

Questions on Rural Energy Services Loan Program RFP

December 11, 2020

- *What are the Low- and Moderate-Income requirements?* There are no requirements to serve any specific income segment under this loan program. The participants must be credit worthy.
- *What type of documentation is provided to an applicant that the Compact identified as being eligible? May we obtain a sample of this document?* The Compact is in the process of developing all program related documents and will provide as soon as they are completed. The Compact intends to model its documents after the HEAT Loan application and the Massachusetts Clean Energy Center Solar Loan application.
- *Will the consumer product only be available to primary homeowners? (not secondary or investment homes)?* The RESP loan program will be open to all eligible credit-worthy participants regardless if the home is their primary residence.
- *Are nonprofits eligible?* A non-profit would be eligible if it is a commercial small business customer as defined under the Cape Light Compact's Energy Efficiency program. A small business customer is defined as a customer who uses less than 1,500,000 kilowatt hours per year.
- *Does the \$50,000 max govern the small business energy efficiency, as well as Solar?* Yes, the \$50,000 is a cap per customer. It can be for energy efficiency, solar, or a combination of the two.
- *Will our standard consumer underwriting guidelines work for the program or do we need to do these differently?* Your proposed underwriting guidelines are acceptable.
- *Should the monthly delinquency aging report be for 30 days late or two payments?* Thirty days late.
- *Will there be credit reporting for consumer and/or commercial?* Yes, for both residential and commercial
- *Will there be a UCC filing for the solar panels / equipment?* No UCC filing is required.
- *Please explain the reporting requirements for RUS.* RUS has not provided the final reporting requirements to the Compact. Attached are the federal regulations that provide an overview of RUS's reporting requirements. As soon as the Compact receives final reporting instructions from RUS, the Compact will provide the documents. As noted in the RFP, any unanticipated costs shall be negotiated separately.
- *What are the end of month reporting requirements from Loan Servicing? Are there any special formats required? Is there a reporting tool / portal that the Bank will have access to? What would need to be reported (i.e., Delinquency, loss mitigation plans, legal action, etc.).* See previous response.

- *Are past due loans to be referred back to CLC after a certain time frame? (CC5 charges off unsecured consumer loans at 120 days). Referring past due loans back to the Compact after 120 days is acceptable.*
- *Should Commercial Loans be handled differently? No, commercial loans should be handled in the same manner as residential loans.*
- *Upon compact authorization, would the Bank be reimbursed for legal and collections costs incurred? One of the items to be negotiated during the contract negotiation process is how the collection process will work. It may be driven in part by RUS loan requirements which the Compact has not yet seen. If the bank incurs extra costs related to collection efforts, additional compensation will be negotiated and provided to the bank.*
- *Will the Compact be acquiring the rights to the S-recs in the event of a default? Solar projects are eligible for participation in the MA SMART tariff. The Compact does not intend to secure rights to the SMART payments.*
 - *If yes, how would those funds be applied to the loan?*
- *What are the collection effort expectations? What documentation is required? See above.*
- *Would the loan be closed in the Bank's name or the Cape Light Compact's name? Pursuant to RUS requirements, the loan has to be closed in Cape Light Compact's name*
- *Who will the remittance be submitted to and in what format? The remittance will be submitted to the selected vendor. The RFP references this issue and is looking to the third-party administrator to propose the most efficient and cost effective remittance process.*
 - *What additional information will be needed with the funds? ????? This question is not clear.*
 - *Do we need to submit the consumer loans separate from commercial loans? Unless otherwise specified by the RUS, residential and commercial loans do not need to be submitted separately.*
 - *Remittance will be month-end? Yes, that is acceptable*
- *What are the Compact's requirements / process to disburse funds for consumer? The Compact is in the process of preparing the program documents and they will be provided upon completion. As noted previously, the program requirements are being modeled after the HEAT Loan and MA CEC solar loan programs.*
- *What are the Compact's requirements / process to disburse funds for commercial? The third-party administrator will receive an approved application for a participating commercial customer and will disburse the funds in accordance with the Compact's requirements, which are being developed. The solar disbursement process shall be the same for both residential and commercial customers.*
- *May we please see exhibits A, B, D, E, and F, as noted in the contract? The existing exhibits were attached to the contract form in the RFP. Some of the exhibits are developed through the contract award and negotiation process.*

- *Regarding the 15 day termination period, is Cape Light Compact willing to increase this time frame? Would you consider a “cure” period if terminated for cause? Yes.*
- *May we please have more information on the conflicts of interest statement: the administrator will not "not to undertake activities that conflict, or are not in accordance with, the best interests of the Compact"? If the language is unclear to proposer, please offer a contract edit that satisfies any concerns that the proposer has.*
- *Regarding indemnification, would Cape Light Compact be willing to limit the Bank's indemnification requirement to the traditional fraud, gross negligence and willful misconduct? No; this is not consistent with Compact practice. Further, shifting liability and costs resulting from a private party's negligence to a public entity is not in the public interest.*
- *Regarding the liability cap, the statement “The Compact has the right to audit the Bank's books, records, and other data compilations "associated" with its performance under the Agreement” is very broad. Is there a cap that you would consider? The Compact cannot provide a liability cap as per Massachusetts law as explained in the contract form provided in the RFP. Further, shifting liability and costs resulting from a private party's negligence or failure to perform under the contract to a public entity is not in the public interest.*
- *Regarding records and audits, the statement “The Compact has the right to audit the Bank's books, records, and other data compilations "associated" with its performance under the Agreement” is quite broad. May we limit the types of records subject to this right? Yes.*