

CREDIT UNION EMERGENCY LOAN PROGRAM AGREEMENT

This Credit Union Emergency Loan Program Agreement is entered into between Northwest Credit Union Foundation (“NWCUF”) and _____ (hereinafter “Participating Credit Union(s) or “PCU”. All parties under this agreement will be referred to as the “Parties”.

WHEREAS, the Parties wish to collaborate on making financing resources available to individuals that have been economically impacted by the COVID-19 virus.

WHEREAS, NWCUF is a 501(c)(3) non-profit corporation organized for charitable and community development purposes and is experienced in organizing and operating programs with participating credit union lenders and the communities they serve.

WHEREAS, PCU is committed to providing loan products to impacted individuals within their field of membership.

WHEREAS, the Parties wish to develop and operate an assistance program for impacted individuals through emergency loans provided by PCU and loan risk mitigation resources donated to and made available through NWCUF.

The parties agree as follows:

1. Definitions. The following definitions apply throughout this Agreement:

1.1 “Emergency Loan Program” or “Loan Program” means the program established by NWCUF and each PCU wherein NWCUF will organize and work with private donors to provide financial resources to a fund to be used for loan risk mitigation and underwriting costs of all PCUs.

1.2 “Emergency Loan Fund” or “Loan Fund” means the account established by NWCUF that is used as a loan loss reserve and for allowable underwriting costs on loans made to impacted individuals by PCU. The Loan Fund will have an established geographic region for eligible Applicants PCU will be required to adhere to.

1.3 “Underwriting Costs Subsidy” means a financial subsidy provided to PCU with grant funds to offset the cost of underwriting the loan. The subsidy rate will be consistent on each loan and each qualified loan will be eligible for a subsidy reimbursement through the Loan Program if PCU complies with all reporting and requirements.

1.4 “Loan Guarantee” means the financial backstop for PCU loan portfolio of emergency loans to mitigate risk to their credit unions. Part of the Loan Fund will be reserved for this anticipated loan loss, as outlined in Exhibit A.

1.5 “Applicant” means a qualified borrower in a field of membership of PCU who has been economically impacted by COVID-19 and who applies for an emergency loan with PCU and resides within the establish geographic region of the Loan Fund.

1.6 “Economically impacted by COVID-19” means an Applicant can demonstrate the Applicant or their immediate family has experienced a decrease income or increased expense due to COVID-19. PCU have the authority to make the determination if an applicant has been impacted based on this definition.

2. NWCUF Responsibilities.

2.1 NWCUF will actively recruit and work with donors to raise private funds and resources to establish the Emergency Loan Fund.

2.2 NWCUF will administer donor pledges, donor contribution of funds, tax receipts for donations and public announcements to promote the purpose for and results of the Emergency Loan Program. All donor funds will be contributed to NWCUF and held in the Emergency Loan Fund.

2.3 NWCUF will publicize and market the purpose of the Emergency Loan Program and the availability of emergency financing through PCUs.

2.4 NWCUF will administer the Emergency Loan Program and distribute grant funds to PCUs based upon their monthly and quarterly submissions for reimbursement of qualified expenses.

2.5 NWCUF will allocate bi-weekly funding caps for each PCU from the Loan Fund to be used for underwriting subsidies and loan loss reserves. The funding caps will be assessed and re-allocated every two weeks based on remaining funds available.

2.5.1 Funding caps will consist of funds for both standard borrowers and high-risk borrower categories as outlined in Exhibit A. Caps will be calculated based on funds available for each borrower category and number of PCU in the Loan Fund.

2.6 NWCUF shall not make any statements or representations regarding membership approval or loan approval without express consent from a PCU.

2.7 NWCUF is responsible for monitoring the Loan Program administration and reporting loan results to Loan Program donors.

2.8 NWCUF will share aggregate, non-identifiable data from Applicants with donors and report back on PCU loan deployment.

3. Participating Credit Union Responsibilities.

3.1 PCU will make funds available to be utilized for loans under the Loan Program in accordance with the bi-weekly cap established by NWCUF and based upon substantially an equal allocation of loan dollars to borrowers in both high risk and standard risk loan categories as described in Exhibit A. PCU will offer loans under the loan terms as set forth in Exhibit A.

3.2 PCU will offer credit union membership to each qualified Applicant in accordance with the credit union’s Bylaws. PCU is solely responsible for determining membership eligibility and qualification.

3.3 PCU will provide a Loan Program application for Applicants in a digital format. Each Applicant must furnish the necessary financial information as required by the Loan Term Sheet and a signed loan information sharing consent to permit PCU to share limited borrower information with NWCUF.

3.4 PCU shall review each completed loan application under its standard loan policies, processing guidelines, and follow regulatory requirements as applicable. PCU will also need to comply with the eligibility requirements and underwriting criteria for standard risk and high-risk loan categories as set forth in Exhibit A. Applicants must adhere to parameters set forth by this Loan Program and be able to prove they have been economically impacted by COVID-19 to be eligible for the Loan Program.

3.5 PCU agrees to determine and declare any delinquency and charge-off in compliance with the terms set forth in Exhibit A; and submitting for loan loss reimbursement through the Loan Fund. Underwriting subsidies can be submitted on a weekly basis for reimbursement based upon the set loan rate and the number of loans deployed in the week period.

3.6 PCU agrees to track and report to NWCUF on Applicants and deployed loans as outlined in Exhibit B. During initial loan deployment, reports will be submitted to NWCUF weekly. After all loans are deployed, quarterly updates will be submitted to NWCUF about the performance of the loans deployed through the Emergency Loan Program.

4. Representations and Warranties.

4.1 NWCUF represents and warrants the following:

- (a) NWCUF has duly authorized the development of the NWCUF Emergency Loan Program and is duly authorized to execute this Agreement and any other document necessary and applicable under the Loan Program.
- (b) NWCUF shall cooperate in good faith with PCU to deploy loans to qualified Applicants and to account for the Loan Program funds in a manner that meets the terms of this agreement, including Exhibit A.
- (c) NWCUF authorizes each PCU to exercise its lien rights and security interest and apply funds to delinquent loans under the Loan Program in amounts up to the guaranteed loan amount limit.

4.2 PCU represents and warrants the following:

- (a) PCU is duly authorized to enter into this Agreement and to execute any other documentation necessary to commence and perform under the Loan Program.
- (b) Grant funds from NWCUF distributed from the Loan Fund shall be tracked in one or more accounts at PCU in compliance with regulatory policies.
- (c) PCU will not discriminate against any Applicant in providing deposit and loan products and services. PCU will follow the same policies and procedures for Applicants as any other new or current PCU member.

5. Reporting. While the Emergency Loans are being deployed, each PCU will prepare weekly reports (Exhibit B) on the loan activity related to this Loan Program, including the financial reporting data as set forth in Exhibit A. After all loans are deployed, each PCU will provide quarterly reports to NWCUF based on the reporting template in Exhibit B. Full documentation of deployed loans, including COVID-19 impact verification, will not be required for all reimbursement requests, but NWCUF reserves the right to request additional information about the loan or Applicant details if needed.

6. Records and Information Sharing. The Parties agree to prepare and share certain records of the Loan Program performance including performance of any specific loan in which is backed up the Loan Fund, subject to the Confidentiality responsibilities in Sec. 7. The Parties agree to share and release general non-borrower information about the Loan Program to each other and to the public. The Parties agree to share challenges and successes of the Loan Program and these may be discussed at any local, state or national meetings or conferences. Stories from the Parties or Applicants of this Loan Program may be publicized through various media, including brochures, web pages, news articles and press events. General information about the structure of this Loan Program will be made to the public and other agencies. However, no loan documents of PCU and its borrowers will be public records subject to Washington State Public Disclosure Act RCW 42.17.

7. Confidentiality. The Parties agree to the following Confidentiality obligations. The term “Disclosing Party” means the Party which provides Confidential Information to Recipient. The term “Recipient” means the Party receiving Confidential Information. “Confidential Information” means information, without regard to form, regarding a Party or its affiliates that is disclosed to, or becomes known to, the other Party as a result of the Parties’ communications with each other including without limitation: (i) any information with respect to the Disclosing Party’s business, products and services, business plans and strategies, business methodologies, marketing plans, financial statements, and information systems; vendor lists and information, marketing, pricing or advertising strategies and plans, trade secrets, and operations or any other tangible or intangible information with respect to any aspect of the Disclosing Party, its subsidiaries, affiliates, (ii) any member files, data and information that constitutes nonpublic personal information as defined in the Gramm-Leach-Bliley Act and CFPB Regulation P, Privacy of Consumer Financial Information disclosed or shared by PCU.

8. Indemnification. Each party will defend, indemnify, and hold the other party, its officers, directors, agents and employees, harmless from any claims or liabilities brought against it or its employees or agents, including attorneys’ fees, costs and expenses at trial, on appeal or on any petition for review, based on any claim that any services or materials delivered to the party pursuant to this Agreement violate or infringe upon the rights of any other party or a constitute a breach of the delivering party’s contractual obligations under this Agreement; provided, however, this subsection shall not apply where such injury or damage is caused by the negligence or willful misconduct of the party claiming indemnification, or that party’s agents or employees. Notwithstanding the foregoing, whether or not the possibility of such damages has been disclosed or is reasonably foreseeable, neither party shall be liable to the other for special, incidental, exemplary or consequential damages, including, but not limited to, loss of profits or revenue, loss of use of equipment or data, cost of capital, cost of substitute equipment, facilities or services, downtime costs, or claims of customers of either party for such damages.

9. Termination. NWCUF or PCU may terminate this Agreement for any reason, provided designated funds shall remain in place in the Loan Fund until all loans under the Loan Program have been paid in full in accordance with their guarantee. In the event of a breach of this

Agreement, the non-breaching party may terminate this Agreement upon thirty (30) days written notice to the breaching party.

10. Dispute Resolution. In the event of any action or proceeding at law or in equity by a party to enforce or interpret any provision of this Agreement or to protect or establish any right or remedy of either party hereunder, the party not prevailing in such action or proceeding shall pay to the prevailing party all costs and expenses, including, without limitation, reasonable attorneys' fees and expenses, incurred therein by such prevailing party and if such prevailing party shall recover judgment in any such action or proceeding, such costs, expenses and attorneys' fees shall be included in and as part of such judgment.

11. Miscellaneous.

11.1 Waiver. The waiver by any party hereto of any breach of any term, covenant or condition herein contained shall not be deemed to be a waiver of such term, covenant or condition or any subsequent breach of the same or any other term, covenant or condition herein contained. Any waiver of a term, covenant or condition in this Agreement shall be valid only if in writing.

11.2 Governing Law. This Agreement shall be interpreted and construed under and pursuant to the laws of the State of Washington.

11.3 No Assignment. Neither party shall assign its rights nor delegate its duties under this Agreement without prior written consent of the other party.

11.4 Public Announcements. Neither party shall publicly announce or disclose the terms and conditions of this Agreement except that either party may use the other party's name as a reference in media releases and marketing material. This provision shall survive the termination of this Agreement.

11.5 Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument.

11.6 Entire Agreement. This Agreement constitutes the entire agreement of the Parties hereto with respect to the matters contemplated hereby, and no other agreement, statement or promise, made by any party hereto, that is not contained herein shall be binding or valid.

Effective Date. This Agreement will become effective _____, 2020.

Participating Credit Union

Northwest Credit Union Foundation

Credit Union: _____

By: _____

By: _____

Title: _____

Title: _____

Date: _____

Date: _____

EXHIBIT A

**Term Sheet for Target Loans under
COVID-19 Emergency Loan Program**

Applicants/Borrowers	Eligible borrowers will be individuals qualified by PCU, economically impacted by COVID-19 and reside within the geographic boundaries of the Loan Fund.
Lender(s)	Participating Credit Union
Loan Types	Consumer, personal loan
Eligible Use of Funds	Underwriting subsidy - \$125 per qualifying loan Loan loss – 75% portfolio guarantee on qualifying “high-risk” loans Loan loss – 25% portfolio guarantee on qualifying “standard risk” loans PCU can only be reimbursed up to the funding cap provided by NWCUF.
Minimum Loan	\$500
Maximum Loan	\$2,500
Loan Term	24 months
Payment Schedule	90-day initial payment deferral, monthly payments after deferral window
Interest Rate	0% (no interest is allowed to be collected at any point on this loan)
Loan Disbursement	PCU will disburse funding in one installment to the borrower. Time is of the essence and funds should be disbursed to borrowers quickly upon approval.
Loan Guarantee	Portfolio of loans issued in “high-risk” category will be covered by a 75% Loan Guarantee. Portfolio of loans issued in “standard risk” category will be covered by a 25% Loan Guarantee.

<p>Risk Categories</p>	<p>High-risk Applicants are qualified for a 75% Loan Guarantee if the Applicant meets <u>at least one</u> of the following eligibility requirements:</p> <ul style="list-style-type: none"> • ITIN borrower • Credit rating of 629 or lower/no score • Income at or below 75% AMI • Debt-to-income ratio over 50% • Unbanked/underbanked <p>Standard risk Applicants are qualified for a 25% Loan Guarantee if the Applicant does not qualify for “high-risk” and <u>includes all</u> of the following:</p> <ul style="list-style-type: none"> • SSN borrower • Credit rating of 630 and above • Income above 75% AMI • Debt-to-income under 50%
<p>Loan Fees</p>	<p>PCU will charge borrower no loan fees. PCU will not charge for early repayment of the loan. PCU will submit for underwriting subsidy for \$125 per loan to recover lost fee revenue.</p>
<p>Other Terms and Conditions</p>	<p>Underbanked Applicants may have one or more of the following characteristics:</p> <ul style="list-style-type: none"> • Lack of credit history • Lack of deposit history • Specific type of credit including cash withdrawals, title loans, money orders, or payday loans <p>PCU can ask if an Applicant has a relationship with other financial or depository institutions to determine if they are unbanked or underbanked.</p>
<p>Loan Application</p>	<p>A digital loan application is required. Along with a completed loan application and agreement, PCU must require the borrower to submit the following documents to apply for the loan:</p> <ul style="list-style-type: none"> • Proof of decreased income or increased expenses due to COVID-19 to demonstrate the Applicant has been economically impacted.
<p>Loan Origination Procedures and Schedule</p>	<p><u>Origination</u> - Once PCU receives a completed application for a loan, the loan processing and documentation will begin. <u>Closing</u> - Timing between Origination and Closing will depend upon the borrower and any regulatory requirements. Time is of the essence.</p>
<p>Financial Reporting</p>	<p>PCU will track loan details and report to NWCUF weekly on loan deployment. Weekly, PCU will provide the following information on borrowers in a reporting template provided to PCU by NWCUF. Information will include:</p> <ul style="list-style-type: none"> • Number of loans • Total loan dollars deployed • Risk category of each loan (75% or 25%) <ul style="list-style-type: none"> ○ ITIN or SSN borrower ○ Unbanked/underbanked

	<ul style="list-style-type: none"> • Credit score • Debt-to-income • Income • Zip Code • Age • Loan origination and end dates <p>Once all funding from has been allocated (underwriting subsidy and loan loss reserves) from the Loan Fund, PCU will continue to report on the loan performance quarterly, including the additional information:</p> <ul style="list-style-type: none"> • Repayment to date • Date of last payment • Payment delinquency • Charge-off amount <p>Once a loan is delinquent for at least 90 days and a charge-off occurs, PCU will record the amount of the charge-off in the reporting template provided by NWCUF and submit quarterly to NWCUF for reimbursement through the Loan Fund.</p>
<p>Loan Collection and Administration</p>	<p>PCU will exercise reasonable attempts to protect the Loan Fund in an effort to ensure proper use and funding of these loans.</p> <p>1st month of non-payment: late notice letter sent to borrower 2nd consecutive month of non-payment: late notice letter sent to borrower 3rd consecutive month of non-payment: late notice letter sent to borrower</p> <p>After three consecutive months of non-payment, PCU will charge-off the remaining balance of the loan and the loan loss incurred will then be eligible for reimbursement from the Loan Fund for the applicable 25%/75% Loan Guarantee up to the PCU’s funding cap set by NWCUF.</p> <p>PCU will not take any additional actions to collect debt beyond actions described here.</p>
<p>Reporting to Credit Bureaus</p>	<p>PCU can determine whether or not they report the Emergency Loans to credit bureaus. NWCUF recommends PCU let Applicants decide if their loan performance is reported.</p>
<p>Primary Contacts</p>	<p>_____ of PCU will be the primary contact during the program.</p> <p>_____ of NWCUF will be the primary contact during the program.</p> <p>Other staff qualified to handle such matters may be assigned as the program develops.</p>

EXHIBIT B

Weekly Reports

An excel document will be provided to each participating credit union to track loans deployed through the Emergency Loan Program. The document will include the following categories to be tracked for each loan:

- Standard Risk Borrower
 - Loan ID
 - Loan Date
 - Loan Amount
 - Zip Code
 - Income
 - Area Median Income (%)
 - Credit Score
 - Debt to Income (%)
 - Age
 - Loan end Date
- High Risk Borrower
 - Loan ID
 - Loan Date
 - Loan Amount
 - Zip Code
 - Income
 - Area Median Income (%)
 - Credit Score
 - Debt to Income (%)
 - Age
 - Loan end Date
 - Underbanked (Y/N)
 - Underbanked Indicators: Lack of credit history or deposit history, specific credit: cash withdrawals, title loans, money orders, payday loans, etc.
 - If a credit union doesn't gather this level of information on applicants, they can put NA

Quarterly Reports

The excel document submitted by the credit union will be used to track loan performance through the loan period. The additional data credit unions will need to track on a quarterly basis is the following:

- Repayment to date
- Date of last payment
- Payment delinquency (Y/N)
- Charge Off Amount (if there has been a 90-day delinquency period)