

**FIRST AMENDMENT TO
PROFESSIONAL SERVICES AGREEMENT FOR
LOAN SERVICING FOR CDBG REHABILITATION LOAN PROGRAM**

This First Amendment to Professional Services Agreement for Loan Servicing of the Community Development Block Grant Rehabilitation Loan Program (“First Amendment”) is made and entered into on this 1 day of July, 2024, by and between the CITY OF SAN CLEMENTE, a California municipal corporation (“City”), and AmeriNational Community Services LLC, a Minnesota limited liability company doing business in the State of California as AmeriNat (“Consultant”).

R E C I T A L S:

- A. City and Consultant entered into that certain Professional Services Agreement for professional Community Development Block Grant Rehabilitation Loan Program services (the “Agreement”) on September 7, 2022.
- B. City and Consultant desire to amend the Agreement in the manner provided herein.

C O V E N A N T S:

1. Exhibit “A” to the Agreement is hereby replaced in its entirety by a revised Exhibit “A” attached hereto and incorporated fully herein.

2. Section 3.1.2 (Term) of the Agreement is hereby amended to read as follows: “The term of this Agreement shall be from July 1, 2022 through June 30, 2025, unless earlier terminated as provided herein, with the option of two (2) one-year extensions. Consultant shall complete the Services within the term of this Agreement, and shall meet any other established schedules and deadlines.”

3. Section 3.3.1 (Compensation) of the Agreement is hereby amended to increase the total compensation amount to a not-to-exceed amount of twenty-five thousand dollars (\$25,000).

4. Exhibit “D” to the Agreement is hereby replaced in its entirety by the revised Exhibit “D” attached hereto and incorporated fully herein.

5. Except as expressly amended by this First Amendment, the remaining portions of the Agreement shall remain in full force and effect.

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: *Andy Hall*
Andy Hall (07/11/2024 16:53 MDT)
Andy Hall, City Manager
Dated: 7/11, 2024

ATTEST:

Laura Campagnolo
Laura Campagnolo (Jul 16, 2024 09:05 PDT)
CITY CLERK of the City of
San Clemente, California

APPROVED AS TO FORM:

Elizabeth A. Mitchell
Elizabeth A. Mitchell, City Attorney

**APPROVED AS TO AVAILABILITY
OF FUNDING:**

Matthew Schmelyl
Finance Authorization

AmeriNational Community Services LLC,
a Minnesota Limited Liability Company
DBA AmeriNat
("CONSULTANT")

By: *Adrienne Thorson*
Adrienne Thorson
Its: Chief Executive Officer
Dated: 7/12, 2024

By: *Shaunda Clark*
Shaunda Clark
Its: Chief Financial Officer
Dated: July 23, 2024

EXHIBIT A
SCOPE OF WORK

Consultant shall perform the following services for the City (collectively, the “Services”):

Loan Servicing for Amortized and Deferred Loans

1. Loan Boarding:
 - a. Flow Loans: The City is responsible for completing an electronic loan setup form, available on the Consultant’s portal, for flow loans being transferred to the Consultant for servicing. When fully complete, the City uploads the form to the Consultant’s portal.
2. Introductory Package: Upon boarding of a new loan, Consultant 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.
3. Collection and Remittance of Payments: Consultant 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”¹, and via the Consultant 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. Consultant balances cash received and transmitted and loan portfolio

¹ Additional fees apply.

totals on a daily and monthly basis. Remittances will be forwarded to the City monthly net of fees and other authorized charges due to Consultant.

4. Payment of Property Taxes: At the City's request, Consultant will order a tax service contract and monitor the timely payment of property taxes.
5. Insurance Monitoring: Consultant will notify the insurance agent in writing that Consultant is monitoring premium payments and is to be made aware of delinquencies, non-renewals or cancellations. Consultant will force place insurance in accordance with respective regulation (see Insurance section).
6. Escrow/Impound Account: If the City chooses, Consultant will establish a borrower escrow/impound account for the payment of taxes and insurance. Consultant 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, Consultant'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 Consultant'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, Consultant will track and reconcile advances made by Consultant on borrower accounts with escrow deficits as a result of payments made on the borrower's behalf in excess of their escrow balance. Escrow advances will be reconciled monthly, and netted against 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 Consultant 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 Consultant.

At portfolio transfer Consultant 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, Consultant reserves the right to request the City to deposit an amount into reserve to cover the anticipated necessary advances.

7. Late Fees: In keeping with the provisions of the City's promissory note, Consultant 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, Consultant will request lender-placed insurance from Consultant's insurance provider. Consultant 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 Consultant. This quality control step aids in ensuring that the City's instructions were received by Consultant, usually via email. The City can review the coverage through monthly reports from Consultant 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. Consultant'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, Consultant's insurance provider will send an insurance policy and notification of premium to the borrower and bill Consultant for a one-year policy. If the borrower does not have an established impound account, Consultant 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 Consultant or the City.

Account Inquiries

Borrowers and the City have 24-hour electronic access to their loan information via Consultant's website at www.amerinat.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, Consultant will provide, without charge, a detailed statement of transactions relating to the borrower's payments and/or escrow account.

Additional Portfolio Management Services

1. Loan Payoff Quotations, Satisfactions, Reconveyances: Consultant 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: Consultant will provide Loan Amortization Schedules upon request.
3. Tax Forms: Pursuant to IRS regulations and, on behalf of the City, Consultant will submit required tax forms for borrowers paying interest on City loans.
4. Year-End Account Summary: If required by regulation, Consultant 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 Consultant made on the borrower's behalf for taxes and insurance, and remaining escrow balance.
5. Tickler Notifications: Consultant will provide an annual tickler notification at the City's request.
6. Loan Confirmation Audits: Consultant will complete loan confirmation audit requests when requested by the City, Borrower, or auditors of either. Information requested generally includes unpaid principal balance, interest rate, date to which interest has been paid, terms of payment of principal, current escrow deposit amounts, and escrow amounts paid during a specified period.

Loan Transfer

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

Loan Reconstruction

If requested by the City, Consultant 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.

Collections and Loss Mitigation

Collection efforts are conducted in accordance with the City's requirements, pertinent regulations, GSE/insurer requirements and industry standard practice. These activities include the following steps:

1. 5-day notice: Consultant forwards its first letter to delinquent borrowers at or about 5 days past the payment due date. Borrowers are reminded and encouraged to contact Consultant to discuss difficulties they may be facing in meeting their obligations.
2. Delinquency/Default Letter Production: Letters of varying tone and composition will be sent at 15, 30, 45, and 90 days past the payment due date. 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. Borrowers are also encouraged to apply for federal or state relief programs that may be available.
3. Due Diligence Phone Calls: Attempts are made in accordance with HUD guidelines for contacting the borrower as soon as the loan becomes delinquent. Telephone calls will be placed on a regular basis as loans remain under active delinquency 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 not later than 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 regarding the reason for the delinquency, and to structure a commitment for future payments.
4. Credit Reporting: Consultant will report borrower payment activity and status codes to the credit bureaus monthly.
5. Confirmation Letters: Contact with borrowers is used to solicit commitments to repay past due amounts. Borrowers are provided an opportunity to bring the loan current immediately, and within six months. Once a commitment is gained, Consultant 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 lead Consultant to recommend foreclosure.
6. Additional loss mitigation activities such as skip tracing and door knock services are available upon request. The scope and fees associated with these services will be determined and agreed upon by both the City and Consultant.

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 Consultant, 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, Consultant will implement the new payment schedule. Should a borrower default from the new payment schedule without cause, Consultant 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, Consultant 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, Consultant will resume loan servicing under the new payment plan. The file will be tickled for follow-up at the expiration of the temporary plan.

Consultant'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), Consultant 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, Consultant 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 1st 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, Consultant shall prepare and forward the required documents to the borrower for signature and recording, unless the City retains these functions. If the City retains approval authority, the City agrees to return the decided application within 5 business days of receipt. If no response has been received in 5 days, the modification will be denied.

After the documents have been executed, originals will be retained by the City and copies will be promptly sent to Consultant along with funds required for escrow, legal fees, etc. After receipt of executed modification documents and required funds, Consultant 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. Consultant 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, Consultant 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, Consultant 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, Consultant will advise the City of the non-response and will proceed to foreclosure. Consultant will properly document the steps taken to affect a cure.

If the loan is not reinstated (brought current) or paid off, Consultant will continue foreclosure up to and including the sale of the property. If the City desires Consultant to perform property management, a third-party property management vendor will be engaged. Consultant 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, Consultant 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, Consultant will remit to the City payments received from the borrower. For those loans that are reinstated by the borrower, Consultant 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 Consultant, Consultant 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, Consultant can communicate directly with the borrower.

- b. Upon default of borrower's remittance of payments during the bankruptcy, Consultant 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, Consultant 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 Consultant, Consultant 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, Consultant 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, Consultant 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, Consultant 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, Consultant will file the Motion for Relief. Once authorized by the court, and as directed by the City, Consultant may then begin foreclosure proceedings.

Subordination Processing

- 1. Subordination Request Package: Upon a borrower's request for a subordination, Consultant 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 Consultant.
- 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: Consultant 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. Consultant 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: Consultant 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:

Consultant 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

If no response is received within two weeks, Consultant will send a second letter, again requesting owner to sign and return affidavit.

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

Reports

Consultant'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 Consultant's portal. The City has unlimited access to account and portfolio data through the portal 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. Fee Detail Report: This monthly report details Consultant's fees assessed and overall remittances on a per loan basis.
5. Escrow Deficit Report: This monthly report details advances made by Consultant on borrower accounts with deficient escrow balances and tracks the amount to be included with or deducted from the City's monthly remittance; a net shortage/negative will be deducted and a net overage/positive will be remitted.
6. Account Information Report: This report provides a borrower profile, loan term and current balance and status information for individual borrower accounts within a City's portfolio. It includes a vast amount of information on particular accounts within the City's portfolio.
7. Payment History: This report details transactions on individual accounts for the current year's activity.
8. Payment History with Memos: Consultant 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 Consultant personnel.

9. Additional Standard Reports:

- Borrower with Balances
- Closed Accounts
- Account Memo Listing Report
- Escrow Activity
- Daily Transactions Summary
- Borrower Loan Information
- Open Accounts
- Account Status Report
- Borrower Property Information
- Late Charge Activity
- Manual Adjustments

**EXHIBIT D
FEE SCHEDULE**

In complete compensation for the Services provided under this Agreement, the City shall pay the Consultant fixed fees as described below. Total compensation under this Agreement shall not exceed \$25,000 without prior written approval of the City Manager.

Loan Portfolio Management

Flow Loan Set-up fee: \$55.00 per loan

Amortized Monthly Service Fee²: \$18.54 per

loan Monthly Service Fee for Deferred Loans:

- i. Warehouse: \$4.00 per loan per month
- ii. Warehouse and monitor of taxes and/or insurance: \$10.00 per loan per month plus a one-time tax service vendor fee.
- iii. Warehouse and escrow of taxes and/or insurance: \$18.54 per loan per month plus a one-time tax service vendor fee.
- iv. Flat fee for receiving occasional payments or forgiveness event on deferred loans: \$18.54 per payment or forgiveness event.

² 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.

Tax Service Fee

If it is determined that Tax Service is needed, then a one-time fee of \$77.00 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. Additional or supplemental charges 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, Consultant 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. Preliminary screening and Application Review (each)	\$200.00
2. Analysis and Recommendation, plus outside costs *	\$195.00
3. Subsequent Analyses and Recommendations (each)	\$165.00
4. Loan Document Preparation, plus outside costs *	\$350.00
5. 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, Consultant 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, Consultant 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 bankruptcy 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 Consultant that cannot be reimbursed from the borrower.

Subordination Processing

A fee of \$465.00 per analysis per loan.

Minimum Monthly Servicing Billing

\$1,000.00

If the cumulative amount of fees to be charged for loan servicing activities, excluding pass-through charges, within one calendar month is less than the minimum monthly billing amount above, said amount will be charged.

Other services and Per-Event Fees

Check by phone service:	\$10.00 per loan per occurrence.
Consulting:	\$225.00 per hour, one hour minimum.
Tickler Notifications:	A \$15.00 per notification may be charged.
Loan Transfer Fee:	\$75.00 per loan one-time fee if transferred from
Consultant. Property Conditions Profile:	\$65.00 per occurrence.
Affidavit of Owner:	\$18.00 per loan (entire portfolio done at one-time) with a \$500 minimum fee.

Pass-through (reimbursable) expenses

Pass-through (reimbursable) expenses, including but not limited to postage costs for statements, letters, and other notifications to borrowers, advances necessary for principal and interest payments, tax and insurance payments, legal and other professional fees for loss mitigation activities, costs of tax contracts, and other out of pocket costs necessary for performance of the scope of service tasks are to be reimbursed by City monthly.

Pass-through (reimbursable) expenses not reimbursed monthly, will be considered Consultant 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

Consultant 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 Consultant to conduct a Loan Reconstruction Service on its portfolio, an extraordinary research fee of \$225.00 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 Consultant'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 Consultant for updating of its records, the extraordinary research fee will be charged for the time spent on the research.

For services or loans with unique servicing characteristics that are not shown above, the City and Consultant acknowledge that additional and/or different servicing requirements may be appropriate. Consultant will work with the City in good faith to establish written terms for the servicing of these types of loans or additional services requested. Any agreement on the servicing provisions for any non-standard portfolio or additional services, including pricing for said services, shall be memorialized in a Statement of Work ("SOW").

Fees are subject to annual increases beginning July 1, 2025 based on the change in the national consumer price index, but no less than 3%.