

Call for Expression of Interest Ref.: VP-1117
Subject: JESSICA Holding Fund in Lithuania – Selection of Financial Intermediaries
QUESTIONS and ANSWERS

Nr	Question	Answer
1	<p>Clause 6 of Call for EoI provides that the EIB reserves the right to reject any applicant undergoing a change in identity, control, financing standing or other factors impacting on the selection and/or evaluation process affecting the applicant.</p> <p>We would be grateful if you shall clarify whether the following factors shall impede an applicant to be accepted for the further selection process:</p> <ul style="list-style-type: none"> - a potential applicant is undergoing a change in control (in its ownership structure), i.e. all shares in a company (potential applicant) are in the process of selling because of the parent company's insolvency (bankruptcy procedures have already occurred). 	<p>The EIB reserves its rights to reject any applicant undergoing a change of control to the extent this event has an impact on the selection process. The EIB will analyse the new ownership structure in this regard.</p>
2	<p>Could you provide a MS Word version of template for expression of interest and annexes?</p>	<p>The Call for EoI is provided as an editable PDF. Alternatively, the applicant might print out the PDF and submit a filled out scanned version of the document.</p>
3	<p>Appendix B Clause 2</p> <p>Please provide us with the list of the applicable EU rules that has to be followed. Please also specify what kind of information and for which period will have to be kept.</p>	<p>The EU Rules would typically include (without limitation): rules set out in the EU Structural Funds Regulations (Regulation 1080/2006, 1081/2006, 1083/2006, and 1828/2006) including rules on eligible expenditure, EU State Aid Rules, procurement rules, rules relating to environment and any guidance notes or similar. Any information has to be kept in line with requirements and for the term provided under the EU Structural Funds Regulations.</p>
4	<p>Appendix B Clause 5</p> <p>Please clarify under which obligations breach the Financial Intermediary will have to cover the losses incurred by JHF. And what kind of losses have to be covered?</p>	<p>The Operational Agreement to be entered with the FI will take the form of a contingent loan whereby the JHF will in principle bear credit losses suffered by the FI with the Final Recipients to the extent provided under the relevant risk sharing mechanism. However where these losses are incurred because of non-compliance of the FI with its obligations under the Operational Agreement, these will have to be covered by the FI.</p>
5	<p>Appendix B Clause 8</p> <p>Please clarify the requirement "with no limitation of contractual liability of the FI in connection with, inter alia, the selection and management of the Renovation Project."</p>	<p>This means that the FI will have full liability for the selection and management of the Renovation Projects.</p>
6	<p>Appendix B Clause 9</p> <p>Please provide more details regarding the information that has to be provided by the FI. Will the required reports, their templates and content have to be defined as the part of the Operational agreement?</p>	<p>The reporting obligations shall be stipulated by the EIB in the Operational Agreement.</p>
7	<p>Appendix B Clause 10</p> <p>Please clarify what will be the criteria for making the final decision on tranche?</p>	<p>Certain dates and rate of contracted amount by the FI (in case of more than one tranche) will be stipulated by the EIB in the Operational Agreement.</p>
8	<p>Appendix B Clause 11 and Clause 14</p> <p>Please specify what percentage of interest "payable based on market pricing" you expect.</p>	<p>The EIB envisages that such funds will earn interest at either 1 or 3 month EURIBOR rates.</p>
9	<p>Appendix B Clause 13</p> <p>Please clarify the requirement "...shall be fully disbursed to the Renovation Projects within the deadline...". Does that mean that bank's obligation is fully disburse all EUR 10 million?</p>	<p>Please see responses to Questions 28 and 33.</p>

Call for Expression of Interest Ref.: VP-1117
Subject: JESSICA Holding Fund in Lithuania – Selection of Financial Intermediaries
QUESTIONS and ANSWERS

Nr	Question	Answer
10	<p>Appendix B Clause 16 Please clarify how should be evaluated if "...all reasonable efforts to assess..." has been used? How the FI may be sure that the FI's assessment will be considered by EIB as being enough for "reasonable efforts". Please note that the evaluation of Administrator shouldn't be defined as evaluation of creditworthiness as the repaying Modernization Loan is not Administrator's of Common Property responsibility, its responsibility is to collect the repayments from the Final Recipient. Moreover, the FI should not evaluate the Administrator of Common Property that was appointed by the Municipality as the FI does not have any impact on Municipality's decision. In case when Administrator of Common Property is selected by the apartment owners (not appointed by Municipality) the creditworthiness should not be evaluated as well as the Administrator is not responsible for repaying the Modernisation Loan, its responsibility is to collect the repayments from the Final recipient.</p>	<p>The standard of care which will be applicable is the standard which can be expected from an EU regulated bank on an objective basis. The assessment of creditworthiness will indeed be applied to the Final Recipients, whilst for the selection of the Administrators of Common Property their standard of diligence in collecting amounts will be assessed and their indebtedness level.</p>
11	<p>Question 9 Appendix B Clause 17 (i) Please specify what "...other actions by FI , which is necessary for implementation of Renovation Project" may be. (ii) Please clarify how could the FI ensure "... that each Final Recipient who is named as having signed the decision, was in fact present at the meeting or meetings"? There is no possibility for the FI to participate in all the organized meetings; also there will be no decision taken before or during the meeting which FI is going to be selected for the Modernization Loan. It will be Administrator's of Common Property decision with which FI the Modernisation Loan agreement is signed. Moreover in case when the loan is granted to the Administrator of Common Property the FI has no direct relationship with the Final Recipients. The FI's responsibility may be the checking of documentation of the meeting.</p>	<p>(i) The FI shall undertake all actions, which it deems necessary to fulfil its obligations under the Operational Agreement. The listed functions serve as example, and it is the responsibility of the FI to decide, what actions are necessary in order to comply with the requirements of the Operational Agreement. (ii) The FI will be indeed responsible for verifying the completeness and correctness of the documentation of the meetings, whilst the Administrator of Common Property shall be responsible to ensure that the meetings were conducted and documented properly and the Final Recipients have been duly represented. This responsibility of the Administrator of Common Property may be established in the Modernisation Loan Agreement to be concluded between the FI and the Administrator of Common Property.</p>
12	<p>Appendix B Clause 18 (h) Please clarify the meaning of "the FI shall be entitled to recover any losses...". Does the entitlement to recover losses mean that FI is responsible for getting compensation for losses from the Administrator of Common Property and transferring it to EIB. If the obligation is breached by a Final Recipient then Administrator of Common Property is responsible for getting compensation for losses from the Final Recipient and transferring it to the FI then FI has to transfer to EIB. (j) ii Please clarify "...The Modernisation Loan Agreement as a whole shall not be classified as being in default, except for the purpose of the Management and Guarantee Fee calculation...". Does that mean that in case when Modernisation loan was granted to Administrator and one of apartment owners is in default then the all amount of Modernisation Loan will not be a subject for Management fee?</p>	<p>(h) The described entitlement to recover losses by the FI is correct. The right to recover losses by the FI from the Administrator of Common Property needs to be set out in the Modernisation Loan Agreement, concluded by the FI and the Administrator of Common Property. In certain cases, where it is deemed by the FI that it is more competent to recover losses on behalf of the Administrator of Common Property from the Final Recipient directly, provisions for this should also be made in the Modernisation Loan Agreement in order to ensure that the FI is acting in accordance with market practice. (j) The EIB is amenable to enter arrangements whereby for a certain amount of time the FI may be able to get managements fees over all the amount of the Modernisation Loan. However should the default in payment become serious (i.e last longer than a certain period of time to be determined in the Operational Agreement) the FI would lose its entitlement to the management fees on the total amount of the Modernisation Loan.</p>

Call for Expression of Interest Ref.: VP-1117
 Subject: JESSICA Holding Fund in Lithuania – Selection of Financial Intermediaries
 QUESTIONS and ANSWERS

Nr	Question	Answer
13	<p>Appendix C Definition of Administrator of Common Property Please describe in details the differences between two types of Administrator of Common Property which is set in clause (iii) and clause (v). In both cases Administrator of Common Property should be authorized by the decision or agreement of the owners of apartments and other premises of multi-apartment building, which is entitled to administer the property under applicable laws. Please note that undefined Administrator of Common Property create uncertainty for us.</p>	<p>For the purposes of the Operational Agreement and the Call documentation, under the definition of the Administrators of Common Property fall not only persons appointed and acting as administrators of certain multi-apartment building, but also other persons or entities, which will not be appointed as an actual Administrators of Common Property but will only act as Renovation Projects managers under the mandate agreement and will be entitled to enter into a Modernisation Loan Agreement with the Final Recipients, as it is provided in the Law on Support for Housing (Article 15 (3)). In any cases, the FI entering into Modernisation Loan Agreements shall comply with the requirements set out in applicable legal acts.</p>
14	<p>Appendix E Clause 17 Please provide detailed explanation about the assignment of the demand rights to recover directly from Final Recipients. Could Administrator of Common Property assign demand rights to EIB too, or to FI only (in such case FI assigns all rights from Modernisation loan agreement)? Is it possible to secure claims arising from Modernisation loan agreement with pledge of demand rights, registered in immovable pledge registry, instead of assignment agreement? Who should bear the cost of such pledge (Administrator of common property or Final Recipients)?</p>	<p>The EIB does not have any relationship with the Administrators of Common Property. Under the Operational Agreement the FI shall be obliged to provide for the assignment of rights in the Modernisation Loan Agreements with the Administrators of Common Property and undertake to assign such rights to the EIB. This assignment shall not release the FI from the obligation to ensure due recovery of the payments under Modernisation Loan Agreements. The FI is free to request adequate security measures from the Administrator of Common Property, including pledge of the account of funds, received from the Final Recipients or pledge of the demand rights. The cost for security measures shall be borne by the FI.</p>
15	<p>Call for Expression of Interest Clause 7 Please clarify what is the meaning of “certified translation”. Could translation be made by private certificate translator who acts under agreement with FI without any additional certification?</p>	<p>A process of certification of the translation has to be undertaken in compliance with the laws of the countries where the applicant is established. In general, a certified translation is only performed by a professional translator who has been recognised by the appropriate authority. The process of certification as well as the necessary authority varies from country to country. The translation is generally accompanied by a signed statement attesting that the certified translator is competent in the source and target languages and that the certified translation is an accurate rendition of the source document. A stamp on the document itself can also be used.</p>
16	<p>Annex 3 Clause F - 3 The investment strategy of the FI (b) Please clarify the meaning of “The applicant shall indicate how it intends to exit from investments in Renovation Projects...”?</p>	<p>The applicant shall indicate how it intends to exit from investments in Renovation Projects which might be simply through normal repayment amortisation in respect of loan financing, for example.</p>

Call for Expression of Interest Ref.: VP-1117
Subject: JESSICA Holding Fund in Lithuania – Selection of Financial Intermediaries
QUESTIONS and ANSWERS

Nr	Question	Answer
17	<p>19 page. 5 Annual management fee. Overall management fee must be capped at 3% per annum.</p> <p>While modelling the situation it may happen that the bigger disbursement of funds and their return would take place in one year. In such case the annual administration fee would exceed the ceiling of 3% and would reach, for example, 3.5%.</p> <p>1) What would happen if the annual administration fee exceeded by 0.5%?</p> <p>2) How JHF is going to consider the situation if</p> <p>in 2014 – general annual management fee is 2.1 % in 2015 - general annual management fee is 3.5 % in 2016 - general annual management fee is 2.8 % would the average be calculated? Would the annual management fee be decreased to 3% in 2015?</p> <p>The practice shows that the flat owners do their best to cover the credit as soon as possible. If the credit is repaid over the shorter period, then the annual management fee would respectively increase.</p> <p>3)How JHF is going to consider the situation if the overall management fee during all the years would be reaching the set maximum, however, not exceeding it but due to the repayments of the last 2-3 years the percentage of the overall management fee would increase, for example, up to 3.1%?</p>	<p>Following the EU Structural Funds Regulations the "<i>Management Costs may not exceed, on a yearly average, for the duration of the assistance ... 3% of the capital contributed from the OP or the HF to the financial engineering instrument</i>".</p> <p>1) Under the EU Structural Funds Regulations, this % can be averaged over the years between 2012 and 2015. The UDF may exceed one year by 0.5% this cap to the extent it compensates this excess the following year (by incurring for instance a maximum of 2.5%). 2) Under the EU Structural Funds Regulations, this cap applies until 31 December 2015. It is however expected that thereafter the % of the management fee will decrease over time; particularly since, as from 2016, the EU Structural Funds monitoring requirements and workload requested from the UDF are expected to decline. 3) Until 31 December 2015, the management cost may not exceed on a yearly average of 3% of the amounts contributed to the FI.</p>
18	<p>Please explain, is there any possibility for FI to invoke the subcontractor for certain tasks after the Operational Agreement is signed within EIB and selected FI? If so, what information on subcontractors shall be provided in application form?</p>	<p>The FI may subcontract some tasks subject to prior agreement by the EIB. However in case subcontracting is allowed, the FI will remain the only counterpart of the JHF and will be fully liable for the completion of all tasks pursuant to the Operational Agreement. The Offer should contain all the details of the subcontracting arrangements to allow the EIB to assess the impact of the subcontracting on the provision of the services.</p>
19	<p>Can the same Applicant be a member of consortium in one Application submitted to this Expression of Interest also to submit the Application to this Expression of Interest as single Applicant?</p>	<p>Yes, provided that the submission by the applicant in both cases does not distort competition (i.e. the Offer of the applicant should neither be identical in both cases, nor should there be such a variation as to render a comparison impossible). In this case the applicant should not be the lead member of the applicable consortium.</p>
20	<p>Please explain, are the funds under this Expression of Interest are targeted only to the „new“ multi-apartments buildings renovation programme (loan for administrator of multi-apartment houses) or the funding also will be available for the „previous“ programme? Is it required to indicate within this Application under what renovation model the funds will be available?</p>	<p>The FIs are required to extend the Modernisation Loans pursuant to the Modernisation Loan Agreements to the Final Recipients or to the Administrators of Common Property to implement eligible Renovation Projects, in accordance with the provisions of the Law on Support for Housing which contains provisions of both "new" and "previous" multi-apartment buildings renovation programme.</p>

Call for Expression of Interest Ref.: VP-1117
Subject: JESSICA Holding Fund in Lithuania – Selection of Financial Intermediaries
QUESTIONS and ANSWERS

Nr	Question	Answer
21	<p>Please explain what legal and/or natural entities are carrying the financial responsibility and what requirements can be set for the loan disbursement/repayment due to each certain circumstance:</p> <ul style="list-style-type: none"> • during procurement/construction works phase the additional means were performed that are not the subject for the eligibility of JESSICA funds; • the heating expenses and the amount of refundable investments are higher than expected after the renovation of multi-apartment building; • if the Construction Contractor is bankrupt or is in the different situation since the conditions when the Contract was concluded, however the renovation project is not completed. 	<p>The EIB is responsible to provide explanation to the Call for EoI documentation but not to comment or interpret any EU or national legal acts. Each entity is responsible to get an adequate legal assistance and to consult applicable EU and national legal acts, regulating procurement, construction and other civil relationships and obligations resulting thereof.</p>
22	<p>What legal and/or natural entities are responsible to ensure that the requirements applicable in EU Structural and Cohesion Funds rules were implemented?</p>	<p>The system for ensuring the eligibility of expenses to the EU financing and responsible entities is described in the EU Rules, listed in response to Question 4. Respective national legislation shall also be consulted.</p>
23	<p>Please explain, what legal and/or natural entities will carry the validation of procurement documents, technical specifications, legitimacy of the procurement procedure (in order to assure fair competition, transparent process also that means that are procured are eligible for funding) in case that procurement is performed not using central purchasing catalogues?</p>	<p>Please see responses to Questions 21 and 22. As relates to the implementation of modernisation projects in Lithuania, among other legal acts (without limitation), the Law on Support for Housing and the Government Resolution on Rules for Providing State Support for Modernisation of Multi-Apartment Buildings and Establishment of Energy Efficiency of Investment Projects should be consulted.</p>
24	<p>Please explain, what legal and/or natural entities will carry the validation of technical specifications (quality, sufficiency) in order to assure that the means that are procured are eligible for funding in case that procurement is performed using central purchasing catalogues?</p>	<p>Please see response to Question 23.</p>
25	<p>According to the Call of Expression material FI will report to the JHF quarterly in a format to be stipulated by EIB as the JHF manager.</p> <p>Questions:</p> <p>i) is it planned to set the reporting requirements until the level of Administrator or until the level of Final Recipients?</p> <p>ii) is it planned to coordinate reporting requirements with the possibilities of software for accounting of the loan that is created under the initiative of Ministry of environment?</p>	<p>i) In case the Modernisation Loan Agreement is signed with an Administrator of Common Property, reporting requirements will be up to the level of the Administrators of Common Property, but for monitoring purposes from time to time the EIB will request the FI to obtain information from the Administrators of Common Property up to the level of the Final Recipients. Most probably in the cases of payment delays of an individual Final Recipient and / or when the EIB, or any authorised entity performs on-site verifications. The applicants' attention however is drawn to the fact that access to information at level of the Administrators of Common Property and the Final Recipients must be available to the EIB and authorised entities at all times.</p> <p>ii) There is no possibility to coordinate reporting requirements with other software.</p>
26	<p>According to the Call of Expression material FI shall indicate the "experience in assessing the creditworthiness of potential Final Recipients and/or Administrators of Common Property" and "the FI shall use all reasonable efforts to assess the creditworthiness of Final Recipients or Administrators of Common Property". Is it really necessary to assess the creditworthiness of Administrators of Common Property if such administrator is appointed by municipality and what are the reasons behind?</p>	<p>The creditworthiness check of the Administrator of Common Property shall be limited to its current indebtedness and its diligence in collecting debts. Please also see response to Question 10.</p>

Call for Expression of Interest Ref.: VP-1117
Subject: JESSICA Holding Fund in Lithuania – Selection of Financial Intermediaries
QUESTIONS and ANSWERS

Nr	Question	Answer
27	According to the Call of Expression material "The Modernisation Loan Agreement as a whole shall not be classified as being in default, except for the purpose of the Management and Guarantee Fee calculation and shall not be accelerated unless instructed to do so by the Bank or applicable legal acts provide otherwise. It is planned to qualify the whole loan as default loan for the purpose of the Management and Guarantee Fee calculation or only a part of the loan that is undue.	Please see response to Question 12 (ii).
28	According to the Call of Expression "The funds allocated to a FI should be <u>fully contracted</u> (i.e. loan agreement signed with Final Recipient or Administrator of Common Property) within the period prescribed in the Operational Agreement" and "The initial allocation of EUR 10 million must be invested in Renovation Projects by 31 December 2015. Please clarify what steps FI must take in case the Renovation Project is contracted (signed) with Final Recipient or Administrator of Common Property, but Renovation Project is still ongoing (not completed)?	In line with the EU Structural Funds Regulations, the Operational Agreement will provide that all funds are to be invested in Renovation Projects by 31 December 2015. Applicants' attention is drawn to the COCOF note 10-0014-04-EN which provides under 9.1.3 : " <i>The implementation of the investment activities by the final recipient may continue beyond 31st December 2015.</i> "
29	In the investment strategy of the FI part of business plan, FI has to describe terms and conditions for extending Modernization Loan. Also a separate management fee is provided for extended Modernization loans. How should term "extended Modernization Loan" be understood? Is this only a case of prolonged maturity of Modernization Loan? Or is it the only case when monthly instalment paid according to Modernization Loan Agreement exceeds the maximum amount established in the Renovation Project and confirmed by HUDA, or another agency or authority?	In this particular context, an "extended Modernisation Loan" means a Modernisation Loan, which has been disbursed fully or partially, whereby the terms and conditions for provision of the Modernisation Loans are required. It has no relation to the extended maturity or maximum amount.
30	The FI may require from the Final Recipients or the Administrators of Common Property a down payment accounting for not more than 5%. If the FI decides to require the Final Recipients or the Administrators of Common Property depositing a certain amount for predetermined period which could be used to cover delayed payments will such deposit be considered as a down payment?	The FI may require from the Final Recipient or the Administrators of Common Property a down payment and / or a deposit for delayed payments.
31	It is mentioned, that initial allocation of EUR 10M must be invested in Renovation Projects by 31 December 2015. In this case "invested" means contracted amounts or disbursed amounts against invoices issued by contractors for works performed? Also how FI should act in possible prolonged renovation works cases when part of the Modernization loan foreseen in the investment project might still not be disbursed by 31 December 2015?	First question: All funds are to be invested in Renovation Projects by 31 December 2015, meaning that the amounts have to be disbursed by this date. Please also see response to Question 28. Second question: Please see response to Question 28.
32	Regarding Risk Sharing. If FI has transferred the guaranteed amount of Modernization loan to the JHF, who would have the priority right to write off accrued debts from recovered amounts (i.e. FI or JHF, or proportionally, or some other case)?	In case of risk sharing, the FI will commit to share a % of the loss (guaranteed amount) on a pari passu basis with the JHF. Should eventually amounts be recovered at a later stage, those will be split amongst the FI and the JHF proportionally to the ratio of loss the FI has agreed to share with the JHF. Applicants' attention is drawn to the fact that the % of risk they are prepared to bear is evaluated as an evaluation criteria.

Call for Expression of Interest Ref.: VP-1117
Subject: JESSICA Holding Fund in Lithuania – Selection of Financial Intermediaries
QUESTIONS and ANSWERS

Nr	Question	Answer
33	Can FI apply Modernization Loan execution fee (documents evaluation, preparation)? If yes, will it's size be limited by EIB (JHF)?	The FI may charge the Final Recipient only the fixed interest rate and default interest for late payments. The Administrator of Common Property may be charged fines for breach or improper fulfilment of their non-monetary obligations, if provided in the Modernisation Loan Agreement. Any other fees, except for standard banking fees (banking transfer or account administration fee) are not permitted.
34	Will FI have a possibility to move the expenses of technical supervisor (if FI decides to attract its own or to buy the services in the market) to Final Recipients or the Administrators of Common Property?	Please see response to Question 33.