

**CLARIFICATION DOCUMENT**

**Call for Expression of Interest: to select financial intermediaries under the Lithuanian Leveraged Fund to implement a guarantee financial instrument in Lithuania**  
**Reference: PC-1439**

No	Question	Answer
1	<p>In the clause 5.1.Amounts allocated for the Call of Expression of Interest it is stated that “Tranches will be awarded to Financial Intermediaries that plan to grant Modernisation Loans (i) directly to the Final Recipients and/or (ii) to Administrators of Common Property &lt;...&gt; in compliance <b>with the principle of equal treatment, in a way that would best satisfy the estimated project pipeline for each lending method.</b>”</p> <p>i. Could you please provide detailed information about project pipeline volumes for each lending method, i.e. how much projects it is planning to implement during Availability period a) in accordance to municipalities renovation programmes (where the loan <b>shall</b> be issued to the Administrator) and b) others (where the loan <b>may be</b> issued to the Administrators or Final Recipients). Or maybe the estimated project pipeline for each lending method is distributed somehow otherwise?</p>	<p>i. The lending model is chosen and decided by the majority decision of the Final Recipients, where they decide to renovate the multi-apartment house, Recently around 70% of the project pipeline has been prepared using the Administrators model. However, there is no intention to limit the pipelines of the lending model, i.e. the homeowners are free to choose any model depending on their voting decision and preferences. Therefore, there is no obligation to propose lending to both models. Please note that the homeowners may decide to switch to another model depending on the available financing. Please also answer to Question No 36.</p>

	<p>ii. How the Guarantee amount will be shared between Applicants in case all Applicants will apply for maximum Guarantee amount volumes and will be evaluated as acceptable? How this might be affected by the model choice of the respective FI? (the case of “oversubscription”).</p> <p>iii. How the Guarantee amount will be shared between Applicants in case Applicant that scored highest applies for limited amount of tranches (say 3)? (this is the case of “undersubscription”).</p>	<p>ii. Tranches are intended to be split to satisfy the demand of both lending models. In case of multiple acceptable Applicants, the difference in scoring will be taken into account when determining how many tranches (if any) should be allocated to each Selected Applicant. For the avoidance of doubt, there is no obligation for the Applicant to apply for both models.</p> <p>iii. After the requested tranches will have been allocated to the Applicant that scored the highest, the remaining tranches would be allocated to the second highest ranking Applicant (and so on) or proportionally to the remaining Applicants, depending on the scoring.</p>
2	<p>In the clause 6.Instructions for Submission of Expression of Interest and Important Notices it is stated that Applicants are directed to the important notices stated that Eol must be drawn up on paper in duplicate (one original and one copy) as well as an electronic copy on CD or USB stick. Could you please clarify if CD or USB shall be presented to EIB separately or it could be enclosed into sealed envelope and presented together with a) original version of Eol or b) copy version of Eol?</p>	<p>Together with original and copy.</p>
3	<p>In the clause 6.Instructions for Submission of Expression of Interest and Important Notices it is stated that Eols must be drawn up in writing in English and any <u>official documents</u> in a language other than English must be <u>accompanied by a certified translation</u>.</p> <p>i. Please clarify which documents shall be treated as “official”?</p> <p>ii. Do “certified” translations mean “notarized” translation or a signature of the translator is</p>	<p>i. Any document to be provided by the applicant that is issued by a judicial or administrative authority.</p> <p>ii. Certified translations do not need to be notarised. As long as translator is certified translator, he can be in-house employee.</p>

	<p>sufficient? Can the translator be in-house employee?</p> <p>iii. Shall the Applicant provide required documents (for example financial statements for the past 3 years, external rating, etc.) in paper if these documents are published in the internet portal?</p> <p>iv. Could you please clarify what kind of “financial statement” shall be provided to EIB which “&lt;...demonstrating sound financial management to the satisfaction of EIB...&gt;?”</p>	<p>iii. All the documents requested in the context of this Call for Expression of Interest should be provided in both paper and electronic version in the application.</p> <p>iv. Adequate economic and financial viability is a minimum requirement for bodies implementing financial instruments in Article 7(1) of the CDR. As stated in the Call for Expression of Interest, Applicants shall provide evidence to the satisfaction of EIB evidencing their economic and financial viability and its entitlement to carry out the tasks foreseen herein and in its Business Plan under EU and national law. One possible approach to fulfil this requirement is to provide financial statements for the past 3 years. EIB will analyse the financial results presented in those statements. Based on the evidence provided, EIB will assess whether the requirement in Article 7(1) is fulfilled taking due account of the nature of the financial instrument to be implemented.</p>
4	<p>Could you please clarify whether the FI could set;</p> <p>i. Modernisation Loan agreement administration;</p> <p>ii. Modernisation Loan amendment fee?</p> <p>iii. Penalties from FR? If yes, please specify whether these penalties could/should be used as the Reflows of SPV Loan and Operational Loan?</p>	<p>The FI may charge the Final Recipient only the interest rate set in the Modernisation Loan Agreement 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.</p>
5	<p>Is it allowed to FI to sell the defaulted (non-performing) portfolio of Modernisation Loans to 3<sup>rd</sup> parties without a separate consent? If yes, please provide the conditions.</p>	<p>It is not envisaged that the Financial Intermediary would be permitted to assign any of its rights or transfer any of its rights and/or obligations under the Guarantee to a third party without the prior written consent of the EIB, as long as the loan forms part of the Portfolio covered by the Guarantee. However, kindly note that the enforcement procedure should comply with the Law on Support and other applicable legal acts.</p>
6	<p>Could you please clarify how many projects (in percentage or in number of projects) it is expected to be implement with investment into heating system (boiler) installation or modernized (with</p>	<p>According to current pipeline of prepared projects, the majority of the projects applied for the further 10% compensation of the costs, i.e. intends to implement the investment into heating system (boiler) installation or modernized (with individual accounting).</p>

	individual accounting) which could become eligible for additional 10 % Incentives?	
7	The Call conditions limit FI to change credit risk policies, guidelines and procedures without the prior written consent of the EIB. Please clarify if this restriction is limited only to product level (Modernisation Loans' portfolio) or all credit risk policies, guidelines and procedures?	The Call for EoI requires Applicants to describe their credit risk policy guidelines and the credit risk policy that would apply to the Modernisation Loans highlighting any deviations from the credit risk policy guidelines applicable to the Applicant's lending of comparable loan products. Amendments to the general credit risk policies that are within the normal business cycle and practice of the Financial Intermediary do not require EIB approval, as long as they may not negatively affect the performance of the Portfolio. It will be up to the judgment of the Financial Intermediary to inform the EIB of any amendment that the Financial Intermediary may consider to have such a negative affect, taking into account that certain changes may trigger a "change of Credit Policy Event" as defined in the Term Sheet, which may lead to an EIB Step-in Right. In other words, there is no requirement to inform the EIB every time there is an amendment to the general credit risk policy guidelines of the Financial Intermediary, only where in the reasonable assessment of the Financial Intermediary, the change may adversely impact the performance of the Portfolio or could lead to an EIB Step-in Right Event.
8	It is stated in the Call of EoI that EIB has no obligation to enter into a Guarantee Agreement with Selected Applicant. Does the Selected Applicant in any circumstances is obliged to enter into the Guarantee Agreement with EIB?	No, being selected as a Selected Applicant does not lead to an obligation for it to enter into a Guarantee Agreement with the EIB.  However, kindly note that if a Selected Applicant has indicated a desire to utilize the SPV structure described in the Call for EoI, a contribution of EUR 5,000 to the SPV administration costs is payable regardless of the outcome of the negotiation.
9	It is stated that Availability period is "<...36 months starting on the date of signature of the Guarantee Agreement, or <u>such other period as decided by the EIB.</u> " Please clarify how this decision could be realized (prolonged or shortened? How much? Under what circumstances)?	It leaves a possibility open for EIB to prolong the period if deemed necessary (e.g. in case the completion of modernisation works would necessitate).
10	Please provide more details what the Applicant shall describe in the section "Winding-up"? What is winding-up procedures for the Financial Instrument?	Winding up procedures relate typically to repayment or termination by the Financial Intermediary of the Modernisation Loans, and the consequences of a termination.

		The Applicants are requested to describe how their proposed winding up provisions will be consistent with the proposed exit strategy, i.e, how they will ensure that all Modernisation Loans in the Portfolio will be repaid or otherwise enforced, so that there is no outstanding claim by the timelines described in the Guarantee Agreement-
11	Please clarify “NCL language” concept.	It means Non-Cooperating Jurisdiction, as indicated in Section 2, Definitions and Interpretation. For further information, please see the EIB policy towards weekly regulated, non-transparent and uncooperative jurisdictions, published on the following website: <a href="http://www.eib.org/infocentre/publications/all/eib-policy-towards-weekly-regulated-non-transparent-and-uncooperative-jurisdictions.htm">http://www.eib.org/infocentre/publications/all/eib-policy-towards-weekly-regulated-non-transparent-and-uncooperative-jurisdictions.htm</a>
12	It is stated that in case of occurrence of a Step-in Right Event the EIB will have the right to replace the FI. Please specify the procedure.	The relevant procedure and the Parties’ respective rights and obligations will be set out in the Guarantee Agreements with Selected Applicants. A template of the Guarantee Agreement will be provided at a later stage in the selection procedure.
13	It is stated that EIB Step-In Right will be triggered following the occurrence of a Loss of Rating Event. Please specify the rating level which will/could be unacceptable to EIB?	External rating is one of the possible key evidence that the Applicant may choose to provide in order to demonstrate their economic and financial viability. In case the Applicant chose to submit external rating as proof of their quality and in the event of that rating deteriorating after the Applicant has been chosen as a Financial Intermediary, EIB may take certain steps including requesting additional information confirming the Financial Intermediary’s continued viability and entitlement to carry out the tasks under this Call for EoI.
14	Please inform will the EIB initiate negotiations or other specific agreement procedure with FI in case the EIB will assign all or part of its rights and benefits or transfer all or part of its rights benefits and obligations under the Guarantee Agreements. Can you please specify who can be the assignee as the guarantor’s status is quite important to FI.	In accordance with the Funding Agreement, the Lithuanian Government or the EIB may terminate the Funding Agreement. Furthermore, the Lithuanian Government may decide that the EIB be replaced as the guarantor before the Latest Eligible Transaction Maturity Date. In case the Lithuanian Government requests the EIB to transfer the Guarantee Agreements, the procedure to select another guarantor is outside the scope of the EIB’s tasks as body implementing the Leveraged Fund. In order to answer this question, the Lithuanian Government has communicated to the EIB that it is willing to issue a comfort letter to the Financial Intermediaries stating its intention to ensure an uninterrupted guarantee coverage (including its quality and sustainability) in the event of EIB’s exit from the Leveraged Fund and to consult with the banks on the identity of the entity (new guarantor) before the decision to replace the EIB with the latter is taken. The intention of the Lithuanian

		Government is without prejudice to the EIB's right to terminate the Funding Agreement and the Guarantee Agreement.
15	Please provide an indicative quarterly report template which FI will be obliged to provide to EIB. Reporting data could be limited by FI's IT systems and can impact Applicant's decision between the lending models and lending price as well.	The reporting template will be provided during the negotiation stage with the Selected Applicants. As an indication, the Financial Intermediaries may need to report on the quarterly basis project related information (e.g. details on the Project incl. location, conditions on the loan contract, details on the Final Recipients, details on Disbursements, Repayments, outstanding amounts, Fair value of loan, default related information, details on the guarantee amount, potential Recoveries).
16	Please clarify shall the FI guarantee refinancing of the Modernszation Loan between different lending models or just in case the refinancing is asked in the same lending model? (example: from Administrator model to Final Beneficiary model).	<p>If we understand it correctly, the question is whether it is possible to change the lending model during the lifetime of the Modernisation Loan. The lending model is chosen and decided by the majority decision of the Final Recipients, where they decide to renovate the multi-apartment house, choose the lending model and confirm the Modernisation Loan conditions. The decision to refinance, as well as the conditions of the refinancing should also be decided by the majority decision of the Final Recipients and are subject to an agreement between the Final Recipients and the FI. In case they decide to choose a different lending model, it can be allowed in the exceptional cases by the FI with an agreement of EIB. The FI can offer refinancing to such project in their own portfolio depending on its own policies and rules, subject to the conditions provided in the EoI.</p> <p>It has, however, to be noted that previously unallocated guarantee can be used only for the origination of the loans but not for the refinancing of the Modernisation Loans.</p>
17	Shall the FI guarantee refinancing in <u>full</u> Modernisation Loan agreement scope (i.e. on the level of entire multi-apartment building) <u>or partial refinancing</u> (when particular Final Recipient asks for a possibility to refinance his/her portion of the loan separately) scheme shall be implemented as well? Please specify if refinancing has to be granted on house level or Final Recipient level?	As it is explained in answer to Quesiton 16, the decision to refinance should be made by the majority of the Final Recipients, no matter, what lending model has been chosen. Therefore, the refinancing always occurs on the level of entire multi-apartment building.

18	Please specify how refinancing cases will impact the Actual Volume?	The Actual Volume means the aggregate principal amount of Modernisation Loans. Thus, modification of the interest rate should not have an impact on the Actual Volume. In case a third party entity refinances part of the Portfolio, the Actual Volume would decrease.
19	In clause 5 (page 12) it is stated that “The Financial Intermediary will be required to pass on certain of these obligations (including but not limited to obligations regarding sanctions compliance, Anti-Fraud and AML/CFT to the extent applicable) to Final Recipients and ensure that certain rights and obligations are included in their agreements with Final Recipients (including the right to recover from the Final Recipients any amount that forms an Irregularity)”. Please clarify how this requirement shall be implemented in Administrator model – is the inclusion of the respective provisions to the Modernisation Loan agreement enough or will the FI be required to pass on somehow these requirements in the level of each Final Recipient? Similar question to Clause 21 of Appendix 6 (Description of Modernisation Loan).	As stated in the Call for EoI, certain rights and obligations must be included in Modernisation Loan Agreements with Final Recipients, whether the Administrator model is used or not. The precise form of the documentation will be matter for discussion with the Selected Applicants. The EIB is bound to ensure that these obligations are respected in its contractual agreements downstream, through the entire implementation of the FI. The wording “where applicable” indicates that some of these obligations may de facto not apply, typically on the basis of the nature of the final recipient. Thus, for instance in a Modernisation Loan Agreement with a natural person final recipient, the obligations related to AML may not apply.
20	In the „Event of Default“ definition (Appendix 5 – Indicative Guarantee Term Sheet) it is stated that an Early Termination results in the Portfolio no longer being covered by the Guarantee. Please clarify do the Eligible Transaction included in the Portfolio before Event of Default will be also uncovered by the Guarantee?	Early Termination refers to the termination of the Guarantee Agreement following an Event of Default of the Financial Intermediary and as such the Guarantee would no longer be provided to that Financial Intermediary.
21	Please clarify procedure how the FI can include the Eligible Transaction in the Portfolio covered by the Guarantee on later Reporting Dates? (if in case of mistakes an Eligible Transaction will be not reported on the first Reporting Date).	New Eligible Transactions shall be included on the next Report Date after such Eligible Transaction is entered into. If due to a mistake an Eligible Transaction was not included during the first available Report Date, it must be included during the following Report Date. For the avoidance of doubt, the Eligible Transactions shall be deemed to be covered by the Guarantee from the date of signature.
22	It is stated that “<...amendments agreed between the Financial Intermediary and the Final Recipient in	“Negative impact” relates to any changes that would increase the likelihood of the Transaction Default.

	<p>a commercial manner and <u>with no negative impact</u> on the performance of the underlying loan” could be treated as “Permitted Eligible Transaction Amendment”. Please clarify criteria which shall be “negative” (disbursement or repayment period, maturity date, changing of interest, changing of the Final Recipient or Administrator, etc.)?</p>	
23	<p>Please specify when the financial liabilities to disburse the loan will occur in case of SPV – (i) after SPV Loan Agreement signing with respect to the entire amount or (ii) after the Modernisation Loans Agreement signing with respect to the particular amount of that Modernisation Loan? Please be informed that it is important for FI’s capital allocation requirements and pricing, as committed limits generate capital charge</p>	<p>The obligation to disburse the loan under the SPV Loan Agreement and specific amount thereof shall coincide with the signing of the Modernisation Loan Agreements and their amounts. The wording shall be agreed to mitigate the fees on committed capital to the extent possible.</p>
24	<p>Please clarify the cases when the FI could ask the Guarantee payment in the Administrator model:</p> <ul style="list-style-type: none"> <li>i. Shall the FI ask to pay Guarantee only when the Modernisation Loan overdue amount will exceed 90 days (i.e. the entire “house” loan will exceed 90 d.)? or</li> <li>ii. Shall the FI ask to pay Guarantee from time to time when the accrued outstanding amount of particular Final Recipient will exceed 90 days? Does that mean that Guarantee payment will cover interest overdue up to 90 d. and further interest overdue will not be covered by Guarantee? And in case guarantee payment is performed and the same Final Recipient is</li> </ul>	<p>i. Within the parameters of the Indicative Guarantee Term Sheet, the FI should set out the definition of the default of the Final Recipients under the Administrator model acting reasonably and in accordance with its internal procedures and shall provide the model which is going to be applied in its EoI. In particular, it has to be ensured that the FI shall not claim double amounts under the Guarantee and by claiming the Guarantee payments, the FI should be able to provide evidence of the default.</p> <p>ii. The Guarantee covers interest for up to 90 days. If the Final Recipient does not make any repayments during 1 year, the FI may choose to request the guarantee payments every 90 days, including the interest or once a year, for the overdue amount for the full year, with the interest of 90 days. The FI should provide description of the internal procedures, which approach will be followed.</p>



	<p>again late for more than 90 days the Guarantee claim should be submitted again? or</p> <p>iii. Shall the FI ask to pay Guarantee for full outstanding principal (full investment) amount of the particular Final Recipient when the overdue amount of that Final Recipient exceed 90 days? Can the FI terminate partially the Modernisation Loan agreement with respect to the portion of Modernisation Loan advanced to that particular Final Recipient who is late for more than 90 days? Can the FI treat the outstanding part (after exclusion of particular Final Recipient) of the Modernisation Loan as the performing Loan?</p>	<p>iii. Under the Administrators model, it is not possible to partially terminate and accelerate the loan issued to the Administrator due to the default of an individual Final Recipient. The FI is only able to request to be repaid the amounts that are actually overdue but not the remaining part of investments. The remaining part of the Modernisation Loan shall be treated as a performing loan.</p>
25	<p>Please specify: are there any cases when the entire Modernisation Loan agreement can be terminated in the Administrator model (e.g. the modernisation project is not finished)?</p>	<p>The term during which the Modernisation Project should be implemented, may be prologued in line with the Lithuanian law by the responsible institution (currently, BETA). If the term is prologued, and the Modernisation Project still qualifies as eligible Modernisation Project, the FI shall not terminate the Modernisation Loan Agreement, unless it presents material reasons, why the Modernisation Loan Agreement should be terminated. Then it will be decided on case by cases basis, whether the Modernisation Loan Agreement shall be terminated.</p>
26	<p>Please clarify if and when the FI will be able to write-off the defaulted loan covered by Guarantee payment? E.g. FI might decide that it is not reasonable to proceed with the (active) recovery when the Modernisation Loan agreement is terminated with respect to particular Final Recipient x days ago and the Final Recipient has no incomes or assets to recover from.</p>	<p>The clauses on Eligible Transaction Acceleration, Eligible Transaction Default and Eligible Transaction Restructuring describe that it is a combination of the Financial Intermediary's standard practices for simiar cases, obligatons stemming from Lithuanian law, and the terms of the Guarantee Agreement that determine how to proceed. In the EoI, the FI shall provide the descriptions of their internal procedures and standard practice to be applied to the defaulted loans which should be written-off.</p>

27	<p>In Appendix 4 (Information on Technical Specifications) it is specified that “All repayments from the Final Recipients would be passed on to repay the FI’s loan to the SPV and then, in turn, to repay SPV’s loan to the FI (no cash flow movements between the FI and the SPV, the repayments are off-set as soon as the FI receives the repayments from the Final Recipients”. However, in Appendix 7 (Indicative Terms and Conditions of Financing Structure with Special Purpose Vehicle) it is specified that “The SPV Loan will be repaid through the funds received by the FI from the Final Recipient or Administrators (“Reflows”)”. Please clarify whether “All repayments” mean (i) <u>only</u> the repayments of the Modernisation Loan, or (ii) <u>any</u> (re)payments from the Final Recipient (e.g. interest payments).</p>	<p>As per Appendix 7, both the loan to SPV (SPV Loan) and the loan to FI (Operational Loan) would have interest associated with it that would be repaid through interest collected from the Final Recipients. The principal of the loans would be repaid with principal repayments collected from the Final Recipients</p>
28	<p>In Appendix 6 (Description of Modernisation Loan) it is specified that “The Financial Intermediary may offer the option to defer the <u>repayment</u> of the Modernisation Loan upon request of the Final Recipient or the Administrator of Common Property until the completion of the Project”. Please clarify is it possible to offer to defer interest payments as well?</p>	<p>The FI may offer (but is not obliged) the deferment of the interest payments as well.</p>
29	<p>Could you please provide the SPV Loan Agreement and Operational Loan agreement template? FI needs to understand how the funds transferred from SPV to FI for the purpose of on-lending them to FR or Administrators under the Modernisation Loan Agreements should be inserted in the accounting systems (on-balance or off-balance).</p>	<p>Template agreements are not available at this time.</p> <p>It has to be noted that no cash payments will be made between the FI and the SPV related to the financial transfers linked to the SPV Loan Agreement and Operational Loan Agreement. It is intended that the SPV Loan Agreement is accounted on the balance of the FI, whereas the Operational Loan Agreement should be off-balance (similar to contingent loan agreement in previous “Jessica-type” projects).</p>
30	<p>Please specify will the FI be able to increase interest rate applied to FR during the Modernisation Loan maturity?</p>	<p>A different interest rate may be offered if Final Recipient opts for a refinancing. Besides that, any rate change should be introduced only where in line with national laws and the standard internal rating policy of the intermediary. Where the rate change may negatively affect the</p>

		performance of the Portfolio, it requires approval by the EIB. See also answer to Question No 16.
31	Please specify whether Financial Intermediary can set different prices to different Administrators (in Administrator lending model), based on Administrator's credit risk score, apartment owner's historical payment discipline, size of possible cash collateral or other criteria which FI deems relevant in assessing or mitigating the credit risk of the borrower. The price would be set before signing the Modernisation Loan Agreement and would not change if the criteria change during the lifetime of the loan.	Yes. Section 4.1 of the Terms of Reference explains that the Financial Intermediary should propose pricing, including a risk margin, that takes account of the riskiness of the underlying transaction, in line with its internal risk pricing policy.
32	<b>5. Eligible Transaction conditions.</b> <i>The Financial Intermediary shall not make any amendments to its credit risk policies, guidelines and procedures that may materially adversely affect the Guarantee, performance or monitoring of the Portfolio, without the prior written consent of the EIB.</i> The credit risk policies and procedures are updated quite often according regulatory requirements. What kind of amendments shall be approved by EIB?	Please see answer to Question No 7.
33	What number of selected financial intermediaries is planned?	There is no "planned number". However, based on preliminary market feedback, as well as experience with earlier calls within the programme, it is expected that 1-5 financial intermediaries will be selected, depending on the quality of the offers.
34	Will the financial intermediary have possibility to reduce initial lending price (interest rate) if some changes happens in the marketplace? (example: initial price is 4,5 fixed (or floating) interest rate and after 18 months of low activity of this product financial intermediary decides to reduce fixed (or floating) interest rate to 4 percent)	See answers to Question No 30.
35	DISCLAIMER: It is noted in disclaimer, that EIB makes no representation, warranty or undertaking of any kind in relation to the accuracy or	This is standard wording for EIB Call for EoI, which serves to cover any potential amendments to any information/data contained in the Call for

	completeness of any information provided in, or in connection with, this Call for EoI. Which party/institution is responsible for the accuracy and completeness of information?	EoI, which might occur between the time of publication and the signature of a contract under such Call for EoI.
36	FINANCING SCHEME: it is noted, that FIs can choose between lending via Administrator scheme or lending directly to final recipients scheme. Do we understand correctly, that there is no obligation to assure provision of modernization loans under both schemes, i.e. FI can apply one of the schemes? Is it in compliance with equal treatment to grant Modernization loans only directly to final Recipients (direct model)?	There is no obligation to provide loans under both schemes. Please also see answer to Question No 1.
37	FINANCING SCHEME: has financing via SPV scheme been approved by local regulators (e.g. Bank of Lithuania);	There is no legal obligation for the Bank of Lithuania or any other regulator to approve the SPV scheme. The SPV scheme has been presented to the Bank of Lithuania by the Ministry of Finance, EIB and Lithuanian Banking Association, and EIB is not aware of any objections raised to the presented SPV scheme by the Bank of Lithuania.
38	GUARANTEE CONDITIONS: what is the starting point, when guarantee comes into force for modernization loan – as soon as financing agreement is signed, or when first disbursement is performed?	The commitment to provide the Guarantee is legally linked to the date of concluding the Guarantee Agreement between the Financial Intermediary and the EIB. However, the Guarantee covers Eligible Modernisation Loans in the Portfolio, i.e. the Guarantee is always proportionate to the Actual Volume of Modernisation Loans generated by the Financial Intermediary.
39	GUARANTEE CONDITIONS: what is the ending point of the guarantee – 20 years after	<p>The Guarantee Agreement will provide appropriate clauses for the duration of the Guarantee for the situations where there is an early termination of the Guarantee Agreement, and where there is no early termination, i.e. where the duration of the Guarantee is linked to the duration and full repayment of the covered Modernisation Loans, i.e. where there are no outstanding claims any more.</p> <p>20 years is the maximum duration of a Modernisation Loan, and not the duration of the Guarantee. Technically, there is a difference in duration between the Modernisation Loan Agreements and the Guarantee Agreement, as the repayment schedule of the Modernisation Loans in the Portfolio in certain cases may longer than 20 years.</p>

40	<p>GUARANTEE CONDITIONS: it is noted, that FI should claim under guarantee in case there is at least 90 days overdue. Is it ok for FI to claim after longer overdue period, e.g. 1, 5, or even 10 years?</p>	<p>The Guarantee may be claimed after an event of 90 days overdue payment and a workout process was concluded by the Financial Intermediary to determine that the loan is in default, which may happen at any time after the occurrence of 90 days overdue.</p> <p>As described in the Indicative Guarantee Term Sheet in Annex 5 of the Terms of Reference, where a Transaction is in default or not performing, besides the mandatory legal requirements stemming from Lithuanian law, the Financial Intermediary should act in a commercially reasonable manner and follow its applicable internal procedures. Ultimately, the Guarantee Agreement will set the maximum duration of the Guarantee Agreement, which will limit the time within which the Financial Intermediary can claim under the Guarantee.</p>
41	<p>GUARANTEE CONDITIONS: in exclusion process it is noted, that in case “transaction” included into portfolio becomes non eligible, it should be excluded from portfolio. What is meant by transaction here? E.g. part of total project was financed incorrectly (non-eligible) – should all the project be excluded as “non-eligible transaction” or it applies only to “non-eligible” amount of the project?</p>	<p>As described on page 1 of the Terms of Reference, the Eligible Project is the energy efficiency renovation of an entire multi-apartment building. Where one Modernisation Loan is excluded from the Portfolio, it does not automatically lead to the exclusion of the entire Project, i.e. it does not necessarily affect the other Modernisation Loans linked to the same building. In case of the Administrator Model, the same logic applies. Furthermore, where an Eligible Transaction (i.e. a Modernisation Loan) is affected by ineligibility only partially, it is possible to exclude only the relevant part of the transaction.</p>
42	<p>GUARANTEE TERM SHEET: it is noted under availability period, that availability period would terminate before expiry date if “specific change in law” would occur. Could you please give examples of described situation?</p>	<p>Such Change of Law Event could be the enactment, promulgation, execution or ratification of or any change in or amendment to any law, rule or regulation that occurs after the date of signature of the Guarantee Agreement and which would materially impair the Financial Intermediary’s ability to perform its obligations under the Guarantee Agreement and related agreements.</p>
43	<p>GUARANTEE TERM SHEET: under EIB security it is noted, that all eligible transactions should be assigned to EIB. What is the basis of this requirement, as it creates excess collateral to EIB, as guarantee cap is 20% of the portfolio?</p>	<p>In case the assignment covers only a part of the Modernisation Loans portfolio, it will not be possible to define, which particular loans are assigned and those, which are assigned, may be not eligible in the end. As it is not possible to define the part of the loans to be assigned, all</p>

		eligible transactions should be assigned to EIB. It has to be noted that the cap limit of the portfolio shall be applicable in any case.
44	GUARANTEE TERM SHEET: do we understand correctly, that in case of early termination even eligible portfolio will be not covered by the guarantee?	Yes, that is correct understanding.
45	GUARANTEE TERM SHEET: in case of EIB step-in – what will happen to FI modernization loan portfolio? It would be refinance by other 3 <sup>rd</sup> party? What would be the step-in process?	See answer to Question No 12.
46	BUSINESS PLAN: it is noted under product description, that final recipients will have a right to negotiate a fixed interest rate with the financial intermediary instead of the floating rate, however FIs are requested to provide pricing in advance. In case customer demands different type of interest than it is stated by FI in call documentation – how would it work in practice? What if FI would set a price for customer in advance in loan agreement?	Negotiation relates to the right to refinancing after 5 years.  See also Questions No 30 and No 31.
47	OPERATING PROVISIONS: it is noted, that FI should assure that support, provided to final recipients, would have a least distortive effect. Support to the Final Recipients is regulated by the law. How we can ensure the least distortive effect?	It is an obligation stemming from Article 37(2)(b) of the CPR that financing from financial instruments supported by the European Structural and Investment Funds (ESIF) should be provided in a way that minimizes distortion of competition. In this case, it can be considered that the design of the instrument fulfils this criteria, since it follows the ex ante assessment that has been prepared by the Managing Authority, and which assessment has also verified the ways to limit any potential distortion of competition.
48	OPERATING PROVISIONS: could you please describe what is meant by „commensurate level of financial value“?	This relates to the requirements mentioned in Section 1.3 of the Terms of Reference that “The pricing benefit passed on to the Final Recipient should be clearly indicated in Section 4.1 of the Business Plan”; Section 4.1 requires that “the Applicant shall clearly indicate how the financial benefit of the Guarantee is passed on from the Financial Intermediary to the Final Recipient”.
49	PRICING: It is noted, that interest rate to SPV should not be higher than the market rate. However as of today, there is no such rate as market rate, as interest to market is described in law. How would	The interest rate in the SPV Loan Agreement and the SPV Operational Loan Agreement shall be set at the maximum interest level offered by the FI and the actual amounts of the interest rate will be reconciled at the agreed period of time, e.g. once a year.

	you determine the market rate under current circumstances?	
50	PRICING: do we understand correctly, that it is required to mirror interest rate to final recipients vs loan to SPV? If so – it is not really possible. as there will be many loans to final recipients with different interest rate loans.	Please see answer to Question 49.
51	APPENDIX 2: Point 11 – „relevant experience“ – what is meant here?	This point requires a response in a form of “Yes/No” with regards to whether the Applicant has the relevant experience as described in Section 8, sub-section III.3.2 and the description of the first assessment criterion in section 11.
52	APPENDIX 4: it is noted, that EIB may assign all or part of its rights and obligations under guarantee agreement to third party. What if this third party is not acceptable by FI?	See answer to Question No 14.
53	OTHER. What is meant by non-cooperative jurisdiction? Based on what criteria jurisdiction can become non-cooperative?	Please see EIB Policy towards weakly regulated, non-transparent and uncooperative jurisdictions, along with Addendum and FAQs available on: <a href="http://www.eib.org/infocentre/publications/all/eib-policy-towards-weakly-regulated-non-transparent-and-uncooperative-jurisdictions.htm">http://www.eib.org/infocentre/publications/all/eib-policy-towards-weakly-regulated-non-transparent-and-uncooperative-jurisdictions.htm</a> .

The foregoing clarification note shall form an inseparable part of the procurement documents.