

Request for Proposals for New York State Minority and Women Revolving Loan Trust Fund

Questions and Answers

The following are a list of responses to questions submitted by prospective respondents (“Respondents”) to ESD’s Request of Proposals dated May 1st, 2017 (“RFP”) for New York State Minority and Women Revolving Loan Trust Fund. A copy of the RFP is also available at: <http://www.esd.ny.gov/CorporateInformation/RFPs.html>.

Questions listed in this document were received in writing following the release of the RFP on May 1st, 2017 and before the deadline for inquiries to be submitted on May 30, 2017.

#	Questions	Responses
1	Regarding the establishment of a MWRLTF loan committee, we have a loan committee for our current lending products. Would it be acceptable for this existing committee to serve as our MWRLTF loan committee as well?	There is no restriction preventing members of an existing loan committee from inclusion in the MWRLTF loan committee.
2	Regarding the requirement that an applicant must primarily focus its activities on M/WBE and/or small business lending: we do currently makes loans to M/WBE’s and provide technical assistance as well, but we also have a large portfolio of loans and lending products for other underserved homebuyers and homeowners (first mortgages, closing cost assistance, home improvement loans etc.) Do these additional activities preclude us from applying for this RFP?	These activities do not preclude an organization from applying. Applicants will be evaluated by the criteria set forth in the Request for Proposals.
3	Are any funds available for providing technical assistance to applicants of loans and any post loan services? I do not see any reference to funding for this	At this time the MWRLTF is providing loan capital.

4	<p>Regarding the information for the Proposal Summary (Attachment B), what is the Loan Loss Reserve Ratio and how is it calculated? Also, how does it differ from the Delinquency Ratio and the Net Loss Ratio?</p>	<p>Attachment B</p> <p>Calculations for items 4 and 5</p> <p>e. Delinquency Ratio: calculated by dividing the delinquent balance by the total outstanding portfolio balance.</p> <p>f. Net Loan Loss Ratio: calculated by dividing the net write-offs by total outstanding portfolio balance.</p> <p>g. Loan Loss Reserve Ratio: calculated by dividing the loan loss reserve balance by the outstanding loan portfolio balance.</p>
5	<p>Regarding the Self Sufficiency Ratio, we are assuming that this ratio (earned income / expenses) applies to the recipients of the loans. Please let us know if this is correct.</p>	<p>The Self Sufficiency Ratio is calculated by dividing the applicant's (prospective MWRLTF Administering Corporation's) earned income by its expenses.</p>
6	<p>The RFP does not specify whether the Administering Corporation has responsibility for maintaining and reporting on the activities of the Revolving Loan Trust Fund in perpetuity or if the reporting period lasts for a specific time period. Please clarify, and if for a specific time period what happens to the remaining principal balance at the end of the reporting period?</p>	<p>Administering Corporations are required to report quarterly and annually until the program concludes.</p> <p>Principal repayments received by the Administering Corporation must be returned to ESD with Quarterly Reports. Upon review by ESD and at its discretion, these repayments may be returned to the Administering Corporation for further lending.</p>
7	<p>The RFP does not give guidance on when the Administering Corporation should be charging off loans. Will the Administering Corporation be required to set up a separate Loan Loss Reserve Fund with their own funds? Or will the losses be taken from the principal of the MWRLTF? At how many days of delinquency will charge offs be required or expected?</p>	<p>Administering Corporations must write off loans according to their internal procedures and as described in its proposal. ESD will require proof that a loan has been written off prior to reducing the revolving loan capital balance.</p>

<p>8</p>	<p>The RFP seems to suggest on page 6 that the borrowers must be certified MWBEs but doesn't explicitly state this. Many minority and women owned businesses are not officially certified MWBEs by the state of New York, would they be eligible for this fund? And if so what documentation would the ESD accept as verification that they are in fact MWBEs?</p>	<p>Loan recipients need not be certified M/WBEs in order to receive a loan under this program. A Loan Certification subject to ESD's approval will be required prior to each loan closing in which the Administering Corporation must document its efforts in determining M/WBE status. The Administering Corporation is expected to screen its clients, describe its screening process, and certify to the fact that borrowers that receive loans under the Program meet the following definitions of MBE and WBE:</p> <p>Women-owned Business Enterprise (WBE) A WBE is a business enterprise in which at least fifty-one percent (51%) is owned, operated and controlled by citizens or permanent resident aliens who are women.</p> <p>Minority-owned Business Enterprise (MBE) An MBE is a business enterprise in which at least fifty-one percent (51%) is owned, operated and controlled by citizens or permanent resident aliens who are meeting the ethnic definitions listed below:</p> <p>Black Persons having origins from any of the Black African racial groups.</p> <p>Hispanic Persons of Mexican, Puerto Rican, Dominican, Cuban, Central or South American descent of either Native American or Latin American origin, regardless of race.</p> <p>Asian-Pacific Persons having origins from the Far East, Southeast Asia or the Pacific Islands.</p> <p>Asian-Indian Subcontinent Persons having origins from the Indian subcontinent.</p> <p>Native American or Alaskan Native Persons having origins in any of the original peoples of North America.</p>
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9	<p>The RFP mentions a step which must be taken by ESD before an approved loan can be funded and the loan closed by the Administering Corporation; that is the acceptance by ESD of the Administering Corporation's certification. Can ESD provide guidance on the number of days it will take before the Administering Corporation's certification will be either approved or denied?. Can this certification and approval take place by email or other electronic means?</p>	<p>ESD staff will review Loan Certification requests as they are received. Electronic requests are acceptable. Decisions for complete Loan Certification requests will be granted within 5 business days.</p>
10	<p>Can the Administering Corporation utilize its current small business loan committee as the Trust Fund Loan Committee?</p>	<p>There is no restriction preventing members of an existing loan committee from inclusion in the MWRLTF loan committee, so long as the loan committee consist of at least six persons experienced in commercial lending or operations of a for-profit business, one-third of the members must be minority persons and one-third of the members must be women.</p> <p>This answer supersedes the answer provided to Question 1. Please note that proposals need not name specific individuals that will serve on the MWRLTF loan committee, but the organization's ability to create such a committee.</p>
11	<p>Is it the intention of ESD as the RFP seems to state under the Ineligible Projects section of the RFP, that this loan fund cannot be used to refinance high-cost debt that is creating cash flow problems for the borrower?</p>	<p>Refinancing is an ineligible use of program funds</p>
12	<p>Can two or more eligible Administering Corporations submit a joint application?</p>	<p>Yes, up to two entities can submit a joint application but the participating entities must identify a primary applicant who will be responsible for receiving the funds and clearly explain the role, responsibilities, and service area of each entity.</p>

13	<p>Can an eligible Administering Corporation apply to administer a MWRLTF in just some of the seven regions listed or must they agree to cover all regions?</p>	<p>An eligible Administering Corporation may apply to administer a MWRLTF within any or throughout all of the listed regions. Preference may be given to those organizations that are able to serve the largest area within a region.</p>
14	<p>Is ESD allowing applicants to pursue partnerships and submit joint proposals for this RFP?</p>	<p>Yes, up to two entities can submit a joint application but the participating entities must identify a primary applicant who will be responsible for receiving the funds and clearly explain the role, responsibilities, and service area of each entity.</p>
15	<p>Referring to above RFP language, what is the status of the “award”? It is a loan to us? What are the terms of the Loan Agreement?</p>	<p>This is a request for proposals from organizations interested in becoming Administering Corporations for MWRLTF loan capital. Selected Administering Corporations will be required to enter a Grant Disbursement Agreement with ESD.</p> <p>The Administering Corporation is responsible for facilitating and servicing loans with MWRLTF loan capital. MWRLTF loan capital must be returned to ESD upon the conclusion of the program.</p>
16	<p>In the RFP Program Guidelines, section B, an Eligible Borrower is defined as “a M/WBE whose primary place of business is located in New York State, independently owned and operated, not dominant in its field, and employs one hundred or fewer persons.” Must the business enterprise have official NYS M/WBE Certification? OR, will a business in which a woman or a minority person “controls a majority ownership interest” also be eligible to participate in the loan program?</p>	<p>Loan recipients need not be certified M/WBEs in order to receive a loan under this program. A Loan Certification subject to ESD’s approval will be required prior to each loan closing in which the Administering Corporation must document its efforts in determining M/WBE status. The Administering Corporation is expected to screen its clients, describe its screening process, and certify to the fact that borrowers that receive loans under the Program meet the following definitions of MBE and WBE:</p> <p><u>Women-owned Business Enterprise (WBE)</u> A WBE is a business enterprise in which at least fifty-one percent (51%) is owned, operated and controlled by citizens or permanent resident aliens who are women.</p> <p><u>Minority-owned Business Enterprise (MBE)</u> An MBE is a business enterprise in which at least fifty-one percent (51%) is owned, operated and controlled by citizens or permanent resident aliens</p>

		<p>who are meeting the ethnic definitions listed below:</p> <p>Black Persons having origins from any of the Black African racial groups.</p> <p>Hispanic Persons of Mexican, Puerto Rican, Dominican, Cuban, Central or South American descent of either Native American or Latin American origin, regardless of race.</p> <p>Asian-Pacific Persons having origins from the Far East, Southeast Asia or the Pacific Islands.</p> <p>Asian-Indian Subcontinent Persons having origins from the Indian subcontinent.</p> <p>Native American or Alaskan Native Persons having origins in any of the original peoples of North America.</p>
17	<p>Will a business in which a woman or a minority person “controls a majority ownership interest” also be eligible to participate in the loan program?</p>	<p>A woman or a minority must own at least 51% of the business, as well as operate and control the business in order to be eligible to receive a loan from MWRLTF.</p>
18	<p>Will the grant cover administrative expenses?</p>	<p>There is no specific allocation for administrative expenses. Administering Corporations may retain interest earned on loans to offset administrative expenses.</p>

19	<p>Is this a grant or a loan? The answer to question 15 mentions “Grant Disbursement Agreement” (the RFP mentions “Loan Agreement”) but also states “MWRLTF loan capital must be returned to ESD upon conclusion of the program as defined in RFP.”</p>	<p>MWRLTF loan capital is not considered as a loan to the Administering Corporations. As indicated in the response for question #15, Administering Corporations will be required to execute a Grant Disbursement Agreement for use of the MWRLTF loan capital. Administering Corporations will make loans with the award until the program ends, at which time the MWRLTF loan capital (minus approved claims) is returned to ESD.</p>
20	<p>Please indicate what the conclusion of the program is. I do not see it in the RFP.</p>	<p>Program conclusion will be further defined in the Grant Disbursement Agreement, however MWRLTF loan capital is expected to revolve until :</p> <ol style="list-style-type: none"> 1. ESD determines that MWRLTF loan capital is no longer being used or is no longer needed; or 2. Administering Corporation determines that MWRLTF loan capital is no longer needed.
21	<p>If the CDFI is located in New York City, does it mean it is excluded from applying? Please refer to page #2, item B.</p>	<p>CDFIs that are located in New York City are not excluded from applying. Eligible applicants must demonstrate capacity to serve the regions outlined in the Request for Proposals. MWRLTF loan capital may not be used outside of the Regions listed.</p>
22	<p>Would an entity be considered an eligible applicant for the MWRLTF if the entity is limited to municipal boundaries within a specific city or town instead of an entire region?</p>	<p>A limited geographical area would not render the applicant ineligible. An eligible Administering Corporation may apply to administer MWRLTF funds within any of the listed regions. Preference may be given to those organizations that are able to serve the largest area within a region.</p>
23	<p>Would multiple funders be considered for funding within the same geographic region?</p>	<p>Yes.</p>