

Dear all,

*It appears that the RFP for LADF JEDI Zone Microloan Program Support that LADF issued October 24, 2023 was not as clear as we would like. This email is intended to rectify this. In order for respondents to better address the clarified RFP we have extended the response due date to March 15, 2023 at COB.*

**Clarifications:**

*The term sheet included in the RFP outlines LADF's general ideas for the program parameters. LADF's intent for the program is to address the financing gaps in the City of LA's economically distressed communities. The specific gaps we have identified revolve around small businesses in low income communities, especially those communities whose residents are people of color.*

*LADF does not intend to derive any profit from the program, but we also do not want to incur cost. LADF has a limited source of income and we would like to use our funds to address the needs of as many of LA's businesses as possible. We intend for the program to benefit borrowers as much as possible. For that reason LADF will not charge any fees or interest beyond that necessary to cover our costs and compensate somewhat for potential loan losses. These were the thoughts behind the term sheet attached.*

*We also do not expect the firm selected from this RFP to incur losses or front expenses.*

*We are seeking an experienced partner who can guide LADF as we create this new program together. Although LADF staff has experience with financing in distressed communities, we do not have experience with small business loans. Because of this, we are open to the selected firm helping to structure the program and advise LADF on the best way to serve the targeted communities.*

*Following is an example of one misunderstanding that arose from the way our RFP was worded.*

*LADF expects that the first year of the loan interest would accrue but not be payable in order to allow the borrower to absorb the changes funded by our loan. We did not mean that our partner would not get paid during this first year. We recognize that there will be expenses associated with managing the loan the first year and these expenses should be covered by the program, and ultimately therefore the borrower. However we do not want these fees to be a burden on the borrower. Therefore, we envisioned that the chosen firm would charge a fee to cover their underwriting/closing costs and 1 year of management. Then this fee would be included in the loan principal at close. These fees would not be part of the loan cap. So, for example, if the underwriting/closing/1st year management costs per loan were \$5,000 and the borrower needed \$50,000 to finance business improvements, the loan would be \$55,000.*

*LADF and the selected firm would need to discuss such things as where the program funds are kept and the disbursement process. We would also need to discuss how the selected firm's start up cost will be paid and how they will be ultimately passed on to the borrower.*

*These are just a few of the structuring questions that have arisen and will require input from the selected firm.*

*We hope that with this explanation of LADF's intentions, your response to this RFP will outline how your firm envisions structuring the program and the interaction with LADF.*

*Please feel free to email us any additional questions you may have.*

*Thank you.*

*Sincerely,  
Jackie Wu  
Real Estate Finance Associate*

Please note, we have a new mailing address:  
Los Angeles Development Fund  
444 South Flower Street, 14th Floor  
Los Angeles, CA 90071  
(213)-255-8074  
jiaqi.wu@lacity.org