

Referral Agreement

This Referral Agreement (this “Agreement”) is entered into on _____ (the “Effective Date”), between Roscoe Bank, a division of Cornerstone Capital Bank, a Texas state saving bank (“Roscoe” or the “Bank”) and the Bastrop Economic Development Corporation (the “BEDC”). Collectively referred to as the “Parties”.

The BEDC Revolving Loan Fund Program (the “Program”) was designed to support local small businesses and entrepreneurs by offering accessible financing options. The BEDC will administer the Program in collaboration with a designated lender. The Bank is an FDIC-insured financial institution that offers banking, insurance, and lending products and services across the nation. At the BEDC’s request, the Bank will step in and act as the designated lender for the BEDC in accordance with the Program.

The purpose of this Agreement is to clarify the roles and responsibilities of the Parties, and to establish a referral process, whereby the Parties will identify applicants for participation in the Program.

The Parties agree as follows to the roles and responsibilities, and referral process:

1. The BEDC shall act as guarantor for each loan originated by the Bank.
2. The Bank will provide an advisory role to the BEDC, as designated lender.
3. The BEDC staff shall provide each applicant with the Program guidelines and requirements and an overview of the Program’s process. If an applicant wishes to proceed with being reviewed to participate in the Program, the BEDC shall refer each applicant to the Bank for a loan that complies with the Program guidelines and requirement. The BEDC staff shall obtain the applicant’s verbal consent to share their information with the Bank. The referral to the Bank shall include the applicant’s name, contact details, business description, and funding needs.
4. The Bank will provide each applicant with a loan application and will work directly with each applicant to gather the required documentation to process the loan.
5. If the Bank receives the required documentation to process the loan for an applicant, the Bank will provide the BEDC with recommended loan terms in accordance with the Program guidelines and requirements.
6. The BEDC staff shall submit the Bank’s recommended loan terms to the BEDC Revolving Loan Fund Committee (the “Committee”) and schedule a committee meeting to review the applicant for participation in the Program.
7. If the Committee approves the Bank’s recommended loan terms, then the Committee shall submit their recommendation to the BEDC board for final approval.
8. If the BEDC board approves the Committee’s recommendation, the BEDC will notify the Bank in writing and the BEDC will immediately transfer the amount of the approved funds for each loan to a secured account titled in the BEDC’s name and controlled by the Bank.
9. The BEDC shall provide the Bank with a copy of the Notice of Award for each loan that is approved to be originated by the Bank. The Notice of Award shall be signed by a member of the BEDC board and shall include any additional required documentation or contingencies required by the BEDC to close the loan.

10. The Bank will prepare the loan specific documents in accordance with the Bank's current policies and practices and applicable laws.
11. The Bank will coordinate and facilitate the loan closing process directly with each applicant.
12. For each loan originated and closed by the Bank, the Bank will establish a loan servicing file containing all loan specific documents prepared by the Bank, and any additional required documentation pursuant to the Notice of Award issued by the BEDC board.
13. The Bank will service the loans in accordance with the loan specific documents, the Bank's current policies and practices, and applicable law.
14. For each loan originated, closed, and serviced by the Bank, the Bank will comply with the Bank's policies and practices related to record retention and destruction.
15. The Bank will provide the BEDC with a periodic report of loans closed by the Bank, including each loan's payment status. Any loan that is determined by the Bank to be thirty (30) days past due will be reported to the BEDC as "delinquent."
16. For any loan that is determined by the Bank to be forty-five (45) days past due, the Bank will notify the BEDC in writing. Thereafter, the BEDC will have fifteen (15) days to notify the Bank in writing of their intention to purchase the loan from the Bank. If the BEDC fails to notify the Bank of their intention to purchase the loan within fifteen (15) days as required by the preceding sentence, the Bank shall have the right to transfer the funds from the secured account controlled by the Bank to pay off the unpaid principal balance for such loan.

Representations and Warranties

1. The BEDC affirms they are participating in the Program and all information provided to the City of Bastrop, Texas and/or the Bank is correct and accurate.
2. The BEDC shall ensure compliance with all applicable federal, state, and local laws and regulations in evaluating applicants for eligibility in the Program.
3. The BEDC shall evaluate each applicant to determine if the business is an eligible business and if the business use is an eligible use of the revolving loan fund in compliance with the Program guidelines and requirements.
4. The Bank will process each applicant's loan for the Program in accordance with the approved loan terms provided by the BEDC, the Program guidelines and requirements, and applicable law.
5. The BEDC shall promptly notify the Bank in writing after the BEDC board approves the Committee's recommendation.
6. For each loan, the BEDC shall pay all the Bank's loan origination fees, if any.
7. Upon execution of this Agreement, the BEDC shall establish a non-interest-bearing reserve account with the Bank. For every dollar (\$1.00) the Bank lends to a Program participant, the BEDC shall match and deposit funds into the Bank's non-interest-bearing reserve account. The non-interest-bearing reserve account will be titled in the BEDC's name and controlled by the Bank.
8. The Bank shall provide the BEDC with a monthly reconciliation report that captures the number of loans closed by the Bank and paid in full each month.
9. For any loan that is paid in full, the Bank shall release such funds from the non-interest-bearing reserve account to the BEDC upon written request within five (5) business days.
10. The Bank certifies that all borrowers who are referred to the Program would not

otherwise qualify for conventional bank financing through the Bank. Therefore, if the Bank closes any loan for any borrower that the Bank determines to be eligible for conventional bank financing outside of the Program, the Bank agrees such loan would be excluded from the BEDC's guarantee for full payment.

Confidentiality

Both Parties agree to maintain the confidentiality of any non-public, proprietary, or personal information shared under this Agreement and comply with applicable privacy laws, including but not limited to the Gramm-Leach Bliley Act.

Limitation of Liability

To the fullest extent permitted by law, neither Party shall be liable to the other party for any indirect, incidental, consequential, or punitive damages, including lost profits or revenues arising out of or related to this Agreement.

Indemnification

1. To the fullest extent permitted by law, the Parties agree to indemnify, defend, and hold harmless one another, its officers, directors, employees, and agents from and against any and all claims, liabilities, damages, costs, or expenses, including reasonable attorney's fees arising from (i) breach of any representation or warranty by the other party or (ii) gross negligence or willful misconduct of the other party.
2. The indemnified party must promptly notify the other party of any claim and reasonably cooperate in the defense. The indemnifying party shall have the right to control the defense and the settlement of the claim, provided the settlement does not impose any liability or obligation on the indemnified party.

Term and Termination

This Agreement shall commence on the Effective Date and continue until terminated by either party by providing thirty (30) days written notice to the other party.

Independent Contractors

The Parties are independent contractors, and nothing in this Agreement shall create a legal partnership, joint venture, or employment relationship. Neither party may act as an agent or bind the other party.

Compliance with Laws

The Parties agree to comply with all applicable laws, rules, regulations, and guidelines related to this Agreement, including consumer protection and lending laws.

Notice

1. Cornerstone Capital Bank, SSB
Attn: General Counsel
1177 West Loop South, Suite 700
Houston, Texas 77027

With a copy to: CHLLegal@houseloan.com

2. Bastrop Economic Development Corporation
Attn: Sylvia Carrillo or current City Manager
1311 Chestnut Street
Bastrop, Texas 78602

With a copy to: info@bastropedc.org

General Provisions

1. This Agreement shall be governed by the laws of Texas.
2. This Agreement constitutes the entire understanding between the Parties and supersedes any prior agreements, written or oral.
3. This Agreement may be amended only in writing and signed by both Parties (electronic signatures are acceptable).
4. All notices under this Agreement shall be sent to the addresses listed above or to any updated addresses provided in writing by the Parties.
5. This Agreement is not assignable by either party without prior written approval of the other party.

In Witness Whereof, the Parties have executed this Referral Agreement as of the Effective Date.

Roscoe Bank, a division of Cornerstone Capital Bank, SSB

Signature of Authorized Signer: _____
Printed Name of Authorized Signer: _____
Title of Authorized Signer: _____
Date: _____

Bastrop Economic Development Corporation

Signature of Authorized Signer: _____
Printed Name of Authorized Signer: _____
Title of Authorized Signer: _____
Date: _____