

MEMORANDUM

From: St. Clair Logan & Sean Capperis
To: Prospective Applicants
Subject: Addendum #1 to Security Deposit Alternatives Request for Expressions of Interest
Date: February 8, 2021

ADDENDUM #1

The New York City Department of Housing Preservation and Development and New York City Housing Development Corporation are issuing Addendum #1 to the Request for Expressions of Interest for Security Deposit Alternatives ("RFEI" hereafter).

I. Questions and Answers a. RFEI Questions by email

The following Questions were presented to HPD via email between 01/05/2021 and 01/25/2021. The Answers to those Questions are provided below for clarification and information purposes only, and do not change the terms and conditions as contained in the issued RFEI:

Question #1: Item .14 of Section VII General Conditions of the RFEI stipulates that Respondents are required to complete and submit a City of New York Doing Business Data Form ("Data Form"). The RFEI also indicated that the Data Form was attached the RFEI; however, we did not find one. Please advise where we can obtain a copy of the form and confirm that a completed copy must submitted via mail to the Mayor's Office separate from the RFEI. Also, if this is the protocol, please identify the person to whom we should direct our correspondence.

Answer #1: Here is the [link](#) to the data form. Providers will send the form along with their response to the RFEI to securitydeposits@hpd.nyc.gov. HPD will forward the forms to the Mayor's Office of Contract Services (MOCS).

Question #2: I'm writing on behalf of a company that intends to participate in NYC's RFEI for Security Deposit Alternatives, with a question regarding the audited financials requirement. While we have financials available to distribute, as a start-up, we are currently undergoing our first financial audit (expected to be completed in or close to June 2021). Given that we won't have the audit complete by the February 15 priority deadline, will we be immediately disqualified from the process?

Answer #2: Audited financial statements are a requirement for submission, so providers who do not have an audited financial statement would be ineligible for the Pre-Qualified List. However, Providers are still welcome to apply at a later date for consideration once they have completed their audit.

Question #3: If I have a voucher with cityfheps can I use it for here? And if so how do I apply?

Answer #3: Renters who have a City FHEPS voucher are ineligible for the products. Voucher recipients are eligible for a HRA security voucher which covers the security deposit.

Question #4: I would like to know more information about this program. And how can I apply it?

Answer #4: The City is testing the use of security deposit alternatives in select newly built HPD/HDC developments. The alternatives may be offered in select developments rented on Housing Connect. Tenants who are offered housing in those developments will be given the option of using security deposit alternatives.

Question #5: I'm in the process of moving but I live in nycha do you help what does security deposit or is that only for housing connect thank you in advance.

Answer #5: Security deposit alternatives may be offered in select HPD/HDC developments rented on Housing Connect. The alternatives will not be available at NYCHA Public Housing developments at this time.

Question #6: Are we required to list ALL of the properties that we serve or can we provide the list of landlords/owners whom we serve?

Answer #6: Providers are required to list all of the properties that they serve.

Question #7: Must we provide a copy of the renters term sheet in plain language and translated into the City's 10 primary languages (in compliance with Local Law 30 of 2017), detailing their rights and responsibilities, and terms and conditions in our submission or that will be requested afterwards?

Answer #7: Respondents may provide a draft term sheet as one way to fulfill the threshold criterion "Provider gives each renter a term sheet written in plain language and translated into the City's 10 primary languages." Respondents need not provide translations in the City's 10 primary languages at this time, but if selected for the Pre-Qualified List, such translations will need to be available.

Question #8: With respect to the request for most recent audited financial statements — are there requirements for who the audit should have been performed by, or as long as it is a certified public accountant, are they considered acceptable?

Answer #8: The audit must be conducted by a certified public accountant. There are no additional requirements.

Question #9: The 4th bullet item under Threshold Criteria in Section III. on Page 3 of the RFEI stipulates that Providers demonstrate financial soundness through the submission of a current audited financial statement. We would note that, while we (IOA Insurance Services) will be submitting our response to the City's RFEI as a Provider, we are, in fact, an insurance brokerage firm whose activities are limited to intermediary functions, such as designing

insurance programs, negotiating and placing coverage with insurance carriers and providing a wide range of administrative services. It is the insurance carriers with whom we transact business on behalf of our clients who bear the entire risk in insurance programs we implement.

The insurer we have engaged to underwrite the Product we will be proposing in our response to the City's RFEI is Lexington Insurance Company, a member company of New York-based American International Group (AIG), one of the world's leading insurance enterprises. Given that it is AIG (Lexington) who will guaranteeing the security of our Product, will it be acceptable to submit their financials to meet the threshold criteria item referenced above?

Answer #9: Providers should submit the financial statements of their insurers or guarantors along with their own statements.

II. Changes to RFEI

a. Eligible Respondents

Deleted: *"To be eligible, Providers must be approved by, and be in good standing with, the New York State Department of Financial Services. The Provider must not have outstanding fines or other enforcement actions from other federal, state, or local regulatory or law enforcement agencies nationwide."*

Added: *"To be eligible, Providers and their insurers/guarantors, if any, must be approved by, and be in good standing with, the New York State Department of Financial Services. The Provider and their insurers/guarantors, if any, must not have outstanding fines or other enforcement actions from other federal, state, or local regulatory or law enforcement agencies nationwide."*

b. Required Documentation

Deleted: *"Copies of draft forms and legal disclosures between the Provider and owner/managing agent, and between the Provider and the renter;"*

Added: *"Copies of draft forms and legal disclosures between the Provider and owner/managing agent, and between the Provider and the renter; and copies of draft forms and legal disclosures between the Provider's insurers/guarantors, if any, and owner/managing agent, and between the Provider's insurers/guarantors, if any, and the renter;"*

Deleted: *"Most recent audited financial statements;"*

Added: *"Most recent audited financial statements, including those of both the respondent as well as any insurers/guarantors;"*

Deleted: *"Provider's regulatory history of fines or other enforcement actions (if applicable);"*

Added: *"Provider's and any insurers'/guarantors' regulatory history of fines or other enforcement actions (if applicable);"*

Deleted: *“Copy of state financial license; and”*

Added: *“Copy of Provider’s and any insurers’/guarantors’ state financial licenses; and”*

c. Threshold Criteria

Deleted: *“The Provider does not create or contribute to a “tenant blacklist” or sell or disclose user data for the purposes of evaluating the qualifications or credit profile of or “blacklisting” renters;”*

Added: *“The Provider or their insurers/guarantors, if any, does not create or contribute to a “tenant blacklist” or sell or disclose user data for the purposes of evaluating the qualifications or credit profile of or “blacklisting” renters;”*

Deleted: *“Provider’s most recent audited financial statement demonstrates financial soundness;”*

Added: *“Provider’s and any insurers’/guarantors’ most recent audited financial statements demonstrate financial soundness;”*

d. Scoring Criteria

Deleted: *“Provider’s payment collection policies for property damage claims above the value of the security deposit are fair and reasonable”*

Added: *“Provider’s polices for claims greater than the value of one month’s rent are fair and reasonable.”*

Deleted: *“Provider’s history of enforcement actions demonstrates reasonableness and conformity with above criteria;”*

Added: *“Provider’s and any insurers’/guarantors’ history of enforcement actions demonstrates reasonableness and conformity with above criteria;”*

APPROVED FOR ISSUANCE BY ACCO OFFICE:

Jay Bernstein

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