------------------------------

A. We have performed the procedure described below with respect to certain information related to the Company's historical default and recovery information provided by the Specified Parties (attached as Exhibit A to this report), as indicated by the following symbol marked next to such information.

**H** Recomputed the corresponding information set forth on or derived from the Preliminary Defaulted Pool Data File using methodologies and assumptions provided to us by the Specified Parties. No deviations were noted in the recomputation.

## II. The Preliminary Official Statement

<u>Item</u>	<u>Symbol</u>	<u>Procedure and Findings</u>
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A. We have performed the procedure described below with respect to certain information contained in the Preliminary Official Statement (the relevant pages of which are attached as Exhibit B to this report), as indicated by the following symbol marked next to such information.

**PS** Compared to or recomputed the corresponding information set forth on or derived from the Final Data File using methodologies, assumptions, and information described in the Preliminary Official Statement or provided to us by the Specified Parties. No deviations were noted in the recomputation.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the data referred to above. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

The procedures performed were applied based on the methodologies, assumptions and information indicated in the Offering Documents or provided by the Specified Parties, including the Preliminary Defaulted Pool Data File, the Defaulted Pool Data File, the Preliminary Data File, and the Final Data File, without verification or evaluation of such methodologies, assumptions and information by us; therefore, we express no opinion or any other form of assurance regarding (i) the physical existence of the student loans or as to the conformity of their respective characteristics with those assumed for purposes of the comparisons or recomputations described herein, (ii) the reasonableness of the methodologies, assumptions, or projected outcomes set forth in the Offering Documents or provided by the Specified Parties, (iii) whether the actual payments on the student loans or the Bonds will correspond to the payments calculated in accordance with the assumptions and methodologies set forth in the Offering Documents or provided by the Specified Parties, (iv) the reliability or accuracy of the data and documents furnished to us by the Specified Parties which were used in our procedures, or (v) the adequacy of the disclosures in the Offering Documents, or as to whether any of the statements expressed therein omit any material facts.

The terms of our engagement are such that we have no obligation to update this report because of events and transactions that may subsequently occur.

This report is intended solely for the information and use of the Specified Parties and is not intended to be and should not be used by anyone other than the Specified Parties.

*CliftonLarsonAllen LLP*

**CliftonLarsonAllen LLP**

Plymouth Meeting, Pennsylvania  
May 11, 2020

**HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY  
(STATE OF NEW JERSEY)  
HISTORICAL DEFAULT AND RECOVERY TABLES  
AS OF DECEMBER 31, 2019**

**EXHIBIT A**

Calendar Year Of Default	Defaulted Principal Amount (\$ Millions)	Year 1 After Default	Year 2 After Default	Year 3 After Default	Year 4 After Default	Year 5 After Default	Year 6 After Default	Year 7 After Default	Year 8 After Default	Year 9 After Default	Year 10 After Default	Year 11 After Default	Year 12 After Default	Year 13 After Default	Year 14 After Default	Year 15 After Default	Year 16 After Default	Year 17 After Default
2003	\$ 0.1	0.1%	23.7%	29.2%	38.2%	47.5%	63.7%	77.5%	82.9%	86.4%	89.2%	91.3%	92.0%	93.1%	93.9%	96.0%	99.8%	105.0%
2004	0.8	0.0%	18.6%	37.4%	52.8%	60.5%	66.5%	77.2%	81.1%	83.7%	92.6%	93.7%	95.0%	96.4%	97.2%	97.9%	98.5%	-
2005	1.8	8.2%	30.6%	55.9%	69.0%	82.2%	90.9%	95.8%	100.6%	105.0%	107.7%	111.2%	117.8%	119.6%	121.4%	122.7%	-	-
2006	2.5	10.5%	42.8%	60.6%	70.0%	75.9%	79.5%	85.5%	88.0%	90.3%	92.1%	94.1%	96.4%	97.9%	99.1%	-	-	-
2007	5.1	5.0%	27.3%	40.2%	50.9%	59.0%	65.6%	73.3%	79.6%	85.2%	89.7%	93.4%	96.3%	99.2%	-	-	-	-
2008	6.5	5.8%	20.0%	30.1%	38.3%	45.0%	51.8%	57.1%	64.5%	70.8%	76.2%	79.2%	82.0%	-	-	-	-	-
2009	11.8	5.3%	16.1%	27.2%	36.2%	43.6%	49.9%	58.1%	65.4%	70.9%	75.0%	79.2%	-	-	-	-	-	-
2010	17.5	0.5%	10.0%	19.2%	27.3%	34.0%	42.1%	50.4%	57.6%	63.1%	67.4%	-	-	-	-	-	-	-
2011	35.8	5.4%	18.0%	27.5%	35.7%	45.5%	53.1%	59.3%	64.6%	69.8%	-	-	-	-	-	-	-	-
2012	36.4	4.7%	15.6%	24.1%	32.7%	40.8%	49.2%	56.2%	61.7%	-	-	-	-	-	-	-	-	-
2013	21.5	2.9%	11.5%	20.7%	29.2%	35.9%	41.7%	47.4%	-	-	-	-	-	-	-	-	-	-
2014	20.2	3.3%	13.7%	24.5%	31.7%	38.8%	46.5%	-	-	-	-	-	-	-	-	-	-	-
2015	21.5	3.1%	10.6%	19.3%	28.2%	36.0%	-	-	-	-	-	-	-	-	-	-	-	-
2016	20.0	3.3%	11.8%	19.8%	27.7%	-	-	-	-	-	-	-	-	-	-	-	-	-
2017	18.2	4.3%	13.8%	20.9%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2018	13.1	4.8%	15.9%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2019	10.8	2.4%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	\$ 243.6																	

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**HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY  
(STATE OF NEW JERSEY)  
HISTORICAL DEFAULT AND RECOVERY TABLES  
AS OF DECEMBER 31, 2019**

EXHIBIT A (CONTINUED)

Higher Education Student Assistance Authority Static Pool Cohort Default Analysis Option 1, 2, 3, Refi Loans & Consolidations & Fixed (670+) as of December 31, 2019																					
Repayment Year	Balance Entering Repayment (\$ Millions)	Totals	Repayment Year of Default																		
			0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18
2001	\$24.7	4.16%	-	-	-	0.19%	0.30%	0.62%	0.52%	0.30%	0.43%	0.54%	0.30%	0.35%	0.32%	0.09%	0.09%	0.08%	-	0.03%	-
2002	50.7	4.80%	-	-	0.04%	0.35%	0.68%	0.46%	0.59%	0.58%	0.63%	0.31%	0.49%	0.28%	0.17%	0.11%	0.07%	0.03%	0.01%	0.00%	-
2003	62.1	5.89%	-	0.04%	0.39%	0.52%	0.79%	0.80%	0.58%	0.76%	0.52%	0.74%	0.33%	0.14%	0.09%	0.12%	0.01%	0.03%	0.03%	-	-
2004	76.9	7.62%	-	0.36%	0.92%	0.60%	1.00%	0.90%	1.04%	0.66%	0.76%	0.72%	0.18%	0.15%	0.11%	0.07%	0.09%	0.06%	0.01%	-	-
2005	102.2	6.84%	-	0.27%	0.53%	0.91%	0.53%	0.75%	0.86%	0.82%	0.76%	0.38%	0.33%	0.20%	0.08%	0.12%	0.10%	0.21%	-	-	-
2006	170.2	7.38%	-	0.37%	0.76%	0.88%	0.89%	0.88%	1.30%	0.79%	0.28%	0.33%	0.22%	0.15%	0.29%	0.13%	0.11%	-	-	-	-
2007	216.9	7.94%	-	0.47%	1.06%	1.11%	1.08%	1.29%	0.81%	0.58%	0.42%	0.31%	0.28%	0.19%	0.25%	0.10%	-	-	-	-	-
2008	264.0	8.20%	-	0.18%	1.39%	1.30%	1.74%	1.00%	0.59%	0.42%	0.41%	0.52%	0.31%	0.20%	0.14%	-	-	-	-	-	-
2009	282.8	9.53%	-	0.41%	1.75%	2.27%	1.66%	0.86%	0.59%	0.50%	0.56%	0.45%	0.32%	0.16%	-	-	-	-	-	-	-
2010	392.7	11.30%	-	0.67%	3.41%	2.42%	1.16%	0.86%	0.80%	0.75%	0.59%	0.32%	0.30%	-	-	-	-	-	-	-	-
2011	413.6	8.99%	0.02%	0.58%	2.82%	1.19%	1.03%	1.08%	0.68%	0.64%	0.54%	0.42%	-	-	-	-	-	-	-	-	-
2012	303.9	6.79%	-	0.53%	1.34%	1.13%	1.10%	1.02%	0.76%	0.54%	0.37%	-	-	-	-	-	-	-	-	-	-
2013	272.4	5.27%	0.01%	0.26%	1.25%	0.94%	1.01%	0.97%	0.48%	0.35%	-	-	-	-	-	-	-	-	-	-	-
2014	236.7	4.26%	0.01%	0.16%	1.26%	1.09%	0.84%	0.51%	0.39%	-	-	-	-	-	-	-	-	-	-	-	-
2015	188.1	2.18%	0.01%	0.16%	0.57%	0.70%	0.40%	0.34%	-	-	-	-	-	-	-	-	-	-	-	-	-
2016	184.0	1.69%	-	0.12%	0.62%	0.57%	0.38%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2017	196.2	1.03%	-	0.02%	0.33%	0.68%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2018	199.2	0.25%	-	0.07%	0.18%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2019	148.8	0.09%	-	0.09%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL/WTD AVG	\$3,786.0	6.20%	0.01%	0.34%	1.45%	1.23%	1.04%	0.89%	0.70%	0.59%	0.50%	0.42%	0.30%	0.18%	0.18%	0.11%	0.09%	0.10%	0.02%	0.01%	0.00%

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**HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY  
(STATE OF NEW JERSEY)  
HISTORICAL DEFAULT AND RECOVERY TABLES  
AS OF DECEMBER 31, 2019**

EXHIBIT A (CONTINUED)

Higher Education Student Assistance Authority Static Pool Cohort Default Analysis Option 1 Loans (670+) as of December 31, 2019																					
Repayment Year	Balance Entering Repayment (\$ Millions)	Totals	Repayment Year of Default																		
			0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18
2001	\$6.8	3.89%	-	-	-	0.11%	0.52%	0.20%	0.52%	0.33%	0.38%	0.88%	0.40%	0.28%	0.21%	0.05%	-	-	-	-	
2002	12.1	2.83%	-	-	-	0.17%	0.28%	0.28%	0.46%	0.31%	0.51%	0.26%	0.14%	0.06%	0.16%	0.06%	0.08%	0.06%	-	0.01%	
2003	13.0	3.72%	-	0.03%	0.05%	0.22%	0.48%	0.32%	0.45%	0.17%	0.49%	0.64%	0.29%	0.19%	0.12%	0.22%	0.02%	-	0.04%	-	
2004	13.0	3.79%	-	0.02%	0.14%	0.21%	0.65%	0.48%	0.51%	0.29%	0.47%	0.56%	0.16%	-	0.09%	0.07%	0.05%	0.10%	0.00%	-	
2005	13.1	4.57%	-	-	0.36%	0.50%	0.23%	0.54%	0.44%	0.65%	0.78%	0.21%	0.17%	0.21%	0.11%	0.11%	0.14%	0.12%	-	-	
2006	31.6	4.24%	-	0.01%	-	0.18%	0.60%	0.62%	0.77%	0.49%	0.16%	0.19%	0.42%	0.10%	0.29%	0.24%	0.18%	-	-	-	
2007	42.9	3.87%	-	0.00%	0.08%	0.32%	0.34%	0.56%	0.59%	0.37%	0.39%	0.34%	0.18%	0.32%	0.28%	0.10%	-	-	-	-	
2008	38.1	4.08%	-	0.02%	0.24%	0.65%	0.55%	0.90%	0.28%	0.23%	0.36%	0.26%	0.32%	0.20%	0.05%	-	-	-	-	-	
2009	31.8	4.42%	-	0.10%	0.64%	0.74%	0.87%	0.38%	0.29%	0.22%	0.23%	0.42%	0.37%	0.15%	-	-	-	-	-	-	
2010	50.2	4.56%	-	0.08%	1.30%	0.85%	0.52%	0.59%	0.41%	0.25%	0.36%	0.12%	0.06%	-	-	-	-	-	-	-	
2011	43.3	4.19%	-	0.22%	0.77%	0.71%	0.90%	0.28%	0.54%	0.52%	0.20%	0.04%	-	-	-	-	-	-	-	-	
2012	35.5	2.80%	-	-	0.53%	0.58%	0.42%	0.72%	0.22%	0.26%	0.07%	-	-	-	-	-	-	-	-	-	
2013	48.3	1.85%	-	0.02%	0.30%	0.56%	0.18%	0.35%	0.29%	0.15%	-	-	-	-	-	-	-	-	-	-	
2014	37.2	1.09%	-	-	0.27%	0.27%	0.27%	0.24%	0.05%	-	-	-	-	-	-	-	-	-	-	-	
2015	36.8	1.02%	-	0.06%	0.22%	0.22%	0.26%	0.27%	-	-	-	-	-	-	-	-	-	-	-	-	
2016	43.1	1.22%	-	0.08%	0.25%	0.39%	0.49%	-	-	-	-	-	-	-	-	-	-	-	-	-	
2017	41.9	0.41%	-	-	0.10%	0.31%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
2018	39.7	0.15%	-	-	0.15%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
2019	25.7	0.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
TOTAL/WTD AVG	\$603.9	2.59%	0.00%	0.07%	0.40%	0.47%	0.48%	0.47%	0.39%	0.31%	0.31%	0.27%	0.24%	0.20%	0.18%	0.14%	0.11%	0.09%	0.02%	0.01%	0.00%

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**HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY  
(STATE OF NEW JERSEY)  
HISTORICAL DEFAULT AND RECOVERY TABLES  
AS OF DECEMBER 31, 2019**

EXHIBIT A (CONTINUED)

Higher Education Student Assistance Authority Static Pool Cohort Default Analysis Option 2 Loans (670+) as of December 31, 2019																					
Repayment Year	Balance Entering Repayment (\$ Millions)	Totals	Repayment Year of Default																		
			0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18
2001	\$17.8	4.25%	-	-	-	0.22%	0.21%	0.79%	0.53%	0.29%	0.45%	0.39%	0.23%	0.38%	0.36%	0.11%	0.12%	0.11%	-	0.04%	-
2002	33.7	4.96%	-	-	0.01%	0.29%	0.68%	0.49%	0.63%	0.56%	0.67%	0.29%	0.54%	0.39%	0.17%	0.14%	0.06%	0.02%	0.01%	0.00%	-
2003	36.2	5.55%	-	0.01%	0.17%	0.44%	0.58%	0.75%	0.60%	0.91%	0.49%	0.82%	0.34%	0.17%	0.09%	0.09%	0.01%	0.04%	0.04%	-	-
2004	37.2	6.06%	-	-	0.33%	0.22%	0.80%	0.71%	0.83%	0.67%	0.84%	0.83%	0.18%	0.23%	0.09%	0.08%	0.14%	0.09%	0.03%	-	-
2005	41.1	5.85%	-	0.03%	0.13%	0.38%	0.35%	0.63%	1.16%	1.04%	0.78%	0.38%	0.37%	0.13%	0.13%	0.20%	0.11%	0.01%	-	-	-
2006	60.9	6.59%	-	-	0.11%	0.51%	0.64%	1.14%	1.31%	1.19%	0.44%	0.31%	0.25%	0.20%	0.30%	0.10%	0.10%	-	-	-	-
2007	79.1	6.36%	-	-	0.10%	0.48%	1.04%	1.19%	1.11%	0.87%	0.45%	0.40%	0.25%	0.15%	0.16%	0.15%	-	-	-	-	-
2008	83.1	6.13%	-	-	0.31%	0.64%	1.08%	1.19%	0.75%	0.49%	0.57%	0.41%	0.28%	0.25%	0.18%	-	-	-	-	-	-
2009	106.3	7.74%	-	0.10%	0.83%	1.59%	1.62%	0.75%	0.77%	0.67%	0.45%	0.44%	0.32%	0.21%	-	-	-	-	-	-	-
2010	113.6	8.26%	-	0.03%	1.61%	1.97%	0.97%	0.89%	0.96%	0.53%	0.56%	0.45%	0.29%	-	-	-	-	-	-	-	-
2011	132.9	6.77%	-	0.23%	1.26%	1.14%	0.80%	1.29%	0.58%	0.65%	0.49%	0.34%	-	-	-	-	-	-	-	-	-
2012	103.0	4.87%	-	0.13%	0.47%	0.73%	1.13%	0.99%	0.67%	0.48%	0.28%	-	-	-	-	-	-	-	-	-	-
2013	93.0	3.47%	-	0.03%	0.33%	0.67%	0.99%	0.75%	0.42%	0.29%	-	-	-	-	-	-	-	-	-	-	-
2014	87.9	3.03%	-	0.04%	0.60%	0.86%	0.61%	0.67%	0.24%	-	-	-	-	-	-	-	-	-	-	-	-
2015	75.2	1.24%	-	-	0.21%	0.43%	0.42%	0.17%	-	-	-	-	-	-	-	-	-	-	-	-	-
2016	81.2	0.89%	-	-	0.11%	0.52%	0.26%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2017	79.1	0.23%	-	-	0.07%	0.16%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2018	77.3	0.07%	-	0.04%	0.02%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2019	57.6	0.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL/WTD AVG	\$1,396.2	4.49%	0.00%	0.09%	0.50%	0.81%	0.85%	0.88%	0.74%	0.64%	0.51%	0.43%	0.30%	0.21%	0.18%	0.13%	0.09%	0.05%	0.03%	0.02%	-

H

**HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY  
(STATE OF NEW JERSEY)  
HISTORICAL DEFAULT AND RECOVERY TABLES  
AS OF DECEMBER 31, 2019**

EXHIBIT A (CONTINUED)

Higher Education Student Assistance Authority Static Pool Cohort Default Analysis Option 3 Loans (670+) as of December 31, 2019																				
Repayment Year	Balance Entering Repayment (\$ Millions)	Totals	Repayment Year of Default																	
			0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
2001	\$0.1	5.78%	-	-	-	-	-	-	-	-	-	-	2.78%	3.00%	-	-	-	-	-	-
2002	4.8	8.57%	-	-	0.36%	1.23%	1.68%	0.67%	0.65%	1.44%	0.66%	0.63%	0.99%	0.01%	0.16%	-	0.10%	-	-	-
2003	12.9	9.03%	-	0.16%	1.35%	1.05%	1.70%	1.40%	0.66%	0.92%	0.61%	0.61%	0.36%	-	0.05%	0.09%	0.02%	0.03%	0.02%	-
2004	26.7	11.67%	-	1.03%	2.13%	1.32%	1.44%	1.38%	1.59%	0.82%	0.79%	0.65%	0.19%	0.10%	0.15%	0.05%	0.03%	0.00%	-	-
2005	37.3	8.98%	-	0.71%	1.18%	1.89%	0.99%	0.91%	0.79%	0.68%	0.85%	0.25%	0.43%	0.19%	0.04%	0.07%	0.02%	0.01%	-	-
2006	53.5	10.97%	-	1.16%	2.24%	1.87%	1.45%	1.02%	1.61%	0.52%	0.15%	0.39%	0.18%	0.18%	0.11%	0.06%	0.01%	-	-	-
2007	68.0	12.55%	-	1.50%	3.10%	2.24%	1.40%	1.92%	0.78%	0.32%	0.41%	0.25%	0.35%	0.12%	0.14%	0.02%	-	-	-	-
2008	113.4	11.17%	-	0.39%	2.61%	2.09%	2.34%	1.13%	0.55%	0.51%	0.37%	0.63%	0.31%	0.19%	0.06%	-	-	-	-	-
2009	132.6	12.62%	-	0.78%	2.91%	3.27%	1.98%	1.12%	0.56%	0.48%	0.65%	0.47%	0.26%	0.14%	-	-	-	-	-	-
2010	214.3	14.54%	-	1.09%	5.09%	3.16%	1.31%	0.94%	0.64%	1.04%	0.63%	0.29%	0.35%	-	-	-	-	-	-	-
2011	205.1	12.19%	0.03%	0.98%	4.58%	1.46%	1.18%	1.17%	0.80%	0.76%	0.66%	0.57%	-	-	-	-	-	-	-	-
2012	146.1	9.30%	-	0.90%	2.33%	1.58%	1.26%	1.07%	0.98%	0.61%	0.56%	-	-	-	-	-	-	-	-	-
2013	106.3	8.86%	0.02%	0.63%	2.37%	1.51%	1.43%	1.62%	0.74%	0.53%	-	-	-	-	-	-	-	-	-	-
2014	84.8	6.86%	0.02%	0.29%	2.40%	1.90%	1.20%	0.53%	0.51%	-	-	-	-	-	-	-	-	-	-	-
2015	57.1	4.28%	0.05%	0.48%	1.34%	1.29%	0.60%	0.53%	-	-	-	-	-	-	-	-	-	-	-	-
2016	43.4	4.16%	-	0.41%	2.20%	1.06%	0.49%	-	-	-	-	-	-	-	-	-	-	-	-	-
2017	47.9	2.68%	-	-	1.04%	1.64%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2018	44.7	0.80%	-	0.23%	0.56%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2019	38.1	0.35%	-	0.35%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL/WTD AVG	\$1,437.1	9.94%	0.03%	0.79%	3.01%	2.05%	1.39%	1.11%	0.77%	0.68%	0.57%	0.45%	0.31%	0.16%	0.09%	0.05%	0.02%	0.01%	0.02%	0.00%

H

**HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY  
(STATE OF NEW JERSEY)  
HISTORICAL DEFAULT AND RECOVERY TABLES  
AS OF DECEMBER 31, 2019**

EXHIBIT A (CONTINUED)

	<u>Cumulative</u>		<u>Current Indentures (2010 to 2019)</u>
Total Loans Disbursed In All Indentures (Including Loans Now In Default)	\$ 4,347,877,952		\$ 3,227,406,295
	<u>Principal Amount</u>	<u>Percentage of Loan Disbursed</u>	<u>Principal Amount</u>
			<u>Percentage of Loan Disbursed</u>
Original Principal & Interest Charged Off at Default	\$ 351,474,133	8.08%	\$ 179,153,692
Less: Total Collected Principal of Above	108,995,814	2.51%	43,099,886
Total Principal Defaults Outstanding	<u>\$ 242,478,319</u>		<u>\$ 136,053,806</u>
Collections of Interest Accruing Post Default	\$ 76,040,469		\$ 33,032,585
Recovery of Additional Charges	11,994,449		4,301,475
Total Gross Collections from Defaults	<u>\$ 197,030,732</u>		<u>\$ 80,433,946</u>
Collection Costs	59,109,220		24,130,184
Total Net Collections from Defaults	<u>\$ 137,921,512</u>		<u>\$ 56,303,762</u>

H

**HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY  
(STATE OF NEW JERSEY)**

EXHIBIT B

**COMPOSITION OF EXISTING NJCLASS LOANS  
AS OF JANUARY 31, 2020**

**Composition of Existing NJCLASS Loans As of January 31, 2020**

Aggregate Principal Balance	\$370,763,390
Aggregate Accrued Interest	\$2,023,456
Aggregate Outstanding Balance	\$372,786,846
Number of Borrowers	23,605
Average Outstanding Principal Balance Per Borrower	\$15,707
Number of Loans	28,774
Average Outstanding Principal Balance Per Loan	\$12,886
Weighted Average Remaining Term (Months)	140
Weighted Average Term Since Origination (Months)	66
Weighted Average Gross Interest Rate	6.93%
Weighted Average ACH Rate Reduction	0.03%
Weighted Average Net Interest Rate	6.90%
Weighted Average Interest Rate (Fifth Year of Principal Repayment)*	6.99%

PS

\* Only some prior loans are subject to step-up.

**EXISTING NJCLASS LOANS TYPES  
AS OF JANUARY 31, 2020**

Existing NJCLASS Loans Outstanding Principal Balance by Loan Type As of January 31, 2020	Principal Outstanding	Percent of Total Principal	Number of Loans
NJCLASS Standard Fixed	\$ 298,048,406	80.4%	26,563
NJCLASS Graduate	9,695,177	2.6%	940
NJCLASS Consolidation	51,052,148	13.8%	1,009
Refi+ Refinance	11,967,659	3.2%	262
<b>Total:</b>	<b>\$ 370,763,390</b>	<b>100.0%</b>	<b>28,774</b>

PS

**HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY  
(STATE OF NEW JERSEY)**

EXHIBIT B (CONTINUED)

**EXISTING NJCLASS LOANS  
OUTSTANDING PRINCIPAL BALANCE BY REMAINING TERM  
AS OF JANUARY 31, 2020**

Existing NJCLASS Loans Outstanding Principal Balance by Remaining Term As of January 31, 2020	Principal Outstanding	Percent of Total Principal	Number of Loans
Less Than 49	\$ 1,680,952	0.5%	796
49 to 60	917,478	0.2%	68
61 to 72	1,079,898	0.3%	88
73 to 84	23,227,435	6.3%	2,941
85 to 96	36,083,195	9.7%	4,183
97 to 108	17,680,025	4.8%	1,757
109 to 120	104,736,997	28.2%	8,240
121 to 150	83,976,314	22.6%	6,485
151 to 180	37,829,430	10.2%	2,281
181 to 210	20,687,245	5.6%	849
211 to 240	21,924,614	5.9%	821
241 to 300	10,860,923	2.9%	166
301 or more	10,078,884	2.8%	99
<b>Total:</b>	<b>\$ 370,763,390</b>	<b>100.0%</b>	<b>28,774</b>

PS

**EXISTING NJCLASS LOANS  
OUTSTANDING PRINCIPAL BALANCE BY ORIGINAL INTEREST PAYMENT OPTION  
AS OF JANUARY 31, 2020**

Existing NJCLASS Loans Outstanding Principal Balance by Original Interest Payment Option As of January 31, 2020	Principal Outstanding	Percent of Total Principal	Number of Loans
Option 1 (Full P&I)	\$ 107,731,943	29.1%	5,383
Option 2 (IO)	111,721,618	30.1%	10,309
Option 3 (Deferred)	151,309,829	40.8%	13,082
<b>Total:</b>	<b>\$ 370,763,390</b>	<b>100.0%</b>	<b>28,774</b>

PS

**EXISTING NJCLASS LOANS  
OUTSTANDING PRINCIPAL BALANCE BY CURRENT INTEREST PAYMENT OPTION  
AS OF JANUARY 31, 2020**

Existing NJCLASS Loans Outstanding Principal Balance by Current Interest Payment Option As of January 31, 2020	Principal Outstanding	Percent of Total Principal	Number of Loans
Option 1 (Full P&I)	\$ 280,738,811	75.7%	23,291
Option 2 (IO)	54,938,946	14.8%	3,506
Option 3 (Deferred)	35,085,633	9.5%	1,977
<b>Total:</b>	<b>\$ 370,763,390</b>	<b>100.0%</b>	<b>28,774</b>

PS

**HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY  
(STATE OF NEW JERSEY)**

EXHIBIT B (CONTINUED)

**EXISTING NJCLASS LOANS  
OUTSTANDING PRINCIPAL BALANCE BY CURRENT GROSS BORROWER INTEREST RATE  
AS OF JANUARY 31, 2020**

Existing NJCLASS Loans Outstanding Principal Balance by Current Gross Borrower Interest Rate As of January 31, 2020	Principal Outstanding	Percent of Total Principal	Number of Loans
Less Than 2.000%	\$ 251,005	0.1%	24
3.000% to 3.999%	26,295,559	7.1%	1,800
4.000% to 4.999%	55,832,718	15.1%	3,284
5.000% to 5.999%	8,621,564	2.3%	152
6.000% to 6.999%	55,438,893	15.0%	2,553
7.000% to 7.999%	102,285,979	27.6%	9,577
8.000% to 8.899%	122,037,672	32.8%	11,384
<b>Total:</b>	<b>\$ 370,763,390</b>	<b>100.0%</b>	<b>28,774</b>

PS

**EXISTING NJCLASS LOANS  
OUTSTANDING PRINCIPAL BALANCE BY BORROWER RATE TYPE  
AS OF JANUARY 31, 2020**

Existing NJCLASS Loans Outstanding Principal Balance by Borrower Rate Type As of January 31, 2020	Principal Outstanding	Percent of Total Principal	Number of Loans
Fixed Rate, No Step-up	\$ 345,859,233	93.3%	27,372
Fixed Rate with Step-up	24,904,157	6.7%	1,402
<b>Total:</b>	<b>\$ 370,763,390</b>	<b>100.0%</b>	<b>28,774</b>

PS

**EXISTING NJCLASS LOANS  
OUTSTANDING PRINCIPAL BALANCE BY CURRENT ACH UTILIZATION  
AS OF JANUARY 31, 2020**

Existing NJCLASS Loans Outstanding Principal Balance by Current ACH Utilization As of January 31, 2020	Principal Outstanding	Percent of Total Principal	Number of Loans
0.000% ACH	\$ 347,483,256	93.7%	26,914
0.250% ACH	8,587,460	2.3%	411
0.500% ACH	14,692,674	4.0%	1,449
<b>Total:</b>	<b>\$ 370,763,390</b>	<b>100.0%</b>	<b>28,774</b>

PS

**HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY  
(STATE OF NEW JERSEY)**

EXHIBIT B (CONTINUED)

**EXISTING NJCLASS LOANS  
OUTSTANDING PRINCIPAL BALANCE BY CREDIT SCORE  
AS OF JANUARY 31, 2020**

Existing NJCLASS Loans Outstanding Principal Balance by Credit Score As of January 31, 2020	Principal Outstanding	Percent of Total Principal	Number of Loans
Below 670 or Unknown	\$ 54,332,526	14.7%	4,202
670 to 699	62,517,122	16.9%	4,814
700 to 739	91,093,991	24.6%	6,766
740 to 799	132,201,243	35.7%	10,496
800 and Above	30,618,508	8.1%	2,496
<b>Total:</b>	<b>\$ 370,763,390</b>	<b>100.0%</b>	<b>28,774</b>
WA FICO Score: 728			

PS

The weighted average credit score for the borrowers and co-signors of the student loans for which credit scores are available as of a date near the date of the loan application was 728.

**EXISTING NJCLASS LOANS  
OUTSTANDING PRINCIPAL BALANCE BY CO-SIGNER OR CO-BORROWER STATUS  
AS OF JANUARY 31, 2020**

Existing NJCLASS Loans Outstanding Principal Balance by Co-Signer or Co-Borrower Status As of January 31, 2020	Principal Outstanding	Percent of Total Principal	Number of Loans
Co-Signed and/or Co-Borrowed	\$ 306,362,757	82.6%	24,597
Not Co-Signed and Not Co-Borrowed	64,400,633	17.4%	4,177
<b>Total:</b>	<b>\$ 370,763,390</b>	<b>100.0%</b>	<b>28,774</b>

PS

**EXISTING NJCLASS LOANS  
OUTSTANDING PRINCIPAL BALANCE BY SCHOOL TYPE  
AS OF JANUARY 31, 2020**

Existing NJCLASS Loans Outstanding Principal Balance by School Type As of January 31, 2020	Principal Outstanding	Percent of Total Principal	Number of Loans
Four Year or Graduate	\$ 293,225,058	79.1%	25,688
Two Year	2,286,235	0.6%	503
Vocational/Proprietary	12,232,289	3.3%	1,311
Unknown (Consolidation)	63,019,808	17.0%	1,272
<b>Total:</b>	<b>\$ 370,763,390</b>	<b>100.0%</b>	<b>28,774</b>

PS

**HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY  
(STATE OF NEW JERSEY)**

EXHIBIT B (CONTINUED)

**EXISTING NJCLASS LOANS  
OUTSTANDING PRINCIPAL BALANCE BY DAYS DELINQUENT  
AS OF JANUARY 31, 2020**

Existing NJCLASS Loans Outstanding Principal Balance by Days Delinquent As of January 31, 2020	Principal Outstanding	Percent of Total Principal	Number of Loans
In Deferment or Forbearance	\$ 35,411,673	9.6%	1,996
0 to 30 Days	323,572,396	87.3%	25,830
31 to 60 Days	6,079,723	1.6%	554
61 to 90 Days	3,067,075	0.8%	207
91 to 120 Days	1,319,532	0.4%	97
121 to 150 Days	674,917	0.2%	47
151 to 180 Days	638,074	0.1%	43
<b>Total:</b>	<b>\$ 370,763,390</b>	<b>100.0%</b>	<b>28,774</b>

PS

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