

**Addendum 1 – Questions and Answers regarding the Small Business Loan Participation Program, State Small Business Credit Initiative (SSBCI 2.0) Request for Proposals (RFP)**

1. ***Q:* *Would the city be the responder and the lender?***

A: Eligible Responders must be nonprofit loan funds that meet the criteria listed in Section 2 *Summary of Scope*, subsection5 *Lender Qualifications* of the RFP.

1. ***Q: What would we submit to you to participate?***

A: Submission requirements are listed in Section 4 *Proposal Content* of the RFP.

1. ***Q:* *Our role is usually one of gap lending, putting us in a subordinate position on most of our loans. I see that the Master Agreement covers the terms of that in section 3.01. However, I cannot find how subordination in the event of the borrower refinancing the first-position debt would be treated. This is a common occurrence for us, and in general, if there is ZERO NEW DEBT being made above us, we have always resubordinated to the new lender. How would DEED view this scenario?***

A: Department of Employment and Economic Development (DEED) anticipates enrolling lenders that regularly take a subordinate lien position on loans they originate. If Responder was in a subordinate lien position on a loan at the time of its origination, DEED would not expect that lien position to change in the event of a refinancing of the first-position debt. However, unless the conditions of Section 4.03 of the Master Agreement are met, DEED would expect its purchased participation to remain *pari passu* with any portion of the enrolled loan retained by Responder or sold to another third party lender.

1. ***Q:* *Can you please tell us if it’s an absolute requirement that organizations must be a CDFI to apply to this program?***

A: As outlined in Section 2 *Summary of Scope,* subsection 1 *Procurement Overview,* Eligible Responders may be nonprofit loan funds that are not certified as CDFIs so long as Responder can demonstrate that it meets the following criteria:

* have a primary mission of promoting community development;
* serve an investment area or targeted population;
* provide development services in conjunction with loans;
* maintain, through representation on their governing board or otherwise, accountability to residents of their investment area or targeted population; and
* are not an agency or instrumentality of the United States, or of any state or political subdivision of a state.