

SORED I Third-Party Administration and Servicing Proposal

City of Grants Pass URA Grant & Loan Program

Serviced by: Southern Oregon Regional Economic Development, Inc. (SORED I)

Purpose and Overview

This proposal outlines a framework under which Southern Oregon Regional Economic Development, Inc. (SORED I) would serve as a third-party administrator and loan servicer for the City of Grants Pass Urban Renewal Agency (URA) Grant and Loan Program. The City of Grants Pass would retain full ownership, policy authority, approval authority, and fiscal control over the program. SORED I's role would be limited to professional intake screening, underwriting support, loan servicing, reporting, and optional grant monitoring services, all conducted in accordance with City-adopted program rules.

The objective of this arrangement is to provide the City with scalable professional capacity while maintaining strong internal controls, preserving public accountability, and ensuring flexibility for both parties in the event of changed circumstances. This structure is intended to support projects within the North 6th and 7th Street Corridor, Blighted Building Removal and Replacement, Building Rehabilitation and Restoration, and Underdeveloped Land program areas.

Program Ownership and Authority

The Urban Renewal Grant and Loan Program is a City-owned program administered under the adopted Urban Renewal Plan. The City is solely responsible for program design, eligibility criteria, interpretation of City rules, award approvals, contract execution with applicants, authorization of disbursements, and enforcement actions.

SORED I will operate exclusively as a contractor providing administrative, analytical, and servicing support. Nothing in this proposal is intended to transfer discretion, fiduciary responsibility, or approval authority from the City to SORED I.

Roles and Responsibilities

City of Grants Pass Responsibilities

The City will market the program, accept initial inquiries and intake submissions, confirm Urban Renewal Area boundary and zoning determinations, coordinate any required Historic Buildings and Sites Commission reviews, place recommendations on meeting agendas, approve or deny awards, execute Funding Agreements with applicants, authorize all disbursements, and pursue collections and legal remedies when necessary.

SORED I Responsibilities

SORED I will receive intake materials from the City, log and screen each intake for baseline eligibility using City rules, request and assemble full application packages for eligible applicants,

underwrite loan requests, and prepare written recommendation memoranda suitable for staff presentation and City Council or URA Board consideration. SOREDI will service approved loans, monitor performance, prepare reports, issue standardized delinquency notices, and, if requested, assist with grant covenant monitoring and closeout documentation.

Eligibility Screening and Underwriting

All intake reviews and underwriting analyses will be performed strictly in accordance with City of Grants Pass URA Grant and Loan Program rules. SOREDI will not apply its own lending eligibility standards to City programs.

Screening will confirm, at a minimum, that the property is located within the Urban Renewal Area boundary, is properly zoned for the proposed use, has no disqualifying tax, assessment, or debt defaults owed to the City, and is free of active code enforcement violations unless the proposed project will resolve those violations. Program-specific criteria, including match requirements, maximum award amounts, eligible costs, and project timing requirements, will be validated prior to advancement.

Loan underwriting will assess reasonable prospect of repayment using standard financial documentation, verify participation by private lenders or other committed capital sources, analyze project feasibility and readiness, and confirm proposed collateral. All loans will be fully secured prior to release of funds, generally by mortgage or deed of trust, with additional collateral or guarantees as required by the City. Loan terms and conditions will be documented in the City's Funding Agreement with the borrower.

Application Workflow

The application process begins with City-led outreach and intake. Completed intake forms will be transmitted to SOREDI using secure file transfer methods. SOREDI will log each intake and provide the City with a written eligibility disposition indicating whether the submission is ineligible, eligible pending additional information, or eligible to proceed to full application.

For eligible projects, SOREDI will collect a complete application package from the applicant and perform underwriting or feasibility review as appropriate. SOREDI will then prepare a written recommendation memorandum addressing eligibility, project description, budget and match compliance, readiness, public benefit, risk considerations, and recommended conditions. This memorandum will be delivered to City staff for inclusion in the applicable approval process.

Approval and Contracting

Final approval authority rests with the City at the staff, URA Board, or City Council level, consistent with City policy and thresholds. Upon approval, the City will execute a Funding Agreement directly with the applicant. SOREDI may provide technical support during the closing process but will not execute contracts or authorize disbursements.

Disbursement Administration

Grant disbursements will generally be made on a reimbursement basis following project completion, inspections, permits, and proof of payment, in accordance with City rules. Loan disbursements will be made pursuant to the Funding Agreement and may include controlled draws or vendor payments. SOREDI may assist with documentation review if requested but will not control or release funds.

Loan Servicing and Payment Handling

SOREDI will service City loans under a structure that ensures SOREDI never takes custody of City funds. All borrower payments will be made directly to a City-controlled payment channel, such as a City bank lockbox or City-designated ACH account.

The City's financial institution will process borrower payments and generate transaction reports or data files. SOREDI will receive those files for the sole purpose of posting payments to the loan servicing system, maintaining amortization schedules, monitoring balances, and preparing reports. Borrower payments will never be deposited into, held by, or commingled with SOREDI funds.

SOREDI will maintain servicing records including payment histories, delinquency status, communications logs, and covenant tracking where applicable. SOREDI will provide monthly reports to the City summarizing loan balances, payments posted, delinquency aging, and servicing actions taken.

Delinquency Management and Collections

SOREDI will conduct routine delinquency management using standardized notices and reminders. Loans that become seriously delinquent, typically sixty days or more past due, will be referred to the City for collections and legal enforcement by the City Attorney. SOREDI will support these efforts by providing payment histories and documentation upon request.

Grant Monitoring and Closeout Support

If the City elects to delegate additional post-award responsibilities, SOREDI may perform grant covenant monitoring, verification of completion documentation, and closeout due diligence under the agreed scope. All final determinations and enforcement authority will remain with the City.

Term and Termination

The contemplated professional services agreement between the City and SOREDI will have an initial term of one year. The agreement may be renewed annually by mutual written agreement.

Either party may terminate the agreement for any reason or no reason upon sixty days' written notice. This termination structure is intended to preserve flexibility for both parties and allow orderly transition of responsibilities if circumstances or governance priorities change.

Transition Upon Termination

Upon termination or expiration of the agreement, SOREDI will cooperate fully in an orderly transition. SOREDI will deliver all program and servicing records to the City in a mutually agreed electronic format, including intake materials, underwriting memoranda, loan histories, payment records, delinquency logs, and reports. SOREDI will also provide a final reconciliation of loan activity through the termination date and may provide limited transition assistance to facilitate transfer of servicing to the City or a successor provider.

Fees

Fees for services will be established in the professional services agreement and may be paid directly by the City or incorporated into funding agreements as administrative fees. A typical structure includes a per-intake screening fee, a per-application underwriting and recommendation fee, a monthly servicing fee per active loan, and optional fees for grant monitoring, closeout support, or workout assistance if requested. See Exhibit A for a breakdown of proposed fees.

Conclusion

This proposal presents a governance-focused, flexible, and audit-ready framework that enables the City of Grants Pass to efficiently deploy urban renewal funds while protecting public resources, maintaining program control, and preserving SOREDI's ability to responsibly disengage if circumstances materially change.

Exhibit A Sample Fee Schedule

The following fee schedule is proposed for administration, underwriting, and servicing support provided by Southern Oregon Regional Economic Development, Inc. (“SORED”) in connection with the City of Grants Pass Urban Renewal Agency (URA) Grant and Loan Program. Fees are intended to recover professional staff time and direct program costs and may be paid by the City under the professional services agreement and/or incorporated into Funding Agreements as negotiated by the City.

1. Intake Screening Fee (Per Intake Submission)

Fee: \$175 per intake

This fee covers initial logging, eligibility screening, verification of baseline program requirements, and issuance of an eligibility disposition to the City (ineligible, eligible pending additional information, or eligible to proceed to full application).

If an intake advances to a full application within sixty (60) days, this fee may be credited toward the applicable application processing fee.

2. Full Application Processing and Recommendation Fees

A. Grant Applications

Grant Requests of \$25,000 or Less: \$500 per application

Grant Requests Greater Than \$25,000: \$850 per application

These fees include collection and review of application materials, validation of eligibility and match requirements, project readiness assessment, reconciliation of eligible costs against City rules, and preparation of a written recommendation memorandum suitable for staff review and City Council or URA Board consideration.

B. Loan Applications

Fee: \$1,750 per loan application

This fee includes assembly of all applicable components of a financial package, potentially including: repayment analysis, review of project feasibility and readiness, verification of lender participation or committed capital, collateral review, and proposed loan structure analysis. All applications will include preparation of a written underwriting and recommendation memorandum for City decision-makers.

Third-party hard costs such as appraisals, title reports, or environmental reports are not included in this fee unless the City specifically directs SOREDI to procure such services. If required, such costs shall be passed through at cost and disclosed in advance.

3. Ongoing Loan Servicing Fees (Loans Only)

Standard Loan Servicing

Fee: \$100 per month per active loan

Program Minimum: \$250 per month

This fee covers loan boarding, payment posting based on City-controlled lockbox or ACH reports, balance and amortization tracking, monitoring and tickler management, delinquency notices through referral threshold, borrower communications, reconciliation, and preparation of monthly loan performance reports to the City.

SORED I does not receive, hold, or disburse loan payments under this structure.

4. Optional Grant Covenant Monitoring (If Delegated by the City)

Fee: \$350 per grant per year

This service includes limited annual monitoring of grant covenants such as maintenance or performance obligations, status verification, and documentation of compliance for City records. All enforcement authority remains with the City.

5. Closeout Due Diligence (Grants or Loans)

Fee: \$450 per award

This fee applies when the City requests SORED I to perform closeout verification, including review of completion documentation, final compliance checklist preparation, indexing of records, and delivery of a closeout summary to the City.

6. Post-Referral Workout or Special Assistance (Optional)

Once a loan has been formally referred to the City for collections or legal enforcement (generally sixty days or more past due), routine data support is included in servicing. Additional assistance requested by the City is available as follows:

Hourly Rate: \$125 per hour

or

Fixed Fee (per structured workout/review): \$800

7. Billing and Adjustments

Fees shall be invoiced monthly unless otherwise agreed. The City may elect to pay fees directly under the professional services agreement or incorporate applicable administrative fees into borrower Funding Agreements. Any changes to this fee schedule shall be made by mutual written agreement.