

# AGENDA

**Board of Directors**  
Mid-Willamette Valley Council of Governments  
**Wednesday, November 6, 2019**  
**Noon**  
**COG Conference Room**  
**100 High Street SE, Suite 200, Salem, Oregon**

**CONTACT:** Sean O'Day, Executive Director; 503-540-1601  
**CHAIR:** Cathy Clark, City of Keizer  
**VICE CHAIR:** Jackie Franke, Chemeketa Community College

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**A. CALL TO ORDER** – *Cathy Clark, Chair*

**B. INTRODUCTIONS** – *Cathy Clark, Chair*

**C. PUBLIC COMMENT** (*This time is reserved for questions or comments from persons in the audience*)

**D. ACTION ITEMS**

**1. Approval of Request to Serve as the Host Agency for the Mid-Willamette Valley Homeless Alliance and Collaborative Applicant for Homeless Program Funding** **pg. 2-6**

Requested Action: Motion to approve the request by the Mid-Willamette Homeless Alliance, which is serving as the continuum of care for the region covered by Polk and Marion Counties, to serve as their host agency and Collaborative Applicant for homeless program funding.

**2. Approval of an Agreement to Provide Financial Services to SEDCOR** **pg. 7-13**

Requested Action: Motion to authorize the Executive Director to sign an agreement to provide SEDCOR with financial services on a fee-for-service basis.

**3. Approval of an Agreement to Offer SBA 7a Loan Program Services** **pg. 14-23**

Requested Action: Motion to authorize the Executive Director to sign an agreement with the Community Reinvestment Fund, based in Minneapolis MN, to offer their SBA 7a loan program through a referral agreement with the COG.

**E. ADJOURNMENT**

**NEXT MEETING: Tuesday, December 17, 2019**  
**3:30 p.m.**  
**COG Offices**

The Mid-Willamette Valley Council of Governments is pleased to comply with the Americans with Disabilities Act (ADA). If you need special accommodations to attend this meeting, please contact Denise VanDyke at (503) 588-6177 at least 48 hours prior to the meeting. Hearing impaired, please call Oregon Telecommunications Relay Service, 7-1-1. Thank you.



## **MEMORANDUM**

**TO:** Board of Directors  
Mid-Willamette Valley Council of Governments

**DATE:** November 6, 2019

**FROM:** Sean O'Day  
Executive Director

**SUBJECT:** Request to Serve as Collaborative Applicant to the Mid-Willamette Valley Homeless Alliance

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### **Issue**

Should the Mid-Willamette Valley Council of Governments (COG) agree to serve as the Collaborative Applicant to the Mid-Willamette Valley Homeless Alliance?

### **Background**

In January 2016, leaders from public and private sector entities in Marion and Polk counties and the cities of Keizer and Salem came together under an initiative known as the Mid-Willamette Homeless Initiative. The initiative culminated in the development of a strategic plan, which contained several tasks and objectives aimed at ending homelessness in the region.

To aid in the implementation of the strategic plan, representatives from Marion County and the cities of Salem and Keizer, approached the COG with a proposal to fund a position within the COG, with the duties of implementing certain aspects of the plan. The COG subsequently entered into an Intergovernmental Agreement (IGA) with those jurisdictions plus Monmouth and Independence (collectively the participating jurisdictions) whereby the COG agreed to provide administrative support to the position and the parties agreed to pay for and direct the position's activities. That position was subsequently converted to an independent contractor arrangement.

One of the projects that the contractor undertook was an evaluation of the costs and benefits of the region reestablishing a federal entity known as a continuum of care organization. As explained by the U.S. Department of Housing and Urban Development (HUD):

The Continuum of Care (CoC) Program is designed to promote communitywide commitment to the goal of ending homelessness; provide funding for efforts by nonprofit providers, and State and local governments to quickly rehouse homeless individuals and families while minimizing the trauma and dislocation caused to homeless individuals,

families, and communities by homelessness; promote access to and effect utilization of mainstream programs by homeless individuals and families; and optimize self-sufficiency among individuals and families experiencing homelessness.

The analysis concluded that the benefits for re-establishing a continuum of care outweighed the costs, and therefore recommended the participating jurisdictions partner with other local governments and nonprofits to undertake the task of applying for and establishing a governance structure for a Mid-Valley continuum of care organization.

At its September 23 meeting, the COG Board approved a Memorandum of Agreement to provide staff support to the Development Council, a newly-formed, interim body that is creating the governance structure for the new continuum of care. The Development Council held its first meeting the next day and approved “Mid-Willamette Valley Homeless Alliance” as the name for the new continuum of care. The council also voted unanimously to request that the Mid-Willamette Valley Council of Governments serve as the Collaborative Applicant for the Mid-Willamette Valley Homeless Alliance. At the October 24 meeting, the Development Council voted unanimously to approve a governance charter that names the COG as the Collaborative Applicant, pending COG Board approval.

### **Recommendation**

The Board approve by motion that COG serve in the role of Collaborative Applicant to the Mid-Willamette Valley Homeless Alliance on the condition that, if successful, the participating parties develop an intergovernmental entity that will assume the Collaborative Applicant responsibilities.

### **Discussion/Analysis**

As noted in the director’s September analysis regarding the Memorandum of Agreement, COG’s role would remain to provide administrative support (financial accounting, meeting space, meeting notices and minutes taking, oversight of contractors and staff, etc.) to the effort.

Serving as the Collaborative Applicant will not result in additional costs to the COG. The application will be developed by contractors, who are fully funded by the participating entities. If successful, the participating jurisdictions have agreed to establish an intergovernmental entity that will assume the Collaborative Applicant’s duties and subsequently enter into an intergovernmental agreement with the COG for administrative services.

## Collaborative Applicant Q&A

### 1. What is a Collaborative Applicant?

HUD uses the terms “applicant” and “collaborative applicant” interchangeably. An applicant is defined in 24 CFR part 578.3 as “an entity that has been designated by the Continuum of Care as eligible to apply on behalf of that Continuum.”

### 2. What are the Collaborative Applicant’s responsibilities to the Continuum of Care?

24 CFR parts 578.7 and 578.9 delineate Continuum of Care responsibilities. The Collaborative Applicant will work with local partners to assist the Continuum of Care in meeting its federal expectations.

a. Key Continuum of Care responsibilities and associated Collaborative Applicant roles are described as follows.

- i. **Convene meetings.** This includes holding meetings of the full membership at least semi-annually and making public invitations to join the Continuum of Care at least annually. These requirements are already anticipated in the governance charter recently approved for the new Continuum of Care.
- ii. **Convene the board of directors, committees, and workgroups.** This includes adopting and reviewing a written process for board selection, appointing committees and workgroups, and developing and reviewing a governance charter, along with policies and procedures for the Continuum of Care. The governance charter was approved by the Development Council in October. Homebase, a technical assistance consultant provided to the region by HUD, has also provided a Conflict of Interest policy for the region.
- iii. **Prepare an annual application for funds.** Perhaps the most critical responsibility of the Collaborative Applicant is to coordinate the annual application for HUD Continuum of Care funds. This entails establishing scoring tools and a timeline for project applications to be submitted by local providers, conducting technical assistance workshops for applicants, convening a subcommittee to review and score applications, accepting and reviewing any appeals to the scoring process, and assuring a final decision process through the board of directors. Once the prioritized list of projects has been approved, the Collaborative Applicant is responsible for electronic submission of application documents to HUD for its approval.
- iv. **Hold service providers accountable.** This includes establishing performance targets, monitoring grant recipient performance, and evaluating outcomes. A Collaborative Applicant does not directly contract with providers, but is responsible for monitoring performance.

b. Other Continuum of Care responsibilities that are not direct responsibilities of the Collaborative Applicant include the following.

- i. **Operate a Coordinated Entry system.** A Coordinated Entry system is essentially an in-depth interview of persons using services to address homelessness to gain insights about the needs and associated service gaps of various homeless populations (families, veterans, persons with mental illness, victims of domestic violence, youth, etc.). The region has already developed such a system that is currently coordinated by the Mid-Willamette Valley Community Action Agency. The governance charter anticipates creating a committee that will monitor and improve upon the current system.
- ii. **Designate and operate the Homeless Management Information System (HMIS).** HMIS is a federal database that is used across the nation to collect information about clients using services to address homelessness. Oregon Housing & Community Services has agreed to serve as the HMIS Lead and Mid-Willamette Valley Community Action Agency will continue to serve as the Coordination Entity for the region.
- iii. **Conduct strategic planning.** Planning requirements include an annual gaps analysis of homeless needs and services, a biennial Point-in-Time Count, coordination with other planning efforts associated with HUD funds, developing a system of services and housing for persons experiencing homelessness, and setting priorities for funding opportunities. Ali Treichel, former staff to the Mid-Willamette Homeless Initiative, conducted a thorough gaps analysis in 2018 which will serve as a foundation for future work. Mid-Willamette Valley Community Action Agency has coordinated an annual Point-in-Time Count for many years. The Mid-Willamette Homeless Initiative Task Force also developed a strategic plan that can serve as a baseline for future service delivery priorities and objectives. The new governance charter anticipates that strategic planning will be a primary responsibility of the CoC Collaborative Committee, consisting of providers, consumers, and other stakeholders, with final approval by the CoC Board of Directors.

### 3. **What staffing needs are anticipated for the Continuum of Care?**

While the Code of Federal Regulations governing the Continuum of Care does include any mandates regarding staff support, the cost-benefit analysis conducted in March for the Mid-Willamette Homeless Initiative recommended three staff to perform this work: a senior staff leader, a technical position focused on evaluation, grant applications, and reporting, and an HMIS data entry staff. The HMIS position is currently housed at Mid-Willamette Community Action Agency and funded through Oregon Housing & Community Services. Jimmy Jones, executive director, has offered to continue this function, at least for the initial years of CoC operations.

Budget scenarios that were reviewed by the Development Council point to the most efficient use of local government resources as initially obtaining the services of two contractors to staff the Continuum of Care. The Development Council endorsed this approach at its October 24 meeting.

The Development Council is also tasked with creating a five-year budget that assures the project is sustainable over time. This task is anticipated to be completed by March 2020.

**4. What other costs are anticipated to operate the Continuum of Care?**

In addition to contracted staff, the following are costs that will need to be included in the five-year budget:

- a. HMIS license fees estimated @ \$4,000 per year
- b. Purchased administrative and legal services estimated @ \$30-\$40,000 per year

**5. What are the risks to COG associated with serving as the Collaborative Applicant?**

- a. Need for a five-year financial commitment by the participating local governments and partners to support Continuum of Care costs
- b. Need for ongoing support from nonprofit service providers and other state, regional, local, and individual stakeholders to do the work necessary to achieve federal and local expectations
- c. Rising community expectations that Continuum of Care activities will make an impact on homelessness, not only in participating jurisdictions, but also throughout the many jurisdictions in the region
- d. Reliance on federal budgets in a political climate of uncertainty

Some of these risks can be managed by the legal agreements that will be established to create an ORS 190 for the Continuum of Care and will also need to be managed through the goodwill and political influence of participating partners. For example, Marion County has been generous in offering its Washington, DC lobby firm in setting up federal agency meetings and providing agency contacts with information. In fact, HUD's technical assistance was obtained through discussions during an initial call set up by Marion County with HUD staff in Washington, DC. And, as noted above, local partners have committed to take on key roles, an example being that Oregon Housing & Community Services and Mid-Willamette Valley Community Action Agency committing to take the lead in operating the Homeless Management Information System database.



## MEMORANDUM

**TO:** Board of Directors  
Mid-Willamette Valley Council of Governments

**DATE:** November 6, 2019

**FROM:** Sean O'Day  
Executive Director

**RE:** Financial Services Agreement with SEDCOR

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### Issue

Should the Mid-Willamette Valley Council of Governments (COG) provide financial services to the Strategic Economic Development Corporation (SEDCOR) on a fee-for-service basis?

### Background

SEDCOR, an Oregon non-profit, was established by local governments to serve as an economic development entity for Oregon's Mid-Willamette Valley. Today, the 450-plus public and private member nonprofit organization leverages public and private partnerships to retain, grow and attract high value traded sector jobs and capital investment in Marion, Polk and Yamhill counties.

Due to staff retirements and internal re-organization, SEDCOR has a need for part-time financial services such as bookkeeping, processing accounts receivable and accounts payable. The COG is a member of SEDCOR. In the fall, SEDCOR has asked if the COG would provide financial services to SEDCOR.

### Recommendation

The Board authorize the Executive Director to execute the attached agreement providing financial services on a fee for service basis.

### Discussion/Analysis

SEDCOR is partially funded by the same public entities that make up the COG, and both SEDCOR and the COG regularly work together on regional economic development projects. This agreement furthers regional collaboration and allows for efficient use of public resources. In addition, this agreement will allow the COG to move a part-time staff person into a full-time status, which has been a long-term desire of that employee. The agreement and the fees are structured to provide the COG complete cost recovery for these services; no member dollars would be used to subsidize the work set out in the agreement.

## FINANCIAL SERVICES AGREEMENT

This Agreement is made between:

**STRATEGIC ECONOMIC DEVELOPMENT CORPORATION,  
an Oregon, non-profit corporation  
("SEDCOR"),**

And

**THE MID-WILLAMETTE VALLEY COUNCIL OF GOVERNMENTS,  
an Oregon Intergovernmental Agency,  
("MWVCOG")**

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### 1. MWVCOG'S OBLIGATIONS

- 1.1 MWVCOG shall provide accounting services to SEDCOR during the term of this agreement:
  - 1.1.1 Maintain SEDCOR's financial records in accordance with generally accepted accounting principles
  - 1.1.2. Assist as necessary SEDCOR's designated auditors in the preparation of the annual audited financial statements.
  - 1.1.3. Provide monthly financial statements including cash balance statements, detailed check registry reports, and any investment statements.
  - 1.1.4. Process SEDCOR's accounts payable.
  - 1.1.5. Process SEDCOR's accounts receivable.
  - 1.1.6. Provide all necessary information to SEDCOR's auditor to prepare and file all required tax forms for SEDCOR.
- 1.2 All subject employers working under this Agreement are either employers that will comply with ORS 656.017 or employers that are exempt under ORS 656.126.
- 1.3 MWVCOG agrees that no person shall, on the grounds of race, color, religion, creed, sex, marital status, familial status or domestic partnership, national origin, age, mental or physical disability, sexual orientation, gender identity or source of income, suffer discrimination in the performance of this Agreement when employed by MWVCOG. MWVCOG agrees to comply with all applicable requirements of federal and state civil rights and rehabilitation statutes, rules and regulations. Further, MWVCOG agrees not to discriminate against a disadvantaged business enterprise, minority-owned business, woman-owned business, a business that a service-disabled veteran

owns, or an emerging small business enterprise certified under ORS 200.055, in awarding subcontracts as required by ORS 279A.110.

- 1.4 MWVCOG shall invoice SEDCOR on a monthly basis for all work performed in the previous month.

## **2. SEDCOR'S OBLIGATIONS**

- 2.1. Startup Costs. SEDCOR shall reimburse MWVCOG for all reasonable start-up costs needed to provide the services provided in Section 1.1.; to include but not limited to check stock, software licensing, etc..
- 2.2 Make payment to MWVCOG by the end of the month in which SEDCOR receives an invoice for services on a time and materials basis at a rate of \$110.0 / hour for time spent by the Finance Director and \$73.00 / hour for time spent by the Accounting Clerk in providing the services in Section 1.1.

## **3. GENERAL PROVISIONS**

- 3.1. This is a non-exclusive Agreement. SEDCOR is not obligated to assign additional work to MWVCOG and is free to engage the similar services of other contractors in its sole discretion.
- 3.2. MWVCOG shall not assign, subcontract, or sublet any interest in this Agreement, it being understood that MWVCOG's services are professional, and MWVCOG was chosen based on the quality and suitability of those professional services.
- 3.3. This Agreement embodies the full and complete understanding of the parties respecting the subject matter hereof. It supersedes all prior agreements, negotiations, and representations between the parties, whether written or oral.
- 3.4 This Agreement may be amended only by written instrument executed with the same formalities as this Agreement.
- 3.5. Although MWVCOG is a public entity, documents held or created as part of this agreement are by and for SEDCOR, a private non-profit organization, and therefore are not subject to the Oregon Public Records law (ORS Chapter 192).
- 3.6. This Agreement shall be governed by the laws of the State of Oregon without regard to conflict of laws principles. Exclusive venue for litigation of any action arising under this Agreement shall be in the Circuit Court of the State of Oregon for Marion County unless exclusive jurisdiction is in federal court, in which case exclusive venue shall be in the federal district court for the district of Oregon. Each party expressly waives any and all rights to maintain an action under this Agreement in any other venue, and expressly consents that, upon motion of the other party, any case may be

dismissed or its venue transferred, as appropriate, so as to effectuate this choice of venue.

- 3.7. MWVCOG shall defend, save, hold harmless and indemnify SEDCOR and its officers, employees and agents from and against all claims, suits, actions, losses, damages, liabilities costs and expenses of any nature resulting from or arising out of, or relating to the activities of MWVCOG or its officers, employees or agents under this Agreement.
- 3.8. SEDCOR shall defend, save, hold harmless and indemnify MWVCOG and its officers, employees and agents from and against all claims, suits, actions, losses, damages, liabilities costs and expenses of any nature resulting from or arising out of, or relating to the activities of SEDCOR or its officers, employees or agents under this Agreement
- 3.9 Neither party to this Agreement shall hold the other responsible for damages or delay in performance caused by acts of God, strikes, lockouts, accidents, or other events beyond the control of the other or the other's officers, employees or agents.
- 3.10 If any provision of this Agreement is found by a court of competent jurisdiction to be unenforceable, such provision shall not affect the other provisions, but such unenforceable provision shall be deemed modified to the extent necessary to render it enforceable, preserving to the fullest extent permitted the intent of MWVCOG and SEDCOR set forth in this Agreement.

#### **4. REMEDIES**

- 4.1 In the event MWVCOG is in default of this Agreement, SEDCOR may, at its option, pursue any or all of the remedies available to it under this Agreement and at law or in equity, including, but not limited to:
  - 4.1.1 termination of this Agreement;
  - 4.1.2 withholding all monies due for Work and Work Products that MWVCOG has failed to deliver within any scheduled completion dates or has performed inadequately or defectively;
  - 4.1.3 initiation of an action or proceeding for damages, specific performance, or declaratory or injunctive relief; and
  - 4.1.4 exercise of its right of setoff.
  - 4.1.5 These remedies are cumulative to the extent the remedies are not inconsistent, and SEDCOR may pursue any remedy or remedies singly, collectively, successively or in any order whatsoever.

4.2 In the event SEDCOR terminates the Agreement, or in the event SEDCOR is in default, MWVCOG's sole monetary remedy shall be:

4.2.1 A claim for the sum designated for completing the deliverable Work Products multiplied by the percentage of Work completed and accepted by SEDCOR, less previous amounts paid and any claim(s) that SEDCOR has against MWVCOG.

4.2.2 In no event shall SEDCOR be liable to MWVCOG for any expenses related to termination of this Agreement or for anticipated profits. If previous amounts paid to MWVCOG exceed the amount due, MWVCOG shall pay immediately any excess to SEDCOR upon written demand provided.

## **5. TERM AND TERMINATION**

### **5.1 Term**

5.1.1 This Agreement shall be effective as of the date of the last signature of the parties and shall continue in full force and effect until June 30, 2020, unless sooner terminated as provided in Subsection 6.2.

5.1.2 This Agreement may be extended upon mutual written consent of the parties.

### **5.2 Termination**

5.2.1 SEDCOR and MWVCOG may terminate this Agreement by mutual agreement at any time.

5.2.2 SEDCOR and MWVCOG may, upon not less than thirty (30) days' prior written notice, terminate this Agreement for any reason deemed appropriate in their sole discretion.

5.2.3 Either party may terminate this Agreement, with cause, by not less than fourteen (14) days prior written notice if the cause is not cured within that fourteen (14) day period after written notice. Such termination is in addition to and not in lieu of any other remedy at law or equity.

## **6. NOTICE**

6.1 Whenever notice is required or permitted to be given under this Agreement, such notice shall be given in writing to the other party by personal delivery, by sending via a reputable commercial overnight courier, by mailing using registered or certified United States mail, return receipt requested, postage prepaid, or by electronically confirmed at the address or facsimile number set forth below:

**If to SEDCOR:**

ATTN: President  
626 High Street NE, Suite 200  
Salem, OR 97301  
Phone: (503) 588-6225  
Fax: (503) 588-6240  
Email: info@sedcor.com

**If to MWVCOG:**

ATTN: Executive Director  
100 High St. SE, Suite 200  
Salem, OR 97301  
Phone: 503-588-6177  
Email: mwvcog@mwvcog.org

7. **WAIVER OF BREACH** - One or more waivers or failures to object by either party to the other's breach of any provision, term, condition, or covenant contained in this Agreement shall not be construed as a waiver of any subsequent breach, whether or not of the same nature.

8. **MWVCOG'S COMPLIANCE WITH TAX LAWS**

8.1 MWVCOG represents and warrants to SEDCOR that:

8.1.1 MWVCOG shall, throughout the term of this Agreement, including any extensions hereof, comply with:

- (i) All tax laws of the State of Oregon, including, but not limited to, ORS 305.620 and ORS chapters 316, 317, and 318;
- (ii) Any tax provisions imposed by a political subdivision of the State of Oregon applicable to MWVCOG; and
- (iii) Any rules, regulations, charter provisions, or ordinances that implement or enforce any of the foregoing tax laws or provisions.

8.1.2 MWVCOG, for a period of no fewer than six (6) calendar years preceding the Effective Date of this Agreement, has faithfully complied with:

- (i) All tax laws of the State of Oregon, including, but not limited to, ORS 305.620 and ORS chapters 316, 317, and 318;
- (ii) Any tax provisions imposed by a political subdivision of the State of Oregon applicable to MWVCOG; and
- (iii) Any rules, regulations, charter provisions, or ordinances that implement or enforce any of the foregoing tax laws or provisions.

8.2 MWVCOG's failure to comply with the tax laws of the State of Oregon and all applicable tax laws of any political subdivision of the State of Oregon shall constitute a material breach of this Agreement. Any material breach of this Agreement shall

entitle SEDCOR to terminate this Agreement and to seek damages and any other relief available under this Agreement, at law, or in equity.

- 8.3 Any Work delivered to SEDCOR under this Agreement shall be provided to SEDCOR free and clear of any and all restrictions on or conditions of its use, transfer, modification, or assignment, and shall be free and clear of any and all liens, claims, mortgages, security interests, liabilities, charges, and encumbrances of any kind.

**IN WITNESS WHEREOF** the parties have caused this Agreement to be signed in their respective names by their duly authorized representatives as of the dates set forth below.

**THE MID-WILLAMETTE VALLEY  
COUNCIL OF GOVERNMENTS**

**STRATEGIC ECONOMIC  
DEVELOPMENT CORPORATION**

**By:** \_\_\_\_\_  
**Sean E. O'Day, Executive Director**

**By:** \_\_\_\_\_  
**Erik Andersson, President**

**Date:** \_\_\_\_\_

**Date:** \_\_\_\_\_



## **MEMORANDUM**

**TO:** Board of Directors  
Mid-Willamette Valley Council of Governments

**DATE:** November 6, 2019

**THRU:** Sean O'Day  
Executive Director

**FROM:** John Safstrom  
Loan Program Manager

**SUBJECT:** Authorization to Execute a Referral Agreement with Community Reinvestment Fund

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### **Background**

The Mid-Willamette Valley Council of Government (COG) business lending program has contracts with Business Oregon and CCD Development Corporation (CRF) to be an intermediary that provides businesses within the region and state access to the SBA 504 and Oregon Business Development Fund loan programs.

Recently the COG lending program was contacted by the Community Reinvestment Fund, located in Minneapolis, Minnesota, to offer their SBA 7a loan program through a referral agreement with the COG. This is an opportunity to provide another intermediary loan program and derive income that supports the lending program.

Previously COG lending program provided the CRF loan programs to businesses in our region under agreements that have expired or are now phased out after the 2008 economic downturn. The CRF/COG relationship benefited both parties and the business borrowers and their banks.

### **Community Reinvestment 7a Referral Agreement**

CRF does not want to supplant our local banks efforts or take customers away from our local banks. Rather CRF finances loan projects that a bank cannot finance but want to retain their customer and all the banking services with that customer.

Currently, CRF is an active lender for business acquisitions, which are often difficult for community banks to provide their business borrowers.

The COG staff would provide CRF promising loan referrals and act as a local interface with the businesses and CRF until the loans are funded.

This activity is beneficial to the COG loan program because the staff time is compensated by the referral fee in excess to the allocation of staff time; and, could further provide additional income from companion COG loans to the business borrower then or in the future to the businesses.

**Recommendation:**

Authorize the Executive Director to execute the CRF Referral Agreement.



**Community Reinvestment Fund, USA (CRF)  
SBA 7(a) REFERRAL AGREEMENT**

**I. Introduction**

This agreement (this "Agreement") is between Community Reinvestment Fund, Inc., a Minnesota nonprofit corporation doing business as Community Reinvestment Fund, USA and its affiliates ("CRF"), and \_\_\_\_\_ (the "Referral Partner") as of the Effective Date indicated below. This document describes the roles and responsibilities of CRF and the Referral Partner in connection with the referral of SBA 7(a) loans pursuant to this Agreement. It is mutually understood that referral fees (if any) will not be paid by the small business borrower.

CRF is a mission-driven organization, dedicated to creating positive impact in America's underserved communities. We are committed to helping small businesses across the country access the financing they need to grow and create jobs.

CRF has a Small Business Lending Company license issued by the U. S. Small Business Administration (SBA) to provide SBA 7(a) loans to eligible small businesses across the nation.

CRF desires to increase access of small business loans to creditworthy, underserved small businesses. Therefore, CRF seeks to leverage the relationships with our Referral Partners to reach those small businesses.

This Agreement may be used with both Referral Partners that will receive a fee from CRF and Referral Partners that will not receive a fee. Exhibit B will detail any fees to be paid to the Referral Partner.

**II. Scope of Services for SBA 7(a)**

A. **Referral Partner** – The responsibilities of a Referral Partner are as follows:

1. To understand CRF's SBA 7(a) program and process, and submit loans that meet the program's intent.
2. To assist small business borrowers with collecting and submitting the SBA 7(a) Loan Prescreen Information for screening interest and to correspond with small business borrowers in connection therewith. (See Exhibit A for the SBA 7(a) Loan Prescreen Information list)



3. To provide any additional documents, information or material that CRF may reasonably request in connection with its review and evaluation of the SBA 7(a) loans submitted pursuant to this Agreement.
4. Upon indication of interest CRF will take leadership in processing loan request.

**B. CRF responsibilities** – CRF will be responsible for the following:

1. Underwriting of the loan application;
2. Ensuring SBA 7(a) loan application package completion (at CRF's sole discretion);
3. Corresponding with small business borrowers, including but not limited to, letters of intent, commitment letters, decline letters and loan closing requirements, as applicable;
4. Ordering and reviewing necessary reports, including but not limited to credit reports, business reports, appraisals, background checks, etc.;
5. Creating loan closing documentation (if loan is approved by CRF);
6. Payment of fees owed to Referral Partner in accordance with Section IV and Exhibit B;
7. Loan servicing activities.

**III. Term** — the term of this Agreement is 3 years from the Effective Date and subject to change from time to time by written agreement of the parties. Either party can terminate it at any time by sending thirty (30) days written notice to the other party. Provided, however, that CRF will pay to Referral Partner any referral fees payable to Referral Partner in accordance with Section IV for loan applications submitted while this Agreement was in effect for loans that close within 6 months of the date of termination of this Agreement.

**IV. Compensation (if applicable)**

- a. CRF will only pay the referral fee to Referral Partner for SBA 7(a) loans closed by CRF or one of its affiliates and generated by complete submission of information described in Section II (A) 1-3 ("Eligible Loan").
- b. All referral fees payable under Section IV.a will be paid within 30 days of the closing date of the Eligible Loan and calculated on the amount of the Eligible Loan and the fee schedule included as Exhibit B. For the purposes of determining the Referral Fee, CRF will consider the total volume in \$ of the loans closed by CRF during CRF's current fiscal year (fiscal year end is June 30) that were referred by the Referral Partner including the current loan.

**V. Community Partner Status**

In order for CRF to meet its mission, CRF seeks to form collaborative relationships with Community Partners across the country. We intend to leverage the relationships with our Community Partners to



positively impact their local communities through the use of CRF's lending products. Please indicate in **Exhibit C** whether Referral Partner is also a Community Partner, as defined in Exhibit C.

**VI. Other**

- a. Referral Partner hereby represents, warrants and covenants to CRF that to the best of Referral Partner's knowledge, all information provided by Referral Partner to CRF is accurate and complete in all material respects and does not omit any material fact necessary for the purposes intended.
- b. Referral Partner hereby acknowledges and agrees that nothing herein constitutes an agreement by CRF or an obligation of CRF to underwrite or fund any loan in any amount, and that all underwriting decisions shall be made by CRF in its sole discretion.
- c. It is acknowledged that this is a nonexclusive relationship between CRF and Referral Partner.
- d. Referral Partner acknowledges that any referral fees will be reported to the SBA on Form 159.
- e. Notwithstanding anything to the contrary herein contained, and notwithstanding the use of terms such as "partner", the parties hereto do not intend to and shall not be deemed to have formed a separate legal entity by virtue of entering into this Agreement or by taking any action pursuant hereto, and shall not be deemed to be joint venturers.
- f. Counterparts. This Agreement may be executed in several counterparts, each of which shall be deemed an original, and all of which shall together constitute one and the same instrument.
- g. Entire Agreement. This Agreement shall constitute the entire agreement between the parties hereto and replaces and supersedes all prior agreements, written and oral, relating to the subject matter hereof, between the parties to this Agreement.
- h. Severability. If any provision of this Agreement is found by a court of competent jurisdiction to be invalid or unenforceable, such invalidity or unenforceability shall not invalidate or render unenforceable any other part of this Agreement, but the Agreement shall be construed as not containing the particular provision or provisions held to be invalid or unenforceable.

*[Signature Page to Follow]*



Agreed this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_ (the "Effective Date").

**CRF:**

\_\_\_\_\_  
Judy Jandro  
SVP of Small Business Lending  
Community Reinvestment Fund, USA  
801 Nicollet Mall, Suite 1700W  
Minneapolis, MN 55402

**Referral Partner:**

\_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Company: \_\_\_\_\_  
Street Address: \_\_\_\_\_  
\_\_\_\_\_  
City/State/Zip: \_\_\_\_\_



## EXHIBIT A:

**SBA 7(a) Loan Prescreen Information** - Below is the information required for CRF to prescreen an SBA 7(a) loan and make an initial decision on expression of interest. The following is provided to CRF by the Referral Partner:

- CRF Business Questionnaire to be completed;
- 3 years of Financial Statements (prepared on an accrual basis), including Tax Returns for each borrower, guarantor as well as any affiliated businesses;
- Current Year Interim Financial Statements (Balance Sheet and P&L), together with prior year same period financial statements for the borrower and any affiliated businesses;
- SBA Personal Financial Statement (Form 413) for all 20% or greater owners (combine spouses);
- SBA Borrower Information Form (Form 1919) and a resume for all owners and key managers;
- Credit Report Authorization - Completed and Signed for all 20% or greater owners
- Project Summary - what is proposed loan request for?
  - Sources and Uses of Funds;
  - Description of Collateral Package;
- Debt Schedule as of the date of the interim balance sheet provided, including the following details of notes being refinanced: origination date, original balance, current balance, interest rate, monthly payment, collateral held and original uses;
- Profit and Loss projections for three years (including the first year by month) accompanied by detailed assumptions.

The following additional documents must be completed reflecting the Referral Partner information for payment of any referral fees:

- Completed ACH instructions (please complete Exhibit D).
- Completed form W-9 - a blank form can be found here: <http://www.irs.gov/pub/irs-pdf/fw9.pdf>.



**EXHIBIT B:**

Referral Fees

<b>SBA 7(a) Referral Fee Schedule</b>	
<b>Closed SBA 7(a) volume during CRF fiscal year</b>	<b>Referral Fee</b>
\$0 - \$1 million (Silver)	1.0%
Over \$1 million (Gold)	2.0%

All referral fees will be paid within 30 days of the closing date of the related SBA 7(a) loan.



**EXHIBIT C:**

A **Community Partner** for CRF is defined as an organization that meets one of the following criteria (please indicate Community Partner's type of organization, below):

- i. \_\_\_\_ a 501(c)(3) organization, local economic development organization or other public charity that focuses its lending activities at economically distressed or declining areas, disadvantaged persons, neighborhood or community revitalization, or other Section 501(c)(3) charitable purposes and that are classified as Section 509(a)(1) or (2) organizations under the Code.;
- ii. \_\_\_\_ a unit of federal, state, county or municipal government or a duly constituted agency thereof focuses its lending activities at economically distressed or declining areas, disadvantaged persons, neighborhood or community revitalization, or other Section 501(c)(3) charitable purposes; or
- iii. \_\_\_\_ other organization (not described above) engaged in community development and revitalization and/or serving disadvantaged persons. Please describe:

\_\_\_\_ Referral Partner is not a Community Partner.



**EXHIBIT D:**

ACH Remittance Instructions

Bank Name: \_\_\_\_\_

ABA/Routing #: \_\_\_\_\_

Acct #: \_\_\_\_\_

Acct Name: \_\_\_\_\_

Fax #: \_\_\_\_\_

Email: \_\_\_\_\_

A detailed remittance advice will be emailed to your company following each payment.