

ADVISORS

Working for your success

July 22, 2020

Mr. Mike Seppala
Board Chair
Mr. Steve Arveschoug
Executive Director
Big Sky Economic Development Corporation
Granite Tower
222 N. 32nd Street, Suite
Billings, Montana 59101-6877

Dear Messrs. Seppala and Arveschoug:

We submit for the Board's review and consideration the following proposal for Big Sky Economic Development Corporation's 2020 independent loan review:

- The loan review would be performed offsite and in accordance with the **official, public guidance provided by SBA's Office of Credit Risk Management as of the review date.**
- The review will assess compliance with SBA Loan Program Requirements regarding: Eligibility; Credit Standards; Collateral, Appraisals and Environmental Policies; SBA Loan Authorization, Closing and Disbursement; Regular Loan Servicing, Intensive Loan Servicing & Liquidation; and Risk Rating Methodology & Risk Rating Accuracy.
- The loan sample would consist of 20 loan files, randomly and judgmentally selected by ADVISORS. It would be comprised of four new loan originations (loans less than 12 months since origination) and 16 legacy loans (loans greater than 12 months since origination) with an appropriate mix of loans in various performance classifications.
- The review would be scheduled at a mutually acceptable date.
- Upon the completion of the file review, a deficiency report for each loan reviewed will be submitted to management for its review and commentary. After all management responses are received and reviewed, a list of all outstanding deficiencies will be submitted to management for its review.

- At the conclusion of the file review, a draft report will be issued for discussion with senior management after which the final report will be issued to the Board of Directors.
- The price for engagement is \$5,500 and is due upon submission of the final report to the Board.

Messrs. Seppala and Arveschoug, should you or any member of the Board have any questions regarding the proposal, please call me at 210.601.8191. Thank you for giving us the opportunity to submit our proposal for consideration.

Respectfully yours,



John Valdez
Principal

Accepted: _____

Mike Seppala
Board Chair

Date: _____

Steve Arveschoug
Executive Director