



Date: 4/17/2020

To: Deborah Feng, City Manager City of Cupertino

From: Jeff Barnes, Chief Lending Officer, Meriwest Credit Union

Subject: Renter's Assistance Low Interest Loan Program Proposal from Meriwest Credit Union

Thank you for the opportunity to discuss potential ways to provide low interest loans to help Cupertino residents with rental assistance during the COVID-19 Shelter in Place Order. Meriwest has drafted a low interest loan program proposal for City of Cupertino income qualified residents to provide rental assistance payments to help keep them housed during these very uncertain times. While the proposal is based on more liberal but traditional underwriting guidelines, we remain open to exploring the proposal with you and your team in more detail and share in the mutual goal of providing economic support to the residents our of community.

Please review the attached file and reach out if you have any questions or would like to explore a different approach. Thank you again for your kind consideration of this proposal and we look forward to our continued support and partnership.

Sincerely,

Jeff Barnes

SVP, Chief Lending Officer

Cc: Julie Kirsch, CEO Meriwest Credit Union

Low Interest Rental Assistance Loan Program Proposed Program Framework

- Borrower must be resident of City of Cupertino-show proof of residency (utility bill, insurance bill, cable or internet, cell phone bill dated within last 45 days)
- Borrower may not have an active mortgage on their credit report.
- Borrower's Household Income must be less than or equal to 100% of Area Median Income as shown below:

	1	2	3	4	5
30%-ELI	30750	35150	39550	43900	47450
50%-VLI	51250	58550	65850	73150	79050
80%-LI	72750	83150	93550	103900	112250
100%-MI	92000	105100	118250	131400	141900
120%-Mod	110400	126150	141950	157700	170300

- Household income shall include the actual income received from Wages, Tips, Unemployment Income, Salary, Social Security, SDI, Alimony, Child Support and Income from Investments. Income shall not include imputed income from retirement accounts or other investments in which earnings are automatically reinvested. Proof of Income will be required. The Debt to Income (DTI) including the new loan shall not be greater than 60%. Debts shall include all obligations listed on credit bureau report plus monthly rental payment. Utilities not included in monthly rental payment will not be included in DTI.
- FICO v8 credit score must be 620 or greater for primary borrower
- Purpose of the Loan shall be towards Housing Payment.
- Signed Certification of Household Size shall be required from borrower(s)
- Loans shall be considered unsecured for credit bureau reporting purposes.
- Proceeds shall be made payable to borrower(s).
- Borrower must have a valid SSN, loans to borrowers using Taxpayer Identification Number (ITIN) are prohibited
- Borrower must pay a one-time \$5 membership fee

Terms of Loan:

- Max Loan Amount: Lesser of two months rental payment or \$3,000
- Max Term: Up to 24 months
- First Payment Date =up to 180 days from date of funding
- Borrower Payment History will be reported to credit bureaus
- Borrower paid APR shall be 1%
- Borrower's shall become members of the Meriwest-but not required to open additional accounts
- Standard late fees will be charged.

City of Cupertino Pledge

- City of Cupertino shall deposit \$100K from non-restricted funds into a share account-hold placed on account.
- City of Cupertino shall guarantee 100% of outstanding loan balance and accrued interest if payment default occurs. Any outstanding late fees will be reversed prior to chargeoff.
- A one-time \$50 loan life of loan servicing fee shall be invoiced for each new loan funded in the program.
- City of Cupertino will make MCU whole on any chargeoff debt. Unpaid balance to be recovered from City of Cupertino shall be equal to 100% of Unpaid Principal Balance, plus all accrued interest through date of chargeoff.
- Post chargeoff, 100% of any recovery payments will be returned to City of Cupertino on a monthly basis.

MCU Collection/Reporting Obligations

- MCU will process, underwrite, approve, prepare and collect signed loan documents, disburse, and service loans. Borrowers will receive monthly statements showing payment due dates, amounts, loan balance, etc.
- MCU shall perform normal collection procedures on personal loans, including statements, courtesy calls for missed or late payments, and bankruptcy processing as needed.
- After 60 days of Delinquency, loans will be recommended for charge off and included in monthly invoice sent to City of Cupertino.
- Each month, Meriwest will send to City a standard report listing of all loans made, loan status, unpaid principal balance, monthly payment and next scheduled payment date. City and MCU to agree on reporting template.