

CITY OF SAN CLEMENTE

PROFESSIONAL CONSULTANT SERVICES AGREEMENT

1. PARTIES AND DATE.

This Agreement is made and entered into this 7 day of September, 2022, by and between the City of San Clemente, a municipal corporation, organized under the laws of the State of California, with its principal place of business at 910 Calle Negocio, San Clemente, California, 92673 ("City") and **AmeriNational Community Services, LLC, d/b/a AmeriNat, a Limited Liability Company**, with its principal place of business at **217 S. Newton Ave, Albert Lea, MN 56007** ("Consultant"). City and Consultant are sometimes individually referred to herein as "Party" and collectively as "Parties."

2. RECITALS.

2.1 Consultant.

Consultant desires to perform and assume responsibility for the provision of certain professional **loan servicing** services required by the City on the terms and conditions set forth in this Agreement. Consultant represents that it is experienced in providing professional **loan servicing** services to public clients, is licensed in the State of California, if applicable, and is familiar with the plans of City.

2.2 Project.

City desires to engage Consultant to render such professional **loan servicing** services for the **CDBG Rehabilitation Loan Program** ("Project") as set forth in this Agreement.

3. TERMS.

3.1 Scope of Services and Term.

3.1.1 General Scope of Services. Consultant promises and agrees to furnish to the City all labor, materials, tools, equipment, services, and incidental and customary work necessary to fully and adequately supply the professional **loan servicing** services necessary for the Project ("Services"). The Services are more particularly described in Exhibit "A" attached hereto and incorporated herein by reference. All Services shall be subject to, and performed in accordance with, this Agreement, the exhibits attached hereto and incorporated herein by reference, and all applicable local, state and federal laws, rules and regulations.

3.1.2 Term. The term of this Agreement shall be from **July 1, 2022 to June 30, 2024** unless earlier terminated as provided herein. Consultant shall complete the Services within the term of this Agreement, and shall meet any other established schedules and deadlines.

3.2 Responsibilities of Consultant.

3.2.1 Independent Contractor; Control and Payment of Subordinates. The Services shall be performed by Consultant or under its supervision. Consultant will determine the means, methods and details of performing the Services subject to the requirements of this Agreement. City retains Consultant on an independent contractor basis and not as an employee. Consultant retains the right to perform similar or different services for others during the term of

this Agreement. Any additional personnel performing the Services under this Agreement on behalf of Consultant shall also not be employees of City and shall at all times be under Consultant's exclusive direction and control. Neither City, nor any of its officials, officers, directors, employees or agents shall have control over the conduct of Consultant or any of Consultant's officers, employees, or agents, except as set forth in this Agreement. Consultant shall pay all wages, salaries, and other amounts due such personnel in connection with their performance of Services under this Agreement and as required by law. Consultant shall be responsible for all reports and obligations respecting such additional personnel, including, but not limited to: social security taxes, income tax withholding, unemployment insurance, disability insurance, and workers' compensation insurance.

3.2.2 Schedule of Services. Consultant shall perform the Services expeditiously, within the term of this Agreement, and in accordance with the Schedule of Services set forth in Exhibit "B" attached hereto and incorporated herein by reference. Consultant represents that it has the professional and technical personnel required to perform the Services in conformance with such conditions. In order to facilitate Consultant's conformance with the Schedule, City shall respond to Consultant's submittals in a timely manner. Upon request of City, Consultant shall provide a more detailed schedule of anticipated performance to meet the Schedule of Services.

3.2.3 Endorsement on PS&E/ Other Data. Consultant shall sign all plans, specifications, estimates (PS&E) and engineering data furnished by Consultant, and where appropriate will indicate Consultant's authorized signature and professional registration number.

3.2.4 Conformance to Applicable Requirements. All work prepared by Consultant shall be subject to the approval of City.

3.2.5 Substitution of Key Personnel. Consultant has represented to City that certain key personnel will perform and coordinate the Services under this Agreement. Should one or more of such personnel become unavailable, Consultant may substitute other personnel of at least equal competence upon written approval of City. In the event that City and Consultant cannot agree as to the substitution of key personnel, City shall be entitled to terminate this Agreement for cause. As discussed below, any personnel who fail or refuse to perform the Services in a manner acceptable to the City, or who are determined by the City to be uncooperative, incompetent, a threat to the adequate or timely completion of the Project or a threat to the safety of persons or property, shall be promptly removed from the Project by the Consultant at the request of the City.

3.2.6 City's Representative. The City hereby designates **Cecilia Gallardo-Daly, Community Development Director**, or her designee, to act as its representative in all matters pertaining to the administration and performance of this Agreement ("City's Representative"). City's Representative shall have the power to act on behalf of the City for review and approval of all products submitted by Consultant but not the authority to enlarge the Scope of Work or change the total compensation due to Consultant under this Agreement. The City Manager shall be authorized to act on City's behalf and to execute all necessary documents which enlarge the Scope of Work or change the Consultant's total compensation subject to the provisions contained in Section 3.3 of this Agreement. Consultant shall not accept direction or orders from any person other than the City Manager, City's Representative or his/her designee.

3.2.7 Consultant's Representative. Consultant hereby designates Katie Lee, Director of Investor Services, or his/her designee, to act as its representative for the performance of this Agreement ("Consultant's Representative"). Consultant's Representative shall have full authority to represent and act on behalf of the Consultant for all purposes under this Agreement.

The Consultant's Representative shall supervise and direct the Services, using his/her best skill and attention, and shall be responsible for all means, methods, techniques, sequences, and procedures and for the satisfactory coordination of all portions of the Services under this Agreement.

3.2.8 Coordination of Services. Consultant agrees to work closely with City staff in the performance of Services and shall be available to City's staff, consultants and other staff at all reasonable times.

3.2.9 Standard of Care; Performance of Employees. Consultant shall perform all Services under this Agreement in a skillful and competent manner, consistent with the standards generally recognized as being employed by professionals in the same discipline in the State of California. Consultant represents and maintains that it is skilled in the professional calling necessary to perform the Services. Consultant warrants that all employees and subconsultants shall have sufficient skill and experience to perform the Services assigned to them. Finally, Consultant represents that it, its employees and subconsultants have all licenses, permits, qualifications and approvals of whatever nature that are legally required to perform the Services, and that such licenses and approvals shall be maintained throughout the term of this Agreement. As provided for in the indemnification provisions of this Agreement, Consultant shall perform, at its own cost and expense and without reimbursement from the City, any services necessary to correct errors or omissions which are caused by the Consultant's failure to comply with the standard of care provided for herein. Any employee of the Consultant or its sub-consultants who is determined by the City to be uncooperative, incompetent, a threat to the adequate or timely completion of the Project, a threat to the safety of persons or property, or any employee who fails or refuses to perform the Services in a manner acceptable to the City, shall be promptly removed from the Project by the Consultant and shall not be re-employed to perform any of the Services or to work on the Project.

3.2.10 Laws and Regulations. Consultant shall keep itself fully informed of and in compliance with all local, state and federal laws, rules and regulations in any manner affecting the performance of the Project or the Services, including all Cal/OSHA requirements, and shall give all notices required by law. Consultant shall be liable for all violations of such laws and regulations in connection with Services. If Consultant performs any work knowing it to be contrary to such laws, rules and regulations, Consultant shall be solely responsible for all costs arising therefrom. Consultant shall defend, indemnify and hold City, its officials, directors, officers, employees, agents, and volunteers free and harmless, pursuant to the indemnification provisions of this Agreement, from any claim or liability arising out of any failure or alleged failure to comply with such laws, rules or regulations.

3.2.11 Safety. Consultant shall execute and maintain its work so as to avoid injury or damage to any person or property. In carrying out its Services, the Consultant shall at all times be in compliance with all applicable local, state and federal laws, rules and regulations, and shall exercise all necessary precautions for the safety of employees appropriate to the nature of the work and the conditions under which the work is to be performed. Safety precautions, where applicable, shall include, but shall not be limited to: (A) adequate life protection and lifesaving equipment and procedures; (B) instructions in accident prevention for all employees and subconsultants, such as safe walkways, scaffolds, fall protection ladders, bridges, gang planks, confined space procedures, trenching and shoring, equipment and other safety devices, equipment and wearing apparel as are necessary or lawfully required to prevent accidents or injuries; and (C) adequate facilities for the proper inspection and maintenance of all safety measures.

3.2.12 Insurance. Consultant agrees to procure and maintain, at Consultant's expense all insurance specified in Exhibit "C" attached hereto and by this reference incorporated herein. Consultant shall require all subconsultants to carry the same policies and limits of insurance that the Consultant is required to maintain, unless otherwise approved in writing by the City.

### 3.3 Fees and Payments.

3.3.1 Compensation. Consultant shall receive compensation, including authorized reimbursements, for all Services rendered under this Agreement at the rates set forth in Exhibit "D" attached hereto and incorporated herein by reference. The total compensation shall not exceed Twelve **Thousand Dollars (\$12,000)** without written approval of the City Council or City Manager as applicable. Extra Work may be authorized, as described below, and if authorized, will be compensated at the rates and manner set forth in this Agreement.

3.3.2 Payment of Compensation. Consultant shall submit to City a monthly invoice which indicates work completed and hours of Services rendered by Consultant. The invoice shall describe the amount of Services provided since the initial commencement date, or since the start of the subsequent billing periods, as appropriate, through the date of the invoice. City shall, within 30 days of receiving such invoice, review the invoice and pay all non-disputed and approved charges thereon. If the City disputes any of Consultant's fees, the City shall give written notice to Consultant within thirty (30) days of receipt of an invoice of any disputed fees set forth therein.

3.3.3 Reimbursement for Expenses. Consultant shall not be reimbursed for any expenses unless authorized in writing by City, or included in Exhibit "D" of this Agreement.

3.3.4 Extra Work. At any time during the term of this Agreement, City may request that Consultant perform Extra Work. As used herein, "Extra Work" means any work which is determined by City to be necessary for the proper completion of the Project, but which the Parties did not reasonably anticipate would be necessary at the execution of this Agreement. Consultant shall not perform, nor be compensated for, Extra Work without written authorization from the City.

3.3.5 Rate Increases. In the event that this Agreement is renewed pursuant to Section 3.1.2, the rate set forth in Exhibit "D" may be adjusted each year at the time of renewal as set forth in Exhibit "D."

#### 3.3.6 Labor Code Requirements.

3.3.6.1 Prevailing Wages. Consultant is aware of the requirements of California Labor Code Section 1720, et seq., and 1770, et seq., as well as California Code of Regulations, Title 8, Section 16000, et seq., ("Prevailing Wage Laws"), which require the payment of prevailing wage rates and the performance of other requirements on "public works" and "maintenance" projects. If the Services are being performed as part of an applicable "public works" or "maintenance" project, as defined by the Prevailing Wage Laws, and if the total compensation is \$1,000 or more, Consultant agrees to fully comply with such Prevailing Wage Laws. Consultant shall make copies of the prevailing rates of per diem wages for each craft, classification or type of worker needed to execute the Services available to interested parties upon request, and shall post copies at the Consultant's principal place of business and at the project site. Consultant shall defend, indemnify and hold the City, its officials, officers, employees, agents, and volunteers free and harmless from any claim or liability arising out of any failure or

alleged failure to comply with the Prevailing Wage Laws.

3.3.6.2 Registration. If the Services are being performed as part of an applicable “public works” or “maintenance” project, in addition to the foregoing, then pursuant to Labor Code sections 1725.5 and 1771.1, the Consultant and all subconsultants must be registered with the Department of Industrial Relations (“DIR”). Consultant shall maintain registration for the duration of the project and require the same of any subconsultants. This project may also be subject to compliance monitoring and enforcement by the DIR. It shall be Consultant’s sole responsibility to comply with all applicable registration and labor compliance requirements, including the submission of payroll records directly to the DIR. Notwithstanding the foregoing, the contractor registration requirements mandated by Labor Code sections 1725.5 and 1771.1 shall not apply to Services performed on a public works project that is exempt pursuant to the small project exemption specified in Labor Code sections 1725.5 and 1771.1.

### **3.4 Accounting Records.**

3.4.1 Maintenance and Inspection. Consultant shall maintain complete and accurate records with respect to all costs and expenses incurred under this Agreement. All such records shall be clearly identifiable. Consultant shall allow a representative of City during normal business hours to examine, audit, and make transcripts or copies of such records and any other documents created pursuant to this Agreement. Consultant shall allow inspection of all work, data, documents, proceedings, and activities related to the Agreement for a period of four (4) years from the date of final payment under this Agreement.

### **3.5 General Provisions.**

#### **3.5.1 Termination of Agreement.**

3.5.1.1 Grounds for Termination. Either party may, by written notice to the other party, terminate the whole or any part of this Agreement at any time, with or without cause, by giving written notice of such termination, and specifying the effective date thereof, at least seven (7) days before the effective date of such termination. Upon termination, Consultant shall be compensated only for those services which have been adequately rendered to City, and Consultant shall be entitled to no further compensation. Consultant may not terminate this Agreement except for cause.

3.5.1.2 Effect of Termination. If this Agreement is terminated as provided herein, City may require Consultant to provide all finished or unfinished Documents and Data and other information of any kind prepared by Consultant in connection with the performance of Services under this Agreement. Consultant shall be required to provide such document and other information within fifteen (15) days of the request.

3.5.1.3 Additional Services. In the event this Agreement is terminated in whole or in part as provided herein, City may procure, upon such terms and in such manner as it may determine appropriate, services similar to those terminated.

3.5.2 Delivery of Notices. All notices permitted or required under this Agreement shall be given to the respective parties at the following address, or at such other address as the respective parties may provide in writing for this purpose:

Consultant: AmeriNat  
217 S. Newton Ave  
Albert Lea, MN 56007  
ATTN: Amber Loverink, Marketing & Contracts Manager

City: City of San Clemente  
910 Calle Negocio  
San Clemente, CA 92673  
ATTN: Cecilia Gallardo-Daly, Community Development  
Director

Such notice shall be deemed made when personally delivered or when mailed, forty-eight (48) hours after deposit in the U.S. Mail, first class postage prepaid and addressed to the party at its applicable address. Actual notice shall be deemed adequate notice on the date actual notice occurred, regardless of the method of service.

### 3.5.3 Ownership of Materials and Confidentiality.

3.5.3.1 Documents & Data; Licensing of Intellectual Property. This Agreement creates a non-exclusive and perpetual license for City to copy, use, modify, reuse, or sublicense any and all copyrights, designs, and other intellectual property embodied in plans, specifications, studies, drawings, estimates, and other documents or works of authorship fixed in any tangible medium of expression, including but not limited to, physical drawings or data magnetically or otherwise recorded on computer diskettes, which are prepared or caused to be prepared by Consultant under this Agreement ("Documents & Data"). Consultant shall require all subconsultants to agree in writing that City is granted a non-exclusive and perpetual license for any Documents & Data the subconsultant prepares under this Agreement. Consultant represents and warrants that Consultant has the legal right to license any and all Documents & Data. Consultant makes no such representation and warranty in regard to Documents & Data which were prepared by design professionals other than Consultant or provided to Consultant by the City. City shall not be limited in any way in its use of the Documents & Data at any time, provided that any such use not within the purposes intended by this Agreement shall be at City's sole risk.

3.5.3.2 Confidentiality. All ideas, memoranda, specifications, plans, procedures, drawings, descriptions, computer program data, input record data, written information, and other Documents & Data either created by or provided to Consultant in connection with the performance of this Agreement shall be held confidential by Consultant. Such materials shall not, without the prior written consent of City, be used by Consultant for any purposes other than the performance of the Services. Nor shall such materials be disclosed to any person or entity not connected with the performance of the Services or the Project. Nothing furnished to Consultant which is otherwise known to Consultant or is generally known, or has become known, to the related industry shall be deemed confidential. Consultant shall not use City's name or insignia, photographs of the Project, or any publicity pertaining to the Services or the Project in any magazine, trade paper, newspaper, television or radio production or other similar medium without the prior written consent of City.

3.5.3.3 Confidential Information. The City shall refrain from releasing Consultant's proprietary information ("Proprietary Information") unless the City's legal counsel determines that the release of the Proprietary Information is required by the California Public Records Act or other applicable state or federal law, or order of a court of competent jurisdiction, in which case the City shall notify Consultant of its intention to release Proprietary Information. Consultant shall have five (5) working days after receipt of the Release Notice to give City written

notice of Consultant's objection to the City's release of Proprietary Information. Consultant shall indemnify, defend and hold harmless the City, and its officers, directors, employees, and agents from and against all liability, loss, cost or expense (including attorney's fees) arising out of a legal action brought to compel the release of Proprietary Information. City shall not release the Proprietary Information after receipt of the Objection Notice unless either: (1) Consultant fails to fully indemnify, defend (with City's choice of legal counsel), and hold City harmless from any legal action brought to compel such release; and/or (2) a final and non-appealable order by a court of competent jurisdiction requires that City release such information.

3.5.4 Cooperation; Further Acts. The Parties shall fully cooperate with one another, and shall take any additional acts or sign any additional documents as may be necessary, appropriate or convenient to attain the purposes of this Agreement.

3.5.5 Attorney's Fees. If either party commences an action against the other party, either legal, administrative or otherwise, arising out of or in connection with this Agreement, the prevailing party in such litigation shall be entitled to have and recover from the losing party reasonable attorney's fees and all other costs of such action.

3.5.6 Indemnification.

3.5.6.1 To the fullest extent permitted by law, Consultant shall defend (with counsel of City's choosing), indemnify and hold the City, its directors, officials, officers, employees, volunteers and agents free and harmless from any and all claims, demands, causes of action, costs, expenses, liability, loss, damage or injury of any kind, in law or equity, to property or persons, including wrongful death, in any manner arising out of, pertaining to, or incident to any alleged acts, errors or omissions, or willful misconduct of Consultant, its officials, officers, employees, subcontractors, consultants or agents in connection with the performance of the Consultant's Services, the Project or this Agreement, including without limitation the payment of all damages, expert witness fees and attorney's fees and other related costs and expenses. Consultant's obligation to indemnify shall not be restricted to insurance proceeds, if any, received by Consultant, the City, its officials, officers, employees, agents, or volunteers. Consultant's liability under this paragraph is limited to the amount Consultant has been paid in servicing fees under the program.

3.5.6.2 If Consultant's obligation to defend, indemnify, and/or hold harmless arises out of Consultant's performance as a "design professional" (as that term is defined under Civil Code section 2782.8), then, and only to the extent required by Civil Code section 2782.8, which is fully incorporated herein, Consultant's indemnification obligation shall be limited to claims that arise out of, pertain to, or relate to the negligence, recklessness, or willful misconduct of the Consultant, and, upon Consultant obtaining a final adjudication by a court of competent jurisdiction, Consultant's liability for such claim, including the cost to defend, shall not exceed the Consultant's proportionate percentage of fault.

3.5.7 Entire Agreement. This Agreement contains the entire Agreement of the parties with respect to the subject matter hereof, and supersedes all prior negotiations, understandings or agreements. This Agreement may only be modified by a writing signed by both parties.

3.5.8 Governing Law. This Agreement shall be governed by the laws of the State of California. Venue shall be in Orange County.

3.5.9 Time of Essence. Time is of the essence for each and every provision of

this Agreement.

3.5.10 City's Right to Employ Other Consultants. City reserves right to employ other consultants in connection with this Project.

3.5.11 Successors and Assigns. This Agreement shall be binding on the successors and assigns of the parties.

3.5.12 Assignment or Transfer. Consultant shall not assign, hypothecate, or transfer, either directly or by operation of law, this Agreement or any interest herein without the prior written consent of the City, which such consent shall not be unreasonably withheld. Any attempt to do so shall be null and void, and any assignees, hypothecates or transferees shall acquire no right or interest by reason of such attempted assignment, hypothecation or transfer.

3.5.13 Construction; References; Captions. Since the Parties or their agents have participated fully in the preparation of this Agreement, the language of this Agreement shall be construed simply, according to its fair meaning, and not strictly for or against any Party. Any term referencing time, days or period for performance shall be deemed calendar days and not work days. All references to Consultant include all personnel, employees, agents, and subconsultants of Consultant, except as otherwise specified in this Agreement. All references to City include its elected officials, officers, employees, agents, and volunteers except as otherwise specified in this Agreement. The captions of the various articles and paragraphs are for convenience and ease of reference only, and do not define, limit, augment, or describe the scope, content, or intent of this Agreement.

3.5.14 Amendment; Modification. No supplement, modification, or amendment of this Agreement shall be binding unless executed in writing and signed by both Parties.

3.5.15 Waiver. No waiver of any default shall constitute a waiver of any other default or breach, whether of the same or other covenant or condition. No waiver, benefit, privilege, or service voluntarily given or performed by a Party shall give the other Party any contractual rights by custom, estoppel, or otherwise.

3.5.16 No Third-Party Beneficiaries. There are no intended third party beneficiaries of any right or obligation assumed by the Parties.

3.5.17 Invalidity; Severability. If any portion of this Agreement is declared invalid, illegal, or otherwise unenforceable by a court of competent jurisdiction, the remaining provisions shall continue in full force and effect.

3.5.18 Prohibited Interests. Consultant maintains and warrants that it has not employed nor retained any company or person, other than a bona fide employee working solely for Consultant, to solicit or secure this Agreement. Further, Consultant warrants that it has not paid nor has it agreed to pay any company or person, other than a bona fide employee working solely for Consultant, any fee, commission, percentage, brokerage fee, gift or other consideration contingent upon or resulting from the award or making of this Agreement. For breach or violation of this warranty, City shall have the right to rescind this Agreement without liability. For the term of this Agreement, no member, officer or employee of City, during the term of his or her service with City, shall have any direct interest in this Agreement, or obtain any present or anticipated material benefit arising therefrom.

3.5.19 Equal Opportunity Employment. Consultant represents that it is an equal



opportunity employer and it shall not discriminate against any subconsultant, employee or applicant for employment because of race, religion, color, national origin, handicap, ancestry, sex or age. Such non-discrimination shall include, but not be limited to, all activities related to initial employment, upgrading, demotion, transfer, recruitment or recruitment advertising, layoff or termination. Consultant shall also comply with all relevant provisions of City's Minority Business Enterprise program, Affirmative Action Plan or other related programs or guidelines currently in effect or hereinafter enacted.

3.5.20 Labor Certification. By its signature hereunder, Consultant certifies that it is aware of the provisions of Section 3700 of the California Labor Code which require every employer to be insured against liability for Worker's Compensation or to undertake self-insurance in accordance with the provisions of that Code, and agrees to comply with such provisions before commencing the performance of the Services.

3.5.21 Authority to Enter Agreement. Consultant has all requisite power and authority to conduct its business and to execute, deliver, and perform the Agreement. Each Party warrants that the individuals who have signed this Agreement have the legal power, right, and authority to make this Agreement and bind each respective Party.

3.5.22 Counterparts. This Agreement may be signed in counterparts, each of which shall constitute an original.

### **3.6 Subcontracting.**

3.6.1 Prior Approval Required. Consultant shall not subcontract any portion of the work required by this Agreement, except as expressly stated herein, without prior written approval of City. Subcontracts, if any, shall contain a provision making them subject to all provisions stipulated in this Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed on the respective dates set forth opposite of their signatures.

CITY OF SAN CLEMENTE

By: Stan Joyce

Its: City manager

Dated: Sept. 8, 2022

ATTEST:

Janey Croy / Legislative Administrator  
CITY CLERK of the City of San Clemente, California

APPROVED AS TO FORM:  
BEST BEST & KRIEGER

[Signature]  
City Attorney

APPROVED AS TO AVAILABILITY  
OF FUNDING:

[Signature]  
Finance Authorization

[Signature]  
("CONSULTANT")

By: Adrienne Thorson

Its: CEO

Dated: \_\_\_\_\_, 20\_\_

**EXHIBIT "A"**  
**SCOPE OF SERVICES**

**Loan Document Preparation**

Once a loan has been approved, the City forwards AmeriNat a Request for Loan Documents containing required information to complete the preparation of loan documents. In accordance with the loan document request, AmeriNat prepares and forwards the following documents within five (5) business days for the City's execution:

- ▶ Deed of Trust
- ▶ Promissory Note
- ▶ Truth in Lending Disclosure Statement
- ▶ Request for Notice of Default and Sale
- ▶ Notice of Right to Cancel
- ▶ Control Instructions
- ▶ Declaration of Covenants, Conditions, and Restrictions (CC&Rs)
- ▶ Other documents as agreed to with the City

Once the documents are executed by the borrower, the Deed of Trust and Request for Notice are returned to AmeriNat for recordation with the County Recorder. Following the recording of the Deed of Trust, AmeriNat confirms that the City's lien position is secure by updating title (when approved by the City).

**Loan Servicing for Amortized and Deferred Loans**

1. **Introductory Package:** Upon boarding of a new loan, AmeriNat will send a welcome package to the borrower. This welcome package contains a Notice of Servicing Transfer, Fair Debt Notice, FACT Act Letter, and a variety of options to submit payments.
2. **Collection and Remittance of Payments:** AmeriNat will collect payments from the borrowers through monthly or other scheduled remittances of principal, interest, fees, escrow balances and other identified payments. Payments can be made via check to a secure lock-box, multiple payment options online, reoccurring ACH, and through "check-by-phone", and via the AmeriNat app. These remittances will be posted to the loan and ancillary records in accordance with the loan documents and the City's written instructions. Payments will be posted the same day as receipt. Funds will be maintained in an FDIC insured banking institution in a custodial account for the benefit of the City and the borrowers as applicable. AmeriNat balances cash received and transmitted and loan portfolio totals on a daily and monthly basis. Remittances will be forwarded to the City monthly net of fees and other authorized charges due to AmeriNat.
3. **Payment of Property Taxes:** At the City's request, AmeriNat will order a tax service contract and monitor the timely payment of property taxes.
4. **Insurance Monitoring:** AmeriNat will notify the insurance agent in writing that AmeriNat is monitoring premium payments and is to be made aware of delinquencies, non-renewals or

cancellations. AmeriNat will force place insurance in accordance with respective regulation (see Insurance section).

5. Escrow/Impound Account: If the City chooses, AmeriNat will establish a borrower escrow/impound account for the payment of taxes and insurance. AmeriNat will collect the monthly escrow payment from the borrower and make the tax and insurance payments on the borrower's behalf. The borrower escrow accounts will be analyzed annually in accordance with the Real Estate Settlement Procedures Act (RESPA).

Please note: For single-family loans, unless respective state law requires otherwise, AmeriNat's escrow analysis utilizes a 2-month cushion in accordance with RESPA. This cushion is an industry standard and is intended to minimize the likelihood of escrow shortages / deficits when and if escrow disbursement items increase. If this cushion is not consistent with the City's current escrow analysis process, borrowers' escrow analysis may result in a shortage and/or escrow payment increase at the time of AmeriNat's first analysis. This may impact borrowers' ability to make increased monthly payments to escrow. Should the City request alternative handling of loan accounts with escrow payment increases, this may result in the City incurring extraordinary services charges.

If the City chooses to establish an escrow/impound account, AmeriNat will also establish a City Escrow Deficit account. This account is used to track and reconcile advances made by AmeriNat on borrower accounts with escrow deficits as a result of payments made on the borrower's behalf in excess of their escrow balance. The escrow deficit account will be reconciled monthly, compared to advances made by AmeriNat and escrow payments collected from the borrowers. The net change will be included or deducted from the City's monthly remittance; a net shortage/negative will be deducted and a net overage/positive will be remitted. Advances made by AmeriNat that are not reimbursed by the City the following month will be subject to an interest charge of 1% per month compounded until such time said reimbursement occurs. Regardless of whether or not the net shortage/negative is deducted from remittance at the end of the month, the City remains responsible for escrow advances made by AmeriNat.

At portfolio transfer AmeriNat will require a cash deposit equal to the total amount of positive escrow balances. Negative escrow balances will be set up, but the total amount of negative escrow balances will not be netted out of the positive cash escrow balances. Should recurring advances become necessary, AmeriNat reserves the right to request the City to deposit an amount into reserve in the City Escrow Deficit account to cover the anticipated necessary advances.

6. Late Fees: In keeping with the provisions of the City's promissory note, AmeriNat will assess and retain a late fee when payment is not made within the grace period.

### Lender Placed Insurance

In accordance with respective regulation, upon notification of a policy cancellation from the borrower's insurance carrier, or when proof of a current policy is not received, AmeriNat will request lender-placed insurance from AmeriNat's insurance provider. AmeriNat executes the force-placement of insurance on a portfolio wide level, meaning it is done for all loans in the portfolio for which insurance has lapsed. If the City wishes to select loans for the force placement of insurance on an "as requested" basis, it will be the City's responsibility to verify the placement has been completed by AmeriNat. This quality control step aids in ensuring that the City's

instructions were received by AmeriNat, usually via email. The City can review the coverage through monthly reports from AmeriNat indicating insurance status.

1. Coverage is bound upon receipt of request with an effective date up to 90 days prior to receipt of the request.
2. AmeriNat's insurance provider or their carrier will send out three letters to the borrower over the course of forty-five days. If the borrower provides proof of coverage, lender-placed coverage will be cancelled.
3. If the effective date of this coverage is the same and there is no lapse in coverage, there will be no premium charged. If there is a lapse in coverage, there may be a fee charged to the borrower's account for an earned premium.
4. If the borrower does not provide proof of coverage, AmeriNat's insurance provider will send an insurance policy and notification of premium to the borrower and bill AmeriNat for a one-year policy. If the borrower does not have an established impound account; AmeriNat will create one and disburse the premium from it. If the borrower fails to pay the premium before the end of the month, and the disbursed premium results in an escrow deficit balance, the balance will be accounted for in that month's reconciliation of the City Escrow Deficit Account. If the aggregate portfolio remittance for the month is insufficient to cover the deficit amount, the City will be billed and responsible for the cost until recouped from the borrower. Pay-off quotations or demands will reflect impound deficit amounts (caused by the cost of forced-place insurance or other advances) so that the borrower will still be held responsible for the cost even if they are unresponsive.

The Portfolio Status Report, delivered monthly to the City, will also reflect such negative impound balances (i.e. the total amount of such premiums owed by borrower).

5. The one-year policy is cancelable by either AmeriNat or the City.

### **Account Inquiries**

Borrowers and the City have 24-hour electronic access to their loan information via AmeriNat's website at [www.amerinatls.com](http://www.amerinatls.com). Continuous access to loan account information is also provided during normal working hours through toll free customer service telephone lines. In addition, hard copy account payment histories or other information can be provided through facsimile transmission or email. When requested by a borrower, AmeriNat will provide, without charge, a detailed statement of transactions relating to the borrower's payments and/or escrow account.

### **Non-sufficient Funds (NSF) Checks**

In the event that a check is returned unpaid due to non-sufficient funds, a returned check fee will be assessed. A letter will be sent to the borrower requesting immediate payment plus the returned check fee. If this fee is not received, a memo will be placed on the individual's account and the fee will be collected at the time the loan is paid off.

## **Additional Portfolio Management Services**

1. **Loan Payoff Quotations, Satisfactions, Reconveyances:** AmeriNat will provide Loan Payoff Quotations and will perform Satisfactions and Reconveyances of Mortgage at the borrower's expense at the City's request.
2. **Loan Amortization Schedules:** AmeriNat will provide Loan Amortization Schedules upon request.
3. **Tax Forms:** Pursuant to IRS regulations and, on behalf of the City, AmeriNat will submit required tax forms for borrowers paying interest on City loans.
4. **Year-End Account Summary:** If required by regulation, AmeriNat will supply a year-end account summary statement to a borrower if there has been principal, interest or escrow activity on their account. The report will indicate principal and interest paid, amount of payments AmeriNat made on the borrower's behalf for taxes and insurance, and remaining escrow balance.
5. **Tickler Notifications:** AmeriNat will provide for an annual tickler notification at the City's request.

## **Loan Transfer**

In the event the City requires AmeriNat to transition loans back to the City or to another servicer, AmeriNat will gather and package loan files (hard-copy and/or electronic copy) for shipment. AmeriNat has an in-house IT department that is dedicated to the maintenance and enhancement of its proprietary loan servicing system. AmeriNat's IT department will work with the City's staff to electronically transmit servicing data in an agreed upon format.

## **Loan Reconstruction**

AmeriNat will prepare a loan reconstruction to determine posting accuracy and compliance with promissory notes, truth in lending statements, and other applicable related loan documents. This involves a detailed review of loan terms and reconstructing the posting of payments in accordance with the terms.

## **Loss Mitigation**

AmeriNat provides treatment for delinquent mortgages through positive pressure that is fair but firm, with escalation of activities matching the advancement of the delinquency stage.

Collections:

1. **First Payment Default:** Early delinquency can be a sign of a chronic delinquent borrower. AmeriNat forwards its first letter to new delinquent borrowers at 5 days past the first payment due date. If there is no response, a second letter is sent at 15 days. Borrowers are reminded to contact AmeriNat to discuss difficulties they may be facing in meeting their obligations. If

no response is received to either letter, due diligence phone calls begin, generally not later than 17 days delinquent.

2. Delinquency/Default Letter Production: Letters of varying tone and composition will be sent at 15, 30 and 45 and 90 days past the payment due date. For single-family loans, the 45-day letter will include the Consumer Financial Protection Bureau (CFPB) mandated notification informing the borrower of the available loss mitigation options. The 90-day letter will detail for the borrower possible escalated collection activity up to and including foreclosure. The letters emphasize the seriousness of the situation, the potential for loss of the borrower's property, and demand immediate payment.
3. Due Diligence Phone Calls: Telephone calls will be placed on a regular basis as loan remains under active delinquent follow up. Calls to single family mortgage borrowers are made in accordance with CFPB guidance and best practices. Live contact is attempted with the borrower beginning at the 17th day of delinquency, under a good faith goal of establishing contact with the borrower by the 36th day of delinquency. One or more subsequent attempts to contact the borrower will generally be made every 30 days thereafter. The objective of the call is to secure or demand prompt payment, obtain information needed to determine the reason for the delinquency, and to gain a commitment for future payments.
4. Credit Reporting: AmeriNat will report borrower payment activity and status codes to the credit bureaus for non-commercial loans.
5. Confirmation Letters: Contact with borrowers is used to solicit commitments to repay past due amounts. A borrower will be provided with the opportunity to bring the loan current immediately, and within six months. Once a commitment is gained, AmeriNat will forward a confirmation letter to document both the call and the commitment. The revised payment plan of no greater than six month's duration is then implemented. Default under this plan may cause AmeriNat to recommend foreclosure.

### **Forbearance Plans:**

Formal forbearance plans are typically used for defaults of 90+ days. A forbearance plan of less than six months duration is executed by the borrower and immediately implemented by AmeriNat, with notice immediately provided to the City. Formal modifications to promissory note terms and forbearance plans of greater than six months duration are forwarded to the City for pre-approval. Before the borrower executes the agreement, the City is requested to approve the plan.

Once approved, AmeriNat will implement the new payment schedule. Should a borrower default from the new payment schedule without cause, AmeriNat will recommend foreclosure.

Forbearance Evaluation Process: A hardship is defined as a situation or set of events or circumstances beyond the normal control of the borrower that prohibits the borrower from adhering to a planned repayment schedule. If a borrower states, either verbally or in writing, that a hardship situation exists, AmeriNat will document the circumstances and provide the following:

- i. Letter from borrower requesting the City's consideration of hardship
- ii. Nature of the hardship
- iii. Expected duration of the hardship
- iv. Evidence to substantiate hardship
- v. Forbearance Plan Proposal

If the City approves the Forbearance Plan Proposal and executes the agreement with the borrower, AmeriNat will resume loan servicing under the new payment plan. The file will be tickled for follow-up at the expiration of the temporary plan.

AmeriNat's objective is to formulate a plan to bring the loan current as soon as possible. However, in light of the City original purpose in making these loans (to assist the low/moderate income and disadvantaged citizens of its community), AmeriNat may recommend forbearance plans that defer all or part of the regular repayments for a specified period of time.

### **Loan Modification Analysis:**

1. **Preliminary Screening:** When contact with the borrower indicates a short-term forbearance agreement will not be enough to bring the account current, and initial assessment of the Borrower's circumstances indicate the Borrower may possibly be eligible for an available loss mitigation option, the borrower will be encouraged to submit a loss mitigation application.
2. **Application:** Upon receipt of a loss mitigation application, AmeriNat will review the application to determine supporting materials are present and that the forms are complete. Support materials may include but are not limited to, paycheck stubs, W-2's, Federal Tax Returns, bank statements, mortgage statements, property tax bills and insurance policies. Once the application is reviewed and found to be complete, a credit report and escrow analysis are ordered, as applicable, and the application is submitted to underwriting
3. **Analysis and Recommendation:** Underwriting of the application is performed using the City's eligibility criteria. This analysis will reflect information such as ability to repay or affordability (debt-to-income ratio), status of 1<sup>st</sup> mortgage, and occupancy. Based on the aforementioned, the recommendation will convey whether it is reasonable to proceed with the modification and what type of modification will best suit the needs of the borrower and the City. The recommendation along with the supporting documentation will be sent to the City for approval.
4. **Approval:** Once a loan modification has been approved, AmeriNat shall prepare and forward the required documents to the borrower for signature and recording, unless the City retains these functions. After the documents have been executed, originals will be retained by the City and copies will be promptly sent to AmeriNat along with funds required for escrow, legal fees, etc.

After receipt of executed modification documents and required funds, AmeriNat will make the appropriate modifications to the loan, send the borrower new payment coupons or billing statements, and electronically notate the account. Respective modification documentation will be retained in the electronic loan file.

### **Loan Foreclosure**

The mortgage transaction and collections efforts are predicated on the assumption that the borrower is motivated and able to meet the mortgage obligation. A decision to foreclose is based on an analysis of an individual loan. AmeriNat will look at the borrower with particular emphasis on basic motivation, ability to pay; and attitude or level of cooperation. If a borrower remains delinquent and has been uncooperative, non-responsive, or unwilling to cure the existing default by reasonable means, AmeriNat will recommend foreclosure.



This step is generally not taken until a loan becomes over 120 days delinquent. Upon the City's approval, and in accordance with respective local, state and federal statutes, AmeriNat will send the borrower a notice of intent to foreclose/demand letter, with a copy to the City. If no response is received within 30 days, AmeriNat will advise the City of the non-response. Upon the City's direction, AmeriNat will proceed to foreclosure. AmeriNat will properly document the steps taken to affect a cure.

If the loan is not reinstated or paid off, AmeriNat will continue foreclosure up to and including the sale of the property. If the City desires AmeriNat to perform property management, a third-party property management vendor will be engaged. AmeriNat can identify, track and pay bills related to property preservation, the costs of which remain the responsibility of the City. Upon sale of the property, AmeriNat will return the proceeds of the sale to the City less foreclosure fees and previously un-reimbursed costs incurred.

In the event the borrower reinstates the loan, AmeriNat will remit to the City payments received from the borrower. For those loans that are reinstated by the borrower, AmeriNat will resume normal servicing functions.

### **Bankruptcy Administration Services**

#### **1. Chapter 7 Bankruptcy:**

- a. Upon receipt of notification from a court of law, debtor (borrower), or the City, of a Chapter 7 bankruptcy for a debtor serviced by AmeriNat, AmeriNat will modify the account in preparation for monitoring of payments. Additionally, a Reaffirmation Agreement will be generated and forwarded to the borrower's attorney (debtor's counsel) for signature, and to the appropriate court upon receipt of the executed document. This fully enforceable agreement, if executed, will retain the lien as secured and will keep the lien from being discharged as part of the Chapter 7 discharge. If the borrower has no legal counsel and has filed their bankruptcy petition "pro se", (on their own behalf) or with the assistance of a licensed paralegal, AmeriNat can communicate directly with the borrower.
- b. Upon default of borrower's remittance of payments during the bankruptcy, AmeriNat will notify the borrower's (debtor's) counsel and Chapter 7 Trustee advising of the default, but if filed pro se, then the debtor would be notified directly.
- c. Should the Chapter 7 Trustee determine that assets are available for distribution to creditors, AmeriNat will file a Proof of Claim on behalf of the City.

#### **2. Chapter 13 Bankruptcy:**

- a. Upon receipt of notification from a court of law, debtor (borrower), or the City, of a Chapter 13 bankruptcy for a debtor serviced by AmeriNat, AmeriNat will notify the City its intention to file a Proof of Claim as well as supporting bankruptcy documentation, and will file with the appropriate court. Upon receipt of a returned filed Proof of Claim from the court, AmeriNat will forward a copy of same to the City and will begin monitoring post and pre-petition payments to borrower's loan account.
- b. Upon default of borrower in the remittance of post-petition payments, AmeriNat will notify the borrower's (debtor's) counsel of the default, instructing that further default will result in the filing of a Motion for Relief. If the borrower has no legal counsel and has filed their

bankruptcy petition "pro se", (on their own behalf) or with the assistance of a licensed paralegal, AmeriNat can communicate directly with the borrower. In addition, notification of the default will be forwarded to the Trustee's office. Should there be a continued default in post-petition payments, and at the instruction of the City, AmeriNat will file the Motion for Relief. Once authorized by the court, and as directed by the City, AmeriNat may then begin foreclosure proceedings.

### **Subordination Processing**

1. **Subordination Request Package**: Upon a borrower's request for a subordination, AmeriNat will send a Subordination Request Package to the borrower or designee (lender or title). The City may require the borrower to pay the cost of the subordination processing at application or the City may pay the cost upon billing from AmeriNat.
2. **Review Process**: The purpose of the subordination review process is to determine that the new senior loan on the borrower's property will be made in conformance with the City's subordination policy and that the City's title position and security for its note is properly treated. Also, a review of income of the borrower may be performed if there are ongoing restrictions on income levels for the program participant. Documentation typically required for the review may include the following:
  - a. Letter from borrower with reasons for requesting subordination
  - b. FNMA 1003 application, or other applicable application, for new senior loan
  - c. Lender's approval of new senior loan
  - d. Title report
  - e. Appraisal
  - f. Closing instructions and estimated closing statement
  - g. Credit report (if required)
  - h. Tax return or other income documentation (if required)
  - i. Completed Subordination Agreement ready for signature
  - j. Request for Notice document on new senior loan(s)
3. **Document Preparation**: AmeriNat prepares subordination documents, or can review documents prepared by the new senior lender. These documents generally include:
  - a. Subordination Agreement
  - b. Request for Notice document on new senior loan(s)
  - c. Closing instructions
4. **Recommendation**: At the completion of the review, a report is forwarded to the City with a recommendation to either approve the request and to execute the Agreement, or to deny the request. The report will contain a recapitulation of pertinent information such as lowered monthly payment amounts, old and new LTV's, new and old senior debt loan amounts, etc.
5. **Approval**: Upon the City's approval of a request for subordination, the City will forward to borrower's lender or Title Company:
  - a. Completed and executed Subordination Agreement between the City and borrower
  - b. Closing instructions dictating terms / use of Subordination Agreement document
  - c. Request for Notice document for new senior loan

## Property Conditions Profile and Affidavit of Owner

### 1. Property Conditions Profile:

- a. AmeriNat engages a site visit of the owner's property to determine the outer condition of the dwelling and the condition of detached structures and grounds. Two photos will be taken to document the condition of the property. NOTE: AmeriNat will not enter upon the owner's private property.
- b. Property profiles rate (good, fair, poor) the condition of the property, and also comment on the following: roof type, property type, structure color, neighborhood condition, construction type, environmental hazards, and status of utilities.
- c. If the dwelling appears vacant or abandoned, it will be noted in the report.
- d. Property profiles may be ordered by the City for varying frequencies, e.g., once every two years, once every three years, etc.

### 2. Affidavit of Owner:

AmeriNat will forward an instructional letter and Affidavit of Owner to the borrower. The Affidavit requires the owner to affirm continued compliance with provisions of the promissory note and/or rehabilitation agreement. Such provisions may include, but are not limited to, the following:

- Continued residence
  - Timely payment of property taxes
  - Ongoing hazard and flood insurance coverage
  - Timely payment of sums due to superior lien holders
  - Proper maintenance of the property
  - Non-subordination
- a. If no response is received within two weeks, AmeriNat will send a second letter, again requesting owner to sign and return affidavit.

AmeriNat will compile responses and will forward original affidavits to the City.

## Reports

AmeriNat's standard reports are designed to meet the City's objectives and funding source requirements. Data reporting is flexible and can be reported in several ways, including program type, funding source and funding year. Reports are available to the City online through AmeriNat's internet LoanLink service. Through LoanLink, the City has unlimited access to account and portfolio data and can view the information as well as generate reports that can be downloaded into Excel.

1. Portfolio Status Report: The report provides a comprehensive accounting per loan of the total portfolio on a monthly basis. The report identifies annual payments made, remaining balances, borrower's name and account number, original loan balance, interest rate, and loan term. For those deferred loans accruing interest, the report shows the ongoing accrued interest balance.

2. Current Month Reconciliation Report: This monthly report serves as reconciliation for the loan payments remitted by borrowers.
3. Delinquent Aging Report: This report reflects delinquent accounts at the 30, 60, 90, and over 90-day levels as of the end of the month. Borrower accounts moved into the forbearance or foreclosure process are designated.
4. Loan Amortization Schedule: The Loan Amortization Schedule delineates the breakout of principal and interest paid during the term of the loan. This schedule is useful in determining how much principal is still owed and how much interest has been paid, at a particular period of time. This report can also be used in determining balloon amounts due per the terms of the note.  
Frequency: Upon request.
5. Account Status Information Report: Provides a borrower profile, loan term and current balance and status information for individual borrower accounts within a City's portfolio. This report includes a vast amount of information on particular accounts within the City's portfolio.
6. Current Year Payment History: Details transactions on individual accounts for the current year's activity.
7. Payment History with Memos: AmeriNat uses a series of memo codes to help classify various borrower requests or processing activity. Activities subject to memo code classification include, for example, insurance request letters, payoff requests, and other miscellaneous borrower questions. This report summarizes the loan history with identification of these types of activities along with associated comments by AmeriNat personnel.

**EXHIBIT "B"**  
**SCHEDULE OF SERVICES**

**LOAN SERVICING PROVIDED MONTHLY AND AS-NEEDED.**

**EXHIBIT "C"**  
**INSURANCE REQUIREMENTS**

3.2.12 Insurance.

3.2.12.1 Time for Compliance. Consultant shall not commence work under this Agreement until it has provided evidence satisfactory to the City that it has secured all insurance required under this section. In addition, Consultant shall not allow any subconsultant to commence work on any subcontract until it has provided evidence satisfactory to the City that the subconsultant has secured all insurance required under this section.

3.2.12.2 Types of Insurance Required. As a condition precedent to the effectiveness of this Agreement for work to be performed hereunder, and without limiting the indemnity provisions of the Agreement, the Consultant, in partial performance of its obligations under such Agreement, shall procure and maintain in full force and effect during the term of the Agreement the following policies of insurance. If the existing policies do not meet the insurance requirements set forth herein, Consultant agrees to amend, supplement or endorse the policies to do so.

(A) **Commercial General Liability:** Commercial General Liability Insurance which affords coverage at least as broad as Insurance Services Office "occurrence" form CG 0001, or the exact equivalent, with limits of not less than \$1,000,000 per occurrence and no less than \$2,000,000 in the general aggregate. Defense costs shall be paid in addition to the limits. The policy shall contain no endorsements or provisions (1) limiting coverage for contractual liability; (2) excluding coverage for claims or suits by one insured against another (cross-liability); or (3) containing any other exclusion(s) contrary to the terms or purposes of this Agreement.

(B) **Automobile Liability Insurance:** Automobile Liability Insurance with coverage at least as broad as Insurance Services Office Form CA 0001 covering "Any Auto" (Symbol 1), or the exact equivalent, covering bodily injury and property damage for all activities with limits of not less than \$1,000,000 combined limit for each occurrence. **NOTE: If Consultant does not own any company vehicles or may not be able to purchase a Business Automobile Insurance Policy, the requirement may be satisfied by providing either of the following:** (1) a Personal Automobile Liability policy for the Consultant's own vehicle stipulating "Automobile Liability Insurance with a limit of not less than \$1,000,000 each accident"; and (2) a non-owned auto endorsement to the Commercial General Liability policy if Consultant uses vehicles of others (e.g., vehicles of employees).

(C) **Workers' Compensation:** Workers' Compensation Insurance, as required by the State of California and Employer's Liability Insurance with a limit of not less than \$1,000,000 per accident for bodily injury and disease.

(D) **Professional Liability (Errors & Omissions):** Professional Liability insurance or Errors & Omissions insurance appropriate to Consultant's profession with limits of not less than \$1,000,000 per claim. Covered professional services shall specifically include all work to be performed under the Agreement and delete any exclusions that may potentially affect the work to be performed (for example, any exclusions relating to lead, asbestos, pollution, testing, underground storage tanks, laboratory analysis, soil work, etc.). If coverage is written on a claims-made basis, the retroactive date shall precede the effective date of the initial

Agreement and continuous coverage will be maintained or an extended reporting period will be exercised for a period of at least three (3) years from termination or expiration of this Agreement.

3.2.12.3 Insurance Endorsements. Required insurance policies shall contain the following provisions, or Consultant shall provide endorsements on forms approved by the City to add the following provisions to the insurance policies:

(A) Commercial General Liability:

(1) Additional Insured: The City, its officials, officers, employees, agents, and volunteers shall be additional insureds with regard to liability and defense of suits or claims arising out of the performance of the Agreement.

Additional Insured Endorsements shall not (1) be restricted to "ongoing operations"; (2) exclude "contractual liability"; (3) restrict coverage to "sole" liability of Consultant; or (4) contain any other exclusions contrary to the terms or purposes of this Agreement. For all policies of Commercial General Liability insurance, Consultant shall provide endorsements in the form of ISO CG 20 10 10 01 (or endorsements providing the exact same coverage) to effectuate this requirement.

(2) Cancellation: Required insurance policies shall not be canceled or the coverage reduced until a thirty (30) day written notice of cancellation has been served upon the City except ten (10) days shall be allowed for non-payment of premium.

(B) Automobile Liability:

(1) Cancellation: Required insurance policies shall not be canceled or the coverage reduced until a thirty (30) day written notice of cancellation has been served upon the City except ten (10) days shall be allowed for non-payment of premium.

3.2.12.4 Professional Liability (Errors & Omissions):

(A) Cancellation: Required insurance policies shall not be canceled or the coverage reduced until a thirty (30) day written notice of cancellation has been served upon the City except ten (10) days shall be allowed for non-payment of premium.

(B) Contractual Liability Exclusion Deleted: This insurance shall include contractual liability applicable to this Agreement. The policy must "pay on behalf of" the insured and include a provision establishing the insurer's duty to defend.

3.2.12.5 Workers' Compensation:

(A) Cancellation: Required insurance policies shall not be canceled or the coverage reduced until a thirty (30) day written notice of cancellation has been served upon the City except ten (10) days shall be allowed for non-payment of premium.

3.2.12.6 Primary and Non-Contributing Insurance. All policies of Commercial General Liability and Automobile Liability insurance shall be primary and any other insurance, deductible, or self-insurance maintained by the City, its officials, officers, employees, agents, or volunteers shall not contribute with this primary insurance. Policies shall contain or be endorsed to contain such provisions.

3.2.12.7 Waiver of Subrogation. All policies of Commercial General Liability and Automobile Liability insurance shall specifically allow Consultant or others providing insurance evidence in compliance with these specifications to waive their right of recovery prior to a loss. Consultant hereby waives its own right of recovery against the City, its officials, officers, employees, agents, and volunteers, and shall require similar written express waivers and insurance clauses from each of its subconsultants.

3.2.12.8 Deductibles and Self-Insured Retentions. Any deductible or self-insured retention greater than \$5,000 must be approved in writing by the City and shall protect the City, its officials, officers, employees, agents, and volunteers in the same manner and to the same extent as they would have been protected had the policy or policies not contained a deductible or self-insured retention.

3.2.12.9 Evidence of Insurance. The Consultant, concurrently with the execution of the Agreement, and as a condition precedent to the effectiveness thereof, shall deliver either certified copies of the required policies, or original certificates on forms approved by the City, together with all endorsements affecting each policy. Required insurance policies shall not be in compliance if they include any limiting provision or endorsement that has not been submitted to the City for approval. The certificates and endorsements for each insurance policy shall be signed by a person authorized by that insurer to bind coverage on its behalf. At least fifteen (15 days) prior to the expiration of any such policy, evidence of insurance showing that such insurance coverage has been renewed or extended shall be filed with the City. If such coverage is cancelled or reduced and not replaced immediately so as to avoid a lapse in the required coverage, Consultant shall, within ten (10) days after receipt of written notice of such cancellation or reduction of coverage, file with the City evidence of insurance showing that the required insurance has been reinstated or has been provided through another insurance company or companies.

3.2.12.10 Failure to Maintain Coverage. In the event any policy of insurance required under this Agreement does not comply with these specifications or is canceled and not replaced immediately so as to avoid a lapse in the required coverage, City has the right but not the duty to obtain the insurance it deems necessary and any premium paid by City will be promptly reimbursed by Consultant or City will withhold amounts sufficient to pay premium from Consultant payments. In the alternative, City may cancel this Agreement effective upon notice.

3.2.12.11 Acceptability of Insurers. Each such policy shall be from a company or companies with a current A.M. Best's rating of no less than A- VII and authorized to transact business of insurance in the State of California, or otherwise allowed to place insurance through surplus line brokers under applicable provisions of the California Insurance Code or any federal law.

3.2.12.12 Enforcement of Agreement Provisions (non estoppel). Consultant acknowledges and agrees that actual or alleged failure on the part of the City to inform Consultant of non-compliance with any requirement imposes no additional obligation on the City nor does it waive any rights hereunder.

3.2.12.13 Requirements Not Limiting. Requirement of specific coverage or minimum limits contained in this Appendix are not intended as a limitation on coverage, limits, or other requirement, or a waiver of any coverage normally provided by any insurance.



3.2.12.14 Insurance for Subconsultants. Consultant shall include all subconsultants engaged in any work for Consultant relating to this Agreement as additional insureds under the Consultant's policies, or the Consultant shall be responsible for causing subconsultants to purchase the appropriate insurance in compliance with the terms of these Insurance Requirements, including adding the City, its officials, officers, employees, agents, and volunteers as additional insureds to the subconsultant's policies. All policies of Commercial General Liability insurance provided by Consultant's subconsultants performing work relating to this Agreement shall be endorsed to name the City, its officials, officers, employees, agents and volunteers as additional insureds using endorsement form ISO CG 20 38 04 13 or an endorsement providing equivalent coverage. Consultant shall not allow any subconsultant to commence work on any subcontract relating to this Agreement until it has received satisfactory evidence of subconsultant's compliance with all insurance requirements under this Agreement, to the extent applicable. The Consultant shall provide satisfactory evidence of compliance with this section upon request of the City.

**EXHIBIT "D"**  
**COMPENSATION-FEES**

**Loan Documentation Preparation Services**

1. A fee of \$375.00 plus pass through costs is charged for loan document preparation.
2. A project for which credit, title, or appraisals have been supplied by AmeriNat, but which is thereafter canceled without performance of loan document preparations, a cancellation fee of \$95.00 plus outside costs applies. A project will be considered cancelled if a Loan Document Request is not received within sixty (60) days of ordering the aforementioned services.
3. A fee of \$55.00 will be charged for a document that is re-drafted at the request of the City due to actions by the City.

**Loan Portfolio Management**

Loan Set-up fee: \$45.00 per loan

Set-up fees will be charged for transferring/converting the initial loan portfolio as well as loans boarded thereafter. The set-up fees above are based on the City's performance of certain portfolio transfer activities, as established in the portfolio transfer timeline. Should additional boarding time, effort, and/or resources, be required to accomplish the portfolio transfer, the Extraordinary Services fee will apply, and the boarding date may be delayed.

Monthly Service Fee for Amortized Loans: \$18.00 per loan per month

Escrowing and/or monitoring of taxes and insurance are included with the service at no additional cost except for a one-time tax service vendor fee if acceptable transferable tax contracts are not already in place.

Monthly Service Fee for Deferred Loans:

- i. Warehouse: \$2.80 per loan per month
- ii. Warehouse and monitor of taxes and/or insurance: \$6.40 per loan per month plus a one-time tax service vendor fee.
- iii. Warehouse and escrow of taxes and/or insurance: \$18.00 per loan per month plus a one-time tax service vendor fee.
- iv. Flat fee for receiving occasional payments on deferred loans: \$18.00 per payment

**Minimum Monthly Billing** **\$500.00**

*If the cumulative amount of fees to be charged within one calendar month is less than the minimum monthly billing amount above, said amount will be charged.*

**The set up and monthly service fees above will be subject to a 3% increase annually beginning on July 1, 2023 and recurring annually thereafter on each July 1.**

### Tax Service Fee

If it is determined that Tax Service is needed, then a one-time fee of \$72.50 per loan for loan amounts up to \$500,000 will be passed through to the City. For loan amounts over \$500,000, there is an additional charge of \$10 per \$100,000. Future charges may vary based on outside vendor pricing.

Please note: Additional or supplemental charges that may be imposed by the respective taxing authority for procurement of duplicate tax bills will be directly passed through to the City.

### Forbearance Plans

If requested by the City, AmeriNat will charge a flat fee of \$395.00 per loan per occurrence to institute a formal forbearance plan (usually in excess of 6 months in duration and with approval of the City). The City may require the borrower to pay this fee. Informal forbearances (usually less than 6 months in duration) to allow a delinquent borrower to catch up and bring their loan current are performed at no charge to the borrower or the City.

### Loan Modification Analysis

1. Analysis and Recommendation, plus outside costs *	\$395.00
2. Subsequent Analyses and Recommendations (each)	\$165.00
3. Loan Document Preparation, plus outside costs *.	\$350.00
4. Document redraws (per occurrence)	\$165.00

Cancellation Fee: The fee due will be the sum of the fees for tasks (1-4 above) completed, plus one-half of the fee for the task in process at the time of cancellation.

\* Outside costs include, but are not limited to, title, credit, and appraisal / valuation. These costs are passed through from outside vendors and are subject to marketplace increases.

### Loan Foreclosure

If requested by the City, AmeriNat will charge the following fees for Loan Foreclosure services:

1. Document Preparation: A one-time charge of \$455.00 to prepare documents to commence foreclosure proceedings and to manage the foreclosure process on behalf of the City. In addition to the above foreclosure service fee, AmeriNat will deduct and pay from remittance or bill the City for other costs incurred in the foreclosure process such as, but not limited to, conventional legal fees, sheriffs' deposits, bankruptcy closing costs, fees set by law, etc. These fees will be quoted on a case-by-case basis upon request by the City and within applicable statutory limits.

2. Reinstatement Terms: The City reimbursement for foreclosure services rendered, and its costs and other charges, will be made by the borrower upon reinstatement or full payment of the Deed of Trust or Mortgage under foreclosure.
3. Property Management: \$150.00 per property per month plus property management vendor fees. Property preservation expenses remain the responsibility of the City.

### **Bankruptcy Administration Services**

1. Account Modification Fee: \$70.00 per occurrence to modify account for respective Bankruptcy monitoring
2. Proof of Claim Filing Fee (per occurrence):
  - a. \$475.00 for Chapter 7
  - b. \$1,350.00 for Chapter 13
3. Reaffirmation Agreement Filing Fee: \$350.00 per occurrence
4. Monitoring and Repayment Fee: \$20.00 per loan per month for the duration of an active Chapter 7 or Chapter 13 case. This includes monitoring respective payment plans, discharges, and dismissals.
5. Motion for Relief Filing Fee: \$280.00 per occurrence plus out-of-pocket fees and costs. Such fees and costs include, but are not limited to, obtaining local counsel in the bankruptcy jurisdiction and as approved by the City. The City will be responsible for the payment of fees for filing suit or related outside costs due AmeriNat that cannot be reimbursed from the borrower.

### **Subordination Processing**

A fee of \$400.00 per analysis per loan.

### **Per-Event Fees**

Tickler Notifications:	A \$12.50 per notification may be charged
Loan Transfer Fee:	\$75.00 per loan one-time fee if transferred from AmeriNat
Property Conditions Profile:	\$60.00 per occurrence
Affidavit of Owner:	\$17.00 per loan (entire portfolio done at one-time) with a \$500 minimum fee

*Note: Pass-through (reimbursable) expenses not reimbursed monthly, will be considered servicer advances and will be subject to an interest charge at a rate of 1% per month compounded. A finance charge of 1% per month compounded will be applied to invoices outstanding and unpaid for more than 60 days.*

### **Extraordinary Account Research and/or Loan Reconstruction**

AmeriNat will conduct ongoing routine maintenance and general customer service activities on borrower information and balances as part of its servicing duties at no additional cost.

Should the City request additional research to be conducted, or if the City engages AmeriNat to conduct a Loan Reconstruction Service on its portfolio, an extraordinary research fee of \$185.00 per hour will be charged, with a minimum of one hour per occurrence. Such fee will be approved by the City before the research is conducted.

When research is conducted at the request of the City because of a discrepancy between the City's records and AmeriNat's records relating to the principal balance or other loan information, and the result of the research determines that the discrepancy was the result of activity being posted at the City and not forwarded to AmeriNat for updating of its records, the extraordinary research fee will be charged for the time spent on the research.

In the event the City requests additional services to be performed by AmeriNat not specifically set forth in the Scope of Services and AmeriNat agrees to perform the requested additional service(s), AmeriNat will undertake such services(s) after receiving written authorization from City. Additional compensation for such service(s) will be allowed as agreed upon in writing by both the City and AmeriNat.

WORKER'S COMPENSATION INSURANCE CERTIFICATION

**WORKERS' COMPENSATION DECLARATION**

I hereby affirm under penalty of perjury one of the following declarations:

**(ONE OF THE BOXES BELOW MUST BE CHECKED)**

I have and will maintain a certificate of consent from the California Labor Commission to self-insure for workers' compensation, as provided for by Section 3700 of the Labor Code, for the performance of the work to be performed under this contract.

I have and will maintain workers' compensation insurance, as required by Section 3700 of the Labor Code, for the performance of the work to be performed under this contract. My workers' compensation insurance carrier and policy number are:

Carrier Bankers Standard Insurance Co.

Policy Number 77171555

I certify that, in the performance of the work under this Agreement, I shall not employ any person in any manner so as to become subject to the workers' compensation laws of California, and I hereby agree to indemnify, defend, and hold harmless the City of San Clemente and all of its officials, employees, and agents from and against any and all claims, liabilities, and losses relating to personal injury or death, economic losses, and property damage arising out of my failure to provide such worker's compensation insurance. I further agree that, if I should become subject to the workers' compensation provisions of Section 3700 of the Labor Code, I shall forthwith comply with those provisions.

**WARNING: FAILURE TO SECURE WORKERS' COMPENSATION COVERAGE IS UNLAWFUL, AND SHALL SUBJECT AN EMPLOYER TO CRIMINAL PENALTIES AND CIVIL FINES UP TO ONE HUNDRED THOUSAND DOLLARS (\$100,000), IN ADDITION TO THE COST OF COMPENSATION, DAMAGES AS PROVIDED FOR IN SECTION 3706 OF THE LABOR CODE, INTEREST, AND ATTORNEY'S FEES.**

Dated: \_\_\_\_\_, 20\_\_\_\_

AmeriNational Community Services, LLC d/b/a AmeriNat  
Consultant

By:

  
\_\_\_\_\_

Adrienne Thorson

Chairwoman and CEO

Title

217 S. Newton Ave.

Address

Albert Lea, MN 56007