



LAKE WORTH
COMMUNITY REDEVELOPMENT AGENCY
 29 SOUTH J STREET
 LAKE WORTH, FLORIDA 33460-3787
 www.lakeworthcra.org

Phone: (561) 493-2550

Fax: (561) 493-2549

MEMORANDUM

TO: Chair, Vice-Chair and Members of the Board

FROM: Joan Oliva, Executive Director

DATE: September 8, 2015

SUBJECT: Agreement between Paragon Florida Inc. and the Lake Worth CRA for Business Micro-Loan Program

EXPLANATION:

Late last year, the CRA and our NSP partners, Community Partners, applied for and received a Catalytic Grant funded by Neighborworks America. Grant funds, to be used over an eighteen (18) month period, total \$500,000. The focus neighborhood, used in the application was the area of the District from 6th Avenue South to Lucerne Avenue and from the RR tracks to "C" Street. At the June 9, 2015 CRA Regular Meeting, the Board approved a Statement of Work (SOW) between Community Partners and the CRA detailing the roles, responsibilities and deadlines in relation to the Catalytic Grant Program (Exhibit "A").

The CRA is responsible for the development and/or execution of several components of the grant including, infrastructure improvements, marketing and a micro-loan program. The CRA established a Small Business Loan Program earlier this year. The minimum loan for this program is \$50K. However, Staff felt it was important to offer additional opportunities for smaller businesses, entrepreneurs and start-ups that might not have access to traditional funding or need more than \$50K in loan capital. Soon after receiving the grant award, Staff looked for opportunities to leverage the \$60K received for the micro-loan program.

After many discussions with other granting organizations, the CRA approached our business technical assistance providers, Paragon, Florida. Paragon, already familiar with the area and working with some local clients, was able to provide the needed services and matching funds.

As with any program, it takes time to properly lay the foundation, build relationships and execute. Staff has provided an agreement for the Board's review that covers a three-year time period (Exhibit "B"). This period coincides with several other initiatives including the Business Recruitment Program, the Small Business Loan Program and the Business Technical Assistance Program.

The micro-loan allows small businesses within the CRA district to apply for loans that range from \$2500-25,000 for permanent working capital, acquisition, equipment and business expansion. As part of the overall program, technical assistance will be provided to those businesses that need help with the loan application and the necessary components. The goal is to provide entrepreneurs and small businesses with the tools they need to be successful and also to help protect our investment. The initial investment provided by the CRA is \$60K. These funds are provided through the Neighborworks grant. This funding pays for three years of services to be provided by Paragon. These services include the development of a loan Manual, loan origination and administration, loan servicing and reporting, closings, collections and site visits, as needed.

The following two years, the CRA will contribute \$50K, each year to the loan fund. These funds are matched dollar for dollar by Paragon establishing, at a minimum, a \$260K program. Paragon also has a Venture Loan Fund, provided through the U.S. Small Business Administration (SBA) and can make loans up to \$200K each.

Paragon, Florida is a non-profit corporation and Community Development Financing Institution (CDFI). Paragon can access financial and technical assistance through the CDFI program to support its community development financing and development programs in Palm Beach County. The CDFI Fund, created by Congress and managed by the Department of the Treasury, promotes economic growth and access to capital by providing loans and financial services to underserved populations and communities.

Goals of the micro-loan program include, supporting Lake Worth businesses, increasing the economic vitality and stability in the community, securing new or increased financing for growth and creating and/or retaining jobs.

RECOMMENDATION:

Staff recommends the Board approve the agreement between Paragon Florida Inc. and the CRA.

¹ Community Development Financial Institution - CDFI

A CDFI is a private sector financial institution that focuses on personal lending and business development efforts in local communities. CDFIs can receive federal funding through the U.S. Department of the Treasury by completing an application. They can also receive funding from private sector sources such as individuals, corporations and religious institutions.

² Community Development Entity- CDE

A CDE is a domestic corporation or partnership that is an intermediary vehicle for the provision of loans, investments, or financial counseling in Low-Income Communities (LICs). Benefits of being certified as a CDE include being able to apply to the CDFI Fund to receive a New Markets Tax Credit (NMTC) allocation to offer its investors in exchange for equity investments in the CDE and/or its subsidiaries; or to receive loans or investments from other CDEs that have received NMTC allocations.

Exhibit "A"

CATALYTIC GRANT PROGRAM STATEMENT OF WORK FOR LAKE WORTH CRA

I. Purpose: This Statement of Work (SOW) establishes a cooperative framework for the Partner's Lake Worth Community Redevelopment Agency (LWCRA) participation in the Catalytic Grant Program funded by NeighborWorks America. This SOW will allow for advance coordination and enable the two organizations to ensure that roles, responsibilities and deadlines are met. Through the Catalytic Grant Program, the Partner will develop and implement a Program Work Plan to catalyze investment and revitalize and strengthen Lake Worth.

II. Background: The NeighborWorks America Stable Communities Initiative launched the Catalytic Grant Program. The Program provides grant funding, technical assistance, training and outcome evaluation services to NeighborWorks® network Organizations working to stabilize and transform communities struggling with the effects of foreclosure and disinvestment. The Program period is approximately 18 months. Program resources are intended to help the Participants:

- Achieve measurable gains in stabilizing a targeted geography
- Strengthen community capacity to plan and implement comprehensive approaches to community stabilization that achieve positive community impact
- Implement a system to evaluate community impact over time

The goals of the Stable Communities Catalytic Grant Program are to:

- Advance existing efforts that catalyze housing market recovery in places struggling with the effects of foreclosure and disinvestment;
- Support comprehensive, place-based initiatives working to transform communities into vibrant and healthy places where residents are financially empowered; live in safe and affordable housing; and have full access to services, amenities and economic opportunity;
- Build resident leadership so residents remain active and engaged drivers of change in their community;
- Invest in efforts to address complex local challenges and pursue systems-level change through the creation and support of cross-sector partnerships and engagement of local government; and
- Learn from the experience of program participants and share this information to advance similar efforts in communities across the country.

III. Commitments: Under this SOW, Housing Partnership, Inc., within its budget for this program and funding capability, commits to providing the Partner with assistance to support the implementation of the LWCRA's community stabilization activities. In return, the LWCRA commits to frequent communication and timely reporting to Housing Partnership, Inc. Specifically, the LWCRA commits to the following tasks.

A. Implementation Grant: Attached as Exhibit A is the Catalytic Program Plan with the milestones required for successful completion. Implementation of the grant will follow the timeframe and milestones in the attached plan to ensure the grant

requirements are met.

- B. **Disbursement:** Disbursements will be based on such criteria as performance against the Program Plan and Program SOW, meeting defined goals, and adherence to all program requirements. Grantees failing to meet reporting requirements, deliverables, and Program expectations outlined in the Program Work Plan and Program SOW, and any other Program compliance requirements risk having their grant suspended or terminated.

LWCRA will be reimbursed according to the schedule below as long as LWCRA is adhering to the disbursement requirements outlined above. In addition, acceptance of the final disbursement indicates a grantees agreement to participate in a future evaluation of the Program.

The anticipated disbursement schedule is as follows:

Activity	Budget	Target Date	Disbursement Amount
Infrastructure Improvement	\$100,000	June 2015	\$10,000
		July 2015	\$15,000
		October 2015	\$18,750
		January 2016	\$18,750
		April 2016	\$18,750
		At final draw	\$18,750
		Small Business Micro Loans	\$60,000
		June 2015	\$20,000
		August/ Sept. 2015	\$20,000
Neighborhood Marketing/Branding Campaigns	\$25,000	June 2015	\$20,000
		July 2015	\$5,000

- C. **Visibility:** Housing Partnership, Inc. must review any and all marketing materials used to promote the Catalytic program. This includes, but is not limited to, press releases, flyers and mailers with NeighborWorks America, Housing Partnership, Inc. or Catalytic program on it. Any materials developed for use under the neighborhood marketing funding are recommended to be reviewed by Housing Partnership, but is not required.

NeighborWorks America and Housing Partnership, Inc. may provide opportunities for LWCRA to be featured in case studies, guides, publications, presentations, or webinars

regarding best practices in community transformation. NeighborWorks America and Housing Partnership, Inc. will make a best effort to contact LWCRA prior to communication about LWCRA's activities, but is not obligated to receive LWCRA's approval prior to publishing. In addition, the LWCRA agrees to share with Housing Partnership, Inc. any publications, media or other public recognition related to program activities.

- D. **Information Sharing:** LWCRA agrees to maintain regular communication with the Housing Partnership, Inc. which includes participation in a monthly verbal or written check-in, responding to requests for information and keeping staff informed of any relevant progress or difficulties encountered.
- E. **Program Reporting:** Reporting will be collected on a quarterly basis, according to the chart below, utilizing the required quarterly report form from NeighborWorks America.

Report due to Housing Partnership, Inc.	Report due to NeighborWorks America
April 20, 2015	April 24, 2015
July 20, 2015	July 31, 2015
October 20, 2015	October 31, 2015
January 20, 2016	January 31, 2016
April 20, 2016	April 30, 2016
July 20, 2016	July 31, 2016

- F. **Principal Contacts:** The following individuals will serve as the primary contact for the coordination of the activities detailed in this SOW.

Name & Title of Contact: Jessica Parrish, Vice President of Housing Services
 Contact Information: (561) 841-3500 ext. 1014 jparrish@cp-cto.org

LWCRA agrees that the specific point person identified for this effort will be the party responsible for the coordination of activity for the effort and maintain accountability for the Organization meeting the terms of this SOW:

Name & Title of Contact: Joan Oliva, Executive Director
 Contact Information: (561) 493-2550 joliva@lakeworth.org

- VI. **Terms:** The term of this SOW is for a period of 18 Months (January 2015-July 2016). Housing Partnership, Inc. will have the sole discretion in making a decision to modify a grant, such as suspension, de-obligation, or recapture of funds. Grantees terminated from the Program must provide a final report on use of grant funds.

Any changes to the current Work Plan will require written approval. Substantive changes to the work outlined below without approval may result in a suspension or termination of the grant.

VII. Authorization: By signing the SOW, LWCRA and Housing Partnership, Inc. commit to the obligations described in this SOW. Both organizations also agree to work cooperatively to resolve problems or scheduling issues if they arise. Failure to meet these commitments may jeopardize LWCRA's grant funding.

Housing Partnership, Inc

Lake Worth Community Redevelopment Agency

Patrick McNamara, CEO

Joan Oliva, Executive Director

Date

Date

Cary Sabol, Chair

Date

AGREEMENT FOR MICRO LENDING PROGRAM

THIS AGREEMENT is made this ___ day of _____, 2015, by and between the LAKE WORTH COMMUNITY REDEVELOPMENT AGENCY, a Florida public agency created pursuant to Chapter 163, Florida Statutes, (hereinafter referred to as the "LWCRA"), and PARAGON FLORIDA, Inc., a Florida not for profit corporation, whose address is 400 Hibiscus Street, Suite 200, West Palm Beach, Fl 33401 (hereinafter referred to as "PARAGON").

WITNESSETH:

WHEREAS, the LWCRA desires to utilize the services of PARAGON to facilitate the making of low-interest micro-loans loans to owners/developers of small businesses within the Lake Worth Community Redevelopment Area, within the City of Lake Worth, Florida (the "Redevelopment Area"); and

WHEREAS, the parties intend to collaborate their resources so that PARAGON may assist LWCRA in its efforts to provide the community the LWCRA serves with access to small business lending resources, and the LWCRA would be furthering its purposes by assisting in this regard; and

WHEREAS, the repayment of Project Loans to be made by PARAGON will provide funding for the LWCRA to be used for future eligible economic development activities in the District; and

WHEREAS, the LWCRA finds that business lending opportunities utilizing PARAGON serves a municipal and public purpose and is consistent with the LWCRA's Redevelopment Plan, and Florida law.

NOW, THEREFORE, in consideration of the mutual promises and covenants contained herein, the parties agree as follows:

ARTICLE I. SCOPE OF SERVICES

1.1 Subject to the terms and conditions herein, the parties will provide the respective services as provided herein. Notwithstanding the foregoing, the obligations of both PARAGON and LWCRA under this Agreement are subject to LWCRA budgeting and appropriating funds for the micro-loan program, PARAGON receiving grants or loans from LWCRA, and/or financial institutions in such amounts and on such terms and conditions acceptable to LWCRA and PARAGON which grants shall be used by PARAGON to provide the micro business lending services including ("Loan" or "Loans") contemplated by this Agreement.

1.2 PARAGON agrees to review proposals from businesses located in the boundaries of the Redevelopment Area for micro-business lending. PARAGON's services will include loan underwriting, loan closing, loan servicing, compliance monitoring and project monitoring. The program guidelines that PARAGON and the LWCRA shall follow are contained in the attached guidelines which are attached hereto as Exhibit "A" (as the same may be amended or replaced,

the "Program Guidelines").

1.3 PARAGON administers the U.S. Small Business Administration Intermediary Lending Partners Program which provides loans up to \$200,000 to businesses unable to obtain financing from traditional lenders. PARAGON shall administer micro-loans in the same manner that it administers its U.S. Small Business loans.

- 1.3.1 PARAGON shall conduct a preliminary review of the proposed business that is requesting the loan. PARAGON will review the proposal and perform a financial analysis using PARAGON's standard underwriting criteria. A preliminary review will summarize each Project's overall strengths and weakness and will provide a recommendation. If a credit is deemed weak, a recommendation to strengthen the credit through underwriting or collateral will be recommended. If PARAGON believes that the weakness cannot be overcome through underwriting, PARAGON will recommend rejection of the proposal.
- 1.3.2 The CRA will have two representatives on the loan committee for approval or declination of transactions.
- 1.3.3 In the event the Loan Committee declines a transaction, the LWCRA will have the authority to approve any transaction that utilizes exclusively LWCRA Funds.
- 1.3.4 PARAGON agrees to provide on-going loan quality monitoring for the businesses, which are approved and supported by the LWCRA. PARAGON shall provide an impartial evaluation by September 30th of each year regarding the state of each Loan. The purpose of said monitoring is to insure that every business financed meets and maintains the projected financial performance, and high quality standards that are expected from the CRA. PARAGON will provide a credit Review Memo highlighting the financial performance and the condition of the business over the preceding year.
- 1.3.5 All disbursement records by PARAGON shall be fully documented and retained by PARAGON so as to be available, upon request of the LWCRA, for the purpose of inspection or audit in accordance with the provisions of this Agreement and applicable law.
- 1.3.6 PARAGON will provide a comprehensive review of the entire portfolio of grants and loans in the LWCRA/PARAGON program, showing overall performance and statistical and impact data.
- 1.3.7 PARAGON will establish, monitor, and report on the adequacy of loan loss reserves to the approved loan committee, and LWCRA on a quarterly basis. The funding of the loan loss reserve will come from the grant or loan capital being provided by LWCRA and will be distributed after the execution of this agreement.

1.4 The following services shall be provided by PARAGON:

1.4.1 LWCRA shall provide PARAGON with Sixty Thousand and 00/100 (\$60,000.00) in initial funding. These funds will cover a three-year program. As part of the overall program, PARAGON will produce or provide the following services: the production of a Program Manual, Loan Administrative Services, Loan Origination Services, Servicing and Reporting, Loan Closings, Collection Services and Site Visits. In year and two of the three year program, the CRA will contribute up to Fifty Thousand and 00/100 Dollars (\$50,000.00) in capital, for each year, to continue the micro-loan program. PARAGON will match funding provided by the CRA dollar for dollar or 1:1. Annual funding will be approved each year, depending on available CRA TIF or grant funds. The Loan Funds shall be utilized as a revolving fund for loans approved in accordance with the Program Guidelines. Each Loan shall be secured by executed documents that generally include the following:

- Promissory Note
- Loan Agreement (listing terms and conditions)
- Security Agreement
- Uniform Commercial Code (UCC filings)
- Mortgage or Deed of Trust with assignment of rents, if applicable
- Borrower's Personal Guaranty
- Other documents as required by the LWCRA Loan Fund or PARAGON

Loans shall be made only to businesses in the designated Redevelopment Area. Any Loan Funds not disbursed to borrowers as of the termination date of this Agreement, shall be returned to the LWCRA.

1.4.2 LWCRA shall provide business referrals and marketing for this small business lending program.

1.4.3 LWCRA will provide at least two members, the Director and a Board member, to the loan committee.

1.4.4 LWCRA will participate in review and approval of portfolio reviews/analysis and in the establishment of policies related to portfolio and loan loss reserve management.

1.4.5 LWCRA will approve referrals for Technical Assistance counseling.

1.4.6 Technical Assistance – The CRA administers a technical assistance program for business loans and may provide business assistance on a case by case basis when deemed necessary by CRA Staff.

ARTICLE 2. TERM:

The term of this Agreement shall be for three (3) years commencing October 1, 2015, and shall be subject to renewal annually upon the written agreement of each party hereto, subject further to the termination provisions as provided herein.

ARTICLE 3. FUNDING AND METHOD OF PAYMENT

Subject to receiving Borrower's monthly payments pursuant to applicable Loan documentation, the LWCRA will retain the Interest Rate Spread as a servicing fee to sustain operations and continued lending. The interest rate spread is calculated based on the interest rate Paragon(CDFI) borrows capital to relend and the interest rate passed on to the borrower. In this instance the SBA interest rate is 1% and paid by Paragon and the rate for Microloans is 8.75%, leaving a spread is 7.75% in interest earnings.

ARTICLE 4. MODIFICATION; AMENDMENTS

Any program modification requested by PARAGON must be submitted to the LWCRA in writing. No modification or amendment of this Agreement shall be binding on either party unless in writing and signed by both parties.

ARTICLE 5. COMPLIANCE WITH LAWS AND REGULATIONS

In the performance of this Agreement, PARAGON shall comply with the rules and regulations of the Revolving Micro-Loan Program as well as laws and regulations pertaining to the State of Florida, Palm Beach County, the LWCRA of Lake Worth, and with those state, and federal laws, ordinances, rules, regulations, and resolutions to the extent applicable to each loan extended hereunder (the "Governmental Requirements").

ARTICLE 6. INDEMNITY, INSURANCE

6.1 PARAGON shall indemnify, defend and hold harmless the LWCRA against any actions, claims or damages arising out of the PARAGON's negligence in connection with this Agreement or the performance by PARAGON as it may relate to this Agreement.

6.2 PARAGON shall defend, indemnify, and hold the LWCRA, its officers, agents, servants, and employees harmless from and against any and all claims, demands, or causes of action of whatsoever kind or nature sustained by the CRA or any third party arising out of, or by reason of, or resulting from acts, errors, omissions, or negligent acts of PARAGON, its agents, servants, or employees in the performance under this Agreement, for all costs, losses, and expenses, including, but not limited to, damages to persons or property, judgments, and attorneys' fees arising out of or in connection with the performance by PARAGON pursuant to this Agreement.

6.3 PARAGON shall provide the following insurance prior to performing services pursuant to this Agreement: Professional Liability Insurance with minimum limits of \$1,000,000.00 per occurrence. Coverage shall be afforded on a form acceptable to the LWCRA. PARAGON shall

maintain such professional liability insurance until at least one year after the termination of this Agreement. Prior to commencement of services, PARAGON shall provide to the LWCRA Certificates of Insurance evidencing the insurance coverage specified herein. All policies shall be endorsed to provide the LWCRA with thirty (30) days notice of cancellation and/or restriction. The LWCRA shall be named as an additional insured as to PARAGON's professional liability policies. The required Certificates of Insurance shall not only name the types of policies provided, but also shall refer specifically to this Agreement and section and to the above paragraphs in accordance with which insurance is being furnished, and shall state that such insurance is as required by such paragraphs of this Agreement.

ARTICLE 7. MAINTENANCE AND INSPECTION OF RECORDS

7.1 LWCRA shall maintain all records required by Section 119.07, Florida Statutes ("Florida's Public Records Law), the Revolving Micro-Loan Fund Program, and all applicable laws.

7.2 Florida Information Protection Act. PARAGON agrees and understands that the services and/or goods provided under this Agreement consist, at least in part, of "customer records" that contain "personal information," as defined in the Florida Information Protection Act, section 501.171, Florida Statutes (the "Act"). Accordingly, as required by the Act, PARAGON agrees to implement safeguards to protect customer records containing personal information, in whatever form retained and stored, from a breach of security. If customer records in PARAGON's possession are breached in the manner set forth in the Act, PARAGON shall immediately notify LWCRA as required by law, and PARAGON shall work with LWCRA as required by the Act to assist in any of the following actions:

- A. Investigate the alleged breach and determine if an actual breach has occurred, which may include the use of law enforcement officials as needed and as determined by LWCRA;
- B. Provide notice to any and all consumers whose personal information has been breached;
- C. Provide any and all other notices to governmental agencies that may be applicable under the Act, if a breach has reached a particular threshold, as defined in the Act, which may include but is not limited to: credit reporting agencies and the Florida Department of Legal Affairs;
- D. Ensure that PARAGON's third-party agents are made aware of the Act and any requirements to comply with the Act, and require that those third-party agents that store customer records of LWCRA who experience a breach notify LWCRA immediately, and work with PARAGON and LWCRA as outlined in this section of the Addendum.

The procedures specified herein shall not supersede any requirements specified by the Act. The provisions of the Act, as may be amended from time to time, shall prevail in the event of any

conflict.

ARTICLE 8. AUDIT REQUIREMENTS

8.1 PARAGON agrees to maintain financial procedures and supporting documents as required by the Revolving Micro-Loan Fund Program, in accordance with generally accepted accounting principles, to account for the receipt and expenditures of funds under this Agreement.

8.2 The foregoing records shall be available at reasonable times for inspection, review, copying or audit by personnel duly authorized by the LWCRA, upon two (2) business days' prior notice to PARAGON. LWCRA covenants to use its best efforts to coordinate its records inspection activities with State auditors in order to minimize duplicate inspections and audits. "Reasonable" shall be construed according to the circumstances, but ordinarily shall mean normal business hours of 8:30 a.m. to 5:00 p.m., local time, Monday through Friday, except holidays.

8.3 PARAGON shall provide the LWCRA with an annual financial audit report, which report shall include all management letters, if required, and PARAGON's response to all findings including corrective actions to be taken, and a schedule of financial assistance specifically identifying all revenue received by PARAGON from grants pursuant to this Agreement, which report shall be sent directly to the LWCRA at the following address:

Lake Worth Community Redevelopment Agency
29 South "J" Street
Lake Worth, FL 33460

ARTICLE 9. CONTRACT LIABILITY

9.1 LWCRA shall not be liable to any person, firm, or corporation who contracts with or who provides goods or services to PARAGON in connection with the services it has agreed to perform or for debts or claims accruing to such parties against PARAGON, and there is no contractual relationship, either expressed or implied, between LWCRA and any other person, firm or corporation supplying any work, labor, services, goods, or materials to PARAGON as a result of its services to LWCRA hereunder.

ARTICLE 10. SUSPENSION OR TERMINATION

10.1 LWCRA may suspend or terminate this Agreement upon providing PARAGON with ninety (90) day's written notice.

10.2 This Agreement may also be terminated by the written mutual consent of the parties. Upon termination of this Agreement, any undisbursed funds relating to approved, closed loans, shall be retained by PARAGON and disbursed to the borrower in accordance with the provisions of the Revolving Micro-Loan Program Guidelines. Any sums remaining in the Loan Pool that are designated for loans for projects in the CRA shall be returned to the CRA.

10.3 In the event of the termination of this Agreement LWCRA shall be entitled to petition a court of competent jurisdiction for the appointment of a receiver who, upon order of the court, shall receive payments of principal and interest; remit to LWCRA and PARAGON their respective shares of principal and interest; provide periodic accountings as directed by the court; and otherwise enforce the obligations of the obligors under the respective promissory notes and mortgages.

ARTICLE 11. PROJECT PUBLICITY

11.1 Any news release or other type of publicity pertaining to the services performed by PARAGON pursuant to this Agreement must recognize the LWCRA Board of Commissioners as the project participant.

ARTICLE 12. MISCELLANEOUS

12.1 PARAGON shall not assign any interest in this Agreement nor enter into any subcontract pursuant to this Agreement without the prior written consent of the LWCRA. No forbearance on the part of either party shall constitute a waiver of any item requiring performance by the other party hereunder. A waiver by one party of the other party's performance shall not constitute a waiver of the subsequent performance required by such party. No waiver shall be valid unless it is in writing and signed by authorized representatives of both parties. Should any section or any part of any section of this Agreement be rendered void, invalid or unenforceable by any court of law, for any reason, such determination shall not render void, invalid or unenforceable any other section or any part of any section of this Agreement. This Agreement may be executed in counterparts, all such counterparts together constituting a single document.

12.2 Independent Contractor. This Agreement does not create an employee/employer relationship between the parties. It is the intent of the parties that PARAGON is an independent contractor under this Agreement and not the LWCRA's employee for all purposes, including but not limited to, the application of the Fair Labor Standards Act minimum wage and overtime payments, Federal Insurance Contribution Act, the Social Security Act, the Federal Unemployment Tax Act, the provisions of the Internal Revenue Code, the State Workers Compensation Act, and the State unemployment insurance law. PARAGON shall retain sole and absolute discretion in the judgment of the manner and means of carrying out PARAGON's activities and responsibilities hereunder. PARAGON agrees that it is a separate and independent enterprise from the LWCRA, that it has full opportunity to find other business, that it has made its own investment in its business, and that it will utilize a high level of skill necessary to perform the work. This Agreement shall not be construed as creating any joint employment relationship between the PARAGON and the LWCRA and the LWCRA will not be liable for any obligation incurred by PARAGON, including but not limited to unpaid minimum wages and/or overtime premiums.

12.3 PARAGON and the LWCRA agree that no person shall, on the grounds of race, color, national origin, sexual orientation, religion or creed, sex, age, or handicap be discriminated against in performance of this Agreement.

12.4 In the event that any section, paragraph, sentence, clause or provision hereof is held invalid by a court of competent jurisdiction, such holding shall not affect the remaining portions of this Agreement and the same shall remain in full force and effect.

12.5 All notices required to be given under this Agreement shall be in writing, and deemed sufficient to each party when sent by United States Mail, postage paid, to the following:

AS TO PARAGON

Pamela Stewart, President and CEO
Paragon Florida, Inc.
400 Hibiscus Street, Suite 200
West Palm Beach, Florida 33401

AS TO THE LWCRA

Joan Oliva, Executive Director
Lake Worth Community Redevelopment Agency
29 South 'J' Street
Lake Worth, Florida 33460

12.6 A copy of this Agreement shall be filed with the Clerk of the Circuit Court in and for Palm Beach County, Florida.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their duly authorized representatives on the day set forth in the Preamble.

LAKE WORTH COMMUNITY
REDEVELOPMENT AGENCY

PARAGON FLORIDA, Inc.

By: _____
Cary Sabol, Chair

By: _____
Pamela Stewart, President and CEO

ATTEST:

ATTEST:

By: _____
Joan Oliva, Executive Director

By: _____
Print Name: _____
Title: _____

EXHIBIT "A"

Lake Worth CRA Microloan Fund

Purpose: The LWCRA Microloan Fund is designed to provide loans to start-up, newly established, or growing small businesses within the Lake Worth Community Redevelopment Area, within the City of Lake Worth, FL. A key objective of the program is to assist business owners who have traditionally had difficulty accessing debt financing.

Eligibility: Each Applicant is expected to have good character, strong commitment to their business idea, signs of feasibility and economic viability, and a credit history to suggest a reasonable assurance the loan will be repaid. The applicant should have some management skills or relevant industry experience to support the project's purpose.

Eligible Applicants: Corporations, Partnerships and Sole Proprietorships

Service Area: The service area will be designated areas within the Lake Worth Community Redevelopment Area.

Use of Funds: Funds may be used for working capital, inventory purchases, machinery and equipment, furniture, fixtures, supplies, leasehold improvements, minor building renovation/rehabilitation, or natural disaster recovery.

Terms and Conditions: Loan terms and conditions shall be based on need and ability to repay. It is the intent of the loan to be as flexible as possible while operating in accordance with prudent lending policies.

Loan Size: \$2,500 to \$25,000

Application Fee: An application fee of \$75 per guarantor and is due to Paragon upon submission of a loan application.

Matching Funds: Private funds or other forms of equity must be invested by the small business owner with a minimum of 10% matching requirement.

Interest Rate: The interest rate shall be 8.75%.

Loan Terms: Not to exceed 5 years. Working capital loan terms not to exceed 3 years. Consideration shall be given to the type of assets pledged.

Collateral: Collateral is required and will usually take the form of a security interest in all of the applicant's assets. Real estate and equipment are common assets pledged.

Personal Guarantees: Unlimited personal guarantees are required from any person with a 20% or greater ownership interest in the business.

Legal Fees: Legal fees and closing costs are the responsibility of the borrower and will apply to all loans. These are collected at loan closing and may include, but are not limited to, attorney's fee, record searches, shipping and document filing costs, appraisals, environmental reports, U.C.C. filing and any other related costs.

Repayment: Monthly payments required via ACH debit. Under special circumstances, payment of interest and/or principal may be deferred for a period of time not to exceed twelve (12) months.

Prepayment: There shall not be any prepayment penalties.

Collection of Fees: Any and all fees collected by Paragon will be placed back into the Loan Fund to help fund other loans.

Business Location: Must maintain business within the LWCRA for the term of the loan.

Loan Application Process: Applications shall be completed and submitted to Paragon. Paragon shall compile the application and supporting documents required to underwrite the loan and verify that the loan request meets program criteria and follows prescribed standards.

Loan Review/Approval: The loan committee shall conduct basic financial underwriting prior to approving loans. As an example, the objectives are to ensure that:

- 1) the recipient can repay the proposed assistance
- 2) project costs are reasonable
- 3) all sources of project financing are committed
- 4) private capital is invested
- 5) the project is financially feasible
- 6) does not enable a business to compete unfairly with existing businesses in the community offering similar goods or services

Loan Approval/Denial: Paragon shall issue commitment letters for approved loans only after review and approval by the loan committee. The loan committee will contain two individuals from the CRA; a Board Member and the Executive Director. If the commitment is accepted by the business, Paragon will notify the LWCRA. Paragon close, disburse, and service the loan.

If the loan committee denies a loan application, Paragon shall issue a denial letter, stating reasons for denial.