

CITY OF STOCKTON
STANDARD AGREEMENTAgreement Number:

1. This Agreement is entered into between the City of Stockton ("City") and AmeriNat ("Contractor") to provide Loan Portfolio Management Services as set forth in Exhibit A to this Agreement.

2. The term of this Agreement is as follows, unless amended as described in Exhibit A and Exhibit C section 8:

Commences on: April 1, 2025

Terminates on: March 31, 2028

3. The maximum not to exceed amount to be paid to Contractor for the term of this Agreement, including if authorized, reimbursement of expenses, is: \$ 350,000.00

4. The complete Agreement consists of all the following Agreement documents which by reference are incorporated and made a part of this Agreement. The parties agree to comply with the terms and conditions of this Agreement.

- (a) Exhibit A – Statement of Work
- (b) Exhibit B – Insurance
- (c) Exhibit C – General Terms & Conditions
- (d) Exhibit D – Professional Services Special Terms & Conditions
- (e) Exhibit E – Compensation Schedule
- (f) ~~Exhibit F – Timeline~~
- (g) ~~Exhibit G – Special Funding Terms & Conditions~~

(If applicable check box) YES ☐

IN WITNESS WHEREOF, the authorized parties have executed this Agreement.

CONTRACTOR

AmeriNat

Contractor's Name (if other than an individual, state whether a corporation, partnership, etc.):

Adrienne Thorson

4/14/25

Authorized Signature

Date

Adrienne Thorson, CEO

Printed Name and Title of Person Signing

217 S. Newton Avenue, Albert Lea, MN 56007

Address

CITY OF STOCKTON

Steve Colangelo, Interim City Manager

Date

ATTEST:

Katherine Roland, CMC, CPMC, City Clerk

APPROVED AS TO FORM:

Lori M. Asuncion, City Attorney

BY: _____

EXHIBIT A
STATEMENT OF WORK
(SCOPE OF SERVICES)

1. **Objectives and Scope.** AmeriNat's services will include, but are not limited to, the list below. See Attachment A-1 for AmeriNat's Method of Approach.

Loan Servicing Functions:

- Collection of scheduled loan repayments
- Follow-up on delinquent accounts
- Provide loan account information, amortization schedules, payoff quotations, and reconveyances
- Payment of homeowner's insurance premiums and property taxes for impounded accounts
- Provide annual reminder notifications to borrowers with deferred loans
- Review and monitor annual financial statements and basis for residual receipt payments submitted for multi-family loans
- Provide year-end account information to each borrower
- Furnish IRS 1098 (interest paid) to borrowers and to the Internal Revenue Service
- Provide month-end and year-end reports to the City of Stockton
- Provide City and borrowers access to electronic (online) loan information
- Provide a secure location for maintaining loan information

Forbearance, Foreclosure, and Bankruptcy Services:

- Conduct forbearance evaluations
- Monitor foreclosures by senior lenders and notify City
- Evaluate and make recommendations on loans for foreclosure
- Monitor and notify City of bankruptcies by borrowers

Client and Borrower Services:

- Provide customer service and access to electronic loan information for both City and borrowers
- Serve as account representatives for loan information for both City and borrowers
- Provide secure location for all loan documents and borrower information

2. Notices

Pursuant to Exhibit C – General Terms and Conditions, Paragraph 15 – Notices, the mailing address for all required notices is as follows:

Contractor:

AmeriNat
217 South Newton Avenue
Albert Lea, MN 56007
Attn: Marketing & Contracts Manager

City:

City of Stockton
Economic Development Department
400 E. Main Street, 4th Floor
Stockton, CA 95202

3. Option to Renew.

The term of the Agreement may be extended up to 2 one-year extensions by a written amendment executed by both parties. However, the total term of the Agreement including the extended term shall not exceed 5 years.

Method of Approach

AmeriNat has a complete understanding of the City's requirements and will provide the services that will meet in entirety the services described in Section 2 – Scope of Services of the City's RFP within applicable state and federal regulations. As the City's current servicer, there will be no transfer process necessary. We are familiar with your staff and your systems and needs, and you will not need to wait for us to get up to speed. We would be pleased to continue servicing responsibility for the City's existing and future loans.

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 AmeriNat's portal, for flow loans being transferred to AmeriNat for servicing. When fully complete, the City uploads the form to the AmeriNat portal.
2. 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 Notice, and a variety of options to submit payments.
3. 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 lockbox, multiple payment options online, reoccurring ACH, and through "check-by-phone"¹, 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.
4. Payment of Property Taxes: At the City's request, AmeriNat will order a tax service contract and monitor the timely payment of property taxes.
5. 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 Lender Placed Insurance section).
6. 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

¹ Additional fees apply.

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 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 Client Escrow Deficit account to cover the anticipated necessary advances.

7. 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.

Residual Receipt Loan Servicing

Upon receipt of the Borrower's annual financial statement, provided by the City, AmeriNat will perform the following tasks:

1. Review financial statements for reasonableness.
2. Review Promissory Note and/or Loan Agreement to determine method in which calculation of residual receipt is to be done.
3. Calculate if the borrower has the present capacity to repay the City loan and if so, the payment amount.

4. Prepare and forward a Residual Receipt Analysis Report to the City, recommending:
 - a. Continued deferral, or
 - b. Amount of residual receipt payment required
5. If deferral is approved by the City, no further work is required.
6. If residual amount is approved by the City, AmeriNat will notify the borrower by issuing a billing statement of the payment amount required.
7. AmeriNat will perform necessary follow-up for payment of all residual receipt invoices billed, including collection activity.
8. AmeriNat will provide the City with a Delinquent Aging Report on a monthly basis.
9. Residual receipt payments received will be applied to the Borrower's loan in accordance with the terms of the Promissory Note and/or Loan Agreement.

Loan Reconstruction

If requested by the City, 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.

Lender Placed Insurance

In accordance with respective regulations, with regards to coverage related to a single family loan 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. For Multifamily loans, upon receipt of underwriting due diligence, the completion of underwriting necessary to bind coverage and the client's approval of the premiums coverage will be bound.

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. For Multifamily coverage payment will be required for the term outstanding.
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 Client 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.

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.
6. Loan Confirmation Audits: AmeriNat 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.

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. **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.
2. **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.
3. **Credit Reporting:** AmeriNat will report borrower payment activity and status codes to the credit bureaus monthly.
4. **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, 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 lead AmeriNat to recommend foreclosure.
5. 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 AmeriNat.

Single Family 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 subject to the City pre-approved parameters. Forbearance recommendations outside of the pre-approved parameters require individual City approval if they are to move forward. Approval timeframes are subject to regulatory guidance, and therefore if the City does not respond to requests for approval within the agreed-upon timeframes, AmeriNat will deny the application or request.

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

Forbearance Plans are executed by AmeriNat in accordance with the pre-approved guidelines established with the City. Forbearance plan recommendations outside of the approved parameters require individual approval by the City. Approval timeframes are subject to regulatory guidance, and therefore if the City does not respond to requests for approval within the agreed-upon timeframes, AmeriNat will deny the application or request. Once the agreement is executed 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.

Single Family 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 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. If the recommended modification falls outside of AmeriNat's delegated authority under approved parameters, the recommendation along with the supporting documentation will be sent to the City for approval. Approval timeframes are subject to regulatory guidance, and therefore if the City does not respond to requests for approval within the agreed-upon timeframes, AmeriNat will deny the application or request.

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. If the City retains approval authority, the City agrees to return the decisioned 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 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.

Single Family 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 and 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.

Single Family 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 of 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.

Single Family 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

Single Family 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 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 AmeriNat's fees assessed and overall remittances on a per loan basis.
5. Escrow Deficit Report: This monthly report details advances made by AmeriNat 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 client'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: 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.
9. Additional Standard Reports:
 - ▶ Borrower with Balances
 - ▶ Open Accounts
 - ▶ Closed Accounts
 - ▶ Account Status Report
 - ▶ Insurance Status Report
 - ▶ Account Memo Listing Report
 - ▶ Borrower Property Information
 - ▶ Escrow Activity
 - ▶ Late Charge Activity
 - ▶ Daily Transactions Summary
 - ▶ Manual Adjustments

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's Investor Services and IT departments will work with the City's staff to electronically transmit servicing data in an agreed upon format.

Client and Borrower Services

AmeriNat's Investor Services Department has been separated and elevated in the organization in alignment with AmeriNat's emphasis on client engagement, responsiveness, and attentiveness. The Investor Services team is available for regular meetings with the City, will review portfolio reports on a routine basis, is familiar with the status of delinquencies and claims and is the City's first and final stop for questions and needs.

Borrowers can reach borrower service staff via email and the toll-free phone numbers published on the AmeriNat website. Continuous access to loan account information is also provided during normal working hours through toll-free customer service telephone lines. Additionally, borrowers and the City have 24-hour electronic access to their loan information via AmeriNat's website at www.amerinat.com, and borrowers are also able to view their loan information via the AmeriNat app.

AmeriNat maintains complete and current information, notices, documents, correspondence, and loan service comments related to each loan in a safe and secure environment.

Quality Assurance

As mentioned earlier in our proposal under the "Ethics & Integrity" section, AmeriNat has always operated within a heavily regulated industry and its infrastructure emphasizes compliance with local, state and federal laws and regulations. AmeriNat holds the appropriate licenses for jurisdictions in which it operates. A listing of the audits included in our rigorous audit program is listed in this section as well.

Controls and safeguards are in place to ensure the protection of confidential information and compliance is maintained to privacy regulations applicable to banking organizations. AmeriNat has a board-appointed audit committee that assists with oversight of integrity of financial reporting as well as compliance with legal and regulatory requirements. We subscribe to AllRegs, a nationally recognized compliance assistance program, and are registered for routine updates from major servicing publications, the Nationwide Mortgage Licensing System, and the Consumer Financial Protection Bureau.

For each state in which AmeriNat services loans, a detailed analysis of loan servicing regulations is conducted. The appropriate servicing authority as issued under the Nationwide Mortgage Licensing System (NMLS) is maintained and updated as required. AmeriNat currently services loans in the State of California and is familiar with the servicing requirements there.

Exhibit B:
Insurance Requirements
(Loan Portfolio Services)

Contractor shall procure and maintain for the duration of the contract insurance against claims for injuries to persons or damages to property which may arise from or in connection with the performance of the work hereunder and the results of that work by the Contractor, his agents, representatives, employees, or subcontractors.

MINIMUM SCOPE OF INSURANCE

Coverage shall be at least as broad as:

- 1. Commercial General Liability (CGL):** Insurance Services Office Form CG 00 01 covering CGL on an "occurrence" basis, including products and completed operations, property damage, bodily injury and personal & advertising injury with limits no less than **\$2,000,000** per occurrence. If a general aggregate limit applies, either the general aggregate limit shall apply separately to this project/location (ISO CG 25 03 05 09 or 25 04 05 09) or the general aggregate limit shall be twice the required occurrence limit.
- 2. Automobile Liability:** ISO Form Number CA 00 01 covering any auto (Code 1), or if Contractor has no owned autos, covering hired, (Code 8) and non-owned autos (Code 9), with limit no less than **\$1,000,000** per accident for bodily injury and property damage.
- 3. Workers' Compensation:** as required by the State of California, with Statutory Limits, and Employer's Liability Insurance with limit of no less than **\$1,000,000** per accident for bodily injury or disease.
- 4. Professional Liability (Errors and Omissions):** Insurance appropriate to the Contractor's profession, with limit no less than \$1,000,000 per occurrence or claim, \$2,000,000 aggregate.

If the contractor maintains broader coverage and/or higher limits than the minimums shown above, the City of Stockton requires and shall be entitled to the broader coverage and/or higher limits maintained by the contractor.

Other Insurance Provisions

The insurance policies are to contain, or be endorsed to contain, the following provisions:

Additional Insured Status

The City of Stockton, its officers, officials, employees, and volunteers are to be covered as additional insureds on the CGL policy with respect to liability arising out of work or

operations performed by or on behalf of the Contractor including materials, parts, or equipment furnished in connection with such work or operations. General liability coverage can be provided in the form of an endorsement to the Contractor's insurance (at least as broad as ISO Form CG 20 10 11 85 or if not available, through the addition of **both** CG 20 10, CG 20 26, CG 20 33, or CG 20 38; **and** CG 20 37 if a later edition is used). Additional insured Name of Organization shall read "City of Stockton, its officers, officials, employees, and volunteers." Policy shall cover City of Stockton, its officers, officials, employees, and volunteers for all locations work is done under this contract.

Primary Coverage

For any claims related to this contract, the **Contractor's insurance coverage shall be primary and non-contributory** and at least as broad as ISO CG 20 01 04 13 as respects the City of Stockton, its officers, officials, employees, and volunteers. Any insurance or self-insurance maintained by the City of Stockton, its officers, officials, employees, or volunteers shall be excess of the Contractor's insurance and shall not contribute with it. This also applies to any Excess or Umbrella liability policies. The City of Stockton does not accept endorsements limiting the Contractor's insurance coverage to the sole negligence of the Named Insured.

Umbrella or Excess Policy

The Contractor may use Umbrella or Excess Policies to provide the liability limits as required in this agreement. The Umbrella or Excess policies shall be provided on a true "following form" or broader coverage basis, with coverage at least as broad as provided on the underlying Commercial General Liability insurance.

Notice of Cancellation

Each insurance policy required above shall provide that coverage shall not be canceled, except with notice to the City of Stockton.

Waiver of Subrogation

Contractor hereby grants to City of Stockton a waiver of any right to subrogation which any insurer of said Contractor may acquire against the City of Stockton by virtue of the payment of any loss under such insurance. Contractor agrees to obtain any endorsement that may be necessary to affect this waiver of subrogation, but this provision applies regardless of whether or not the City of Stockton has received a waiver of subrogation endorsement from the insurer.

Self-Insured Retentions

Self-insured retentions must be declared to and approved by the City of Stockton. The City of Stockton may require the Contractor to purchase coverage with a lower retention or provide proof of ability to pay losses and related investigations, claim administration, and defense expenses within the retention. The policy language shall provide, or be endorsed to provide, that the self-insured retention may be satisfied by either the named insured or City of Stockton.

Acceptability of Insurers

Insurance is to be placed with insurers authorized to conduct business in the state with a current A.M. Best's rating of no less than A:VII, unless otherwise acceptable to the City of Stockton.

Claims Made Policies (Professional & Pollution only)

If any of the required policies provide claims-made coverage:

1. The Retroactive Date must be shown and must be before the date of the contract or the beginning of contract work.
2. Insurance must be maintained, and evidence of insurance must be provided **for at least five (5) years after completion of the contract of work.**
3. If coverage is canceled or non-renewed, and not replaced **with another claims-made policy form with a Retroactive Date prior to** the contract effective date, the Contractor must purchase "extended reporting" coverage for a minimum of **five (5)** years after completion of work.

Verification of Coverage

Contractor shall furnish the City of Stockton with original certificates and amendatory endorsements, or copies of the applicable policy language effecting coverage required by this clause. All certificates and endorsements and copies of the Declarations & Endorsements pages are to be received and approved by the City of Stockton before work commences. However, failure to obtain the required documents prior to the work beginning shall not waive the Contractor's obligation to provide them. The City of Stockton reserves the right to require complete, certified copies of all required insurance policies, including endorsements required by these specifications, at any time.

Special Risks or Circumstances

City of Stockton reserves the right to modify these requirements, including limits, based on the nature of the risk, prior experience, insurer, coverage, or other special circumstances.

Certificate Holder Address

The address for mailing certificates, endorsements and notices shall be:

City of Stockton
Its Officers, Officials, Employees, and Volunteers
400 E Main St, 3rd Floor – HR
Stockton, CA 95202

EXHIBIT C
GENERAL TERMS AND CONDITIONS

1. **Goods, Equipment and Services.** Subject to the terms and conditions set forth in this Agreement, Contractor shall provide to City the services described in Exhibit A of the Agreement. Contractor shall provide said services at the time, place and in the manner specified in Exhibit A of the Agreement.

2. **City Assistance, Facilities, Equipment and Clerical Support.** Except as set forth in Exhibit A, Contractor shall, at its sole cost and expense, furnish and maintain all facilities and equipment that may be required for furnishing services pursuant to this Agreement. If applicable, City shall furnish to Contractor only the facilities and equipment listed in Exhibit A to the Agreement.

3. **Compensation.** City shall pay Contractor for services rendered pursuant to this Agreement as described more particularly in Exhibit A and Exhibit E to the Agreement.

3.1 Invoices submitted by Contractor to City must contain a brief description of work performed, time spent and City reference number. Within thirty (30) days of receipt of Contractor's invoice, City will review invoice, and if acceptable make payment on approved invoice.

3.2 Upon completion of work and acceptance by City, Contractor shall have sixty (60) days in which to submit final invoicing for payment. An extension may be granted by City upon receiving a written request thirty (30) days in advance of said time limitation. The City shall have no obligation or liability to pay any invoice for work performed which the Contractor fails or neglects to submit within sixty (60) days, or any extension thereof granted by the City, after the work is accepted by the City.

4. **Sufficiency of Contractor's Work.** All Contractor services, work, and deliverables shall be performed in a good and workmanlike manner with due diligence in accordance with the degree of skill normally exercised by similar contractors supplying services and work of a similar nature, and in conformance with applicable laws, codes and professional standards. Contractor's work shall be adequate and sufficient to meet the purposes of this Agreement.

5. **Ownership of Work.** All reports, work product, all other documents completed or partially completed by Contractor or its approved subcontractors, in performance of this Agreement, and if applicable, drawings, designs, and plan review comments shall become the property of the City. Any and all copyrightable subject matter in all materials is hereby assigned to the City and the Contractor and its approved subcontractors agree to execute any additional documents that may be necessary to evidence such assignment. All materials shall be delivered to the City upon completion or termination of the work under this Agreement. If any materials are lost, damaged or destroyed before final delivery to the City, the Contractor shall replace them at its own expense. Contractor and its approved subcontractors shall keep

materials confidential. Materials shall not be used for purposes other than performance of services under this Agreement and shall not be disclosed to anyone not connected with these services, unless the City provides prior written consent.

5.1 AmeriNat Portal Access. The City agrees to access and use AmeriNat Portal solely for its own internal use, in compliance with operating instructions provided by the Contractor and the terms of this Agreement, and to designate an authorized individual to serve as the Client Data Security Administrator. The City further agrees to treat the AmeriNat Portal and all associated documentation and processes as Confidential Information.

6. **Timeliness.** Time is of the essence in this Agreement. Further, Contractor acknowledges that the failure of Contractor to comply with the time limits described in Exhibit A and Exhibit F may result in economic or other losses to the City.

7. **Changes.** Both parties to this Agreement understand that it may become desirable or necessary during the term of this Agreement for City to modify the scope of services provided for under this Agreement. Any material extension or change in the scope of work shall be discussed with City and the change and cost shall be memorialized in a written amendment to the original contract prior to the performance of the additional work. Until the amendment is so executed, City will not be responsible to pay any charges Contractor may incur in performing such additional services, and Contractor shall not be required to perform any such additional services.

8. **Amendment.** No variation of the terms of this Agreement shall be valid unless an amendment is made in writing and signed by both parties.

9. **Contractor's Status.**

9.1 In performing the obligations set forth in this Agreement, Contractor shall have the status of an independent contractor and Contractor shall not be considered to be an employee of the City for any purpose. All persons working for or under the direction of Contractor are its agents and employees and are not agents or employees of City. Contractor by virtue of this Agreement, has no authority to bind or incur any obligation on behalf of City. Except as expressly provided in Exhibit A, Contractor has no authority or responsibility to exercise any rights or power vested in the City. No agent, officer or employee of the City is to be considered an employee of the Contractor. It is understood by both Contractor and City that this Agreement shall not be construed or considered under any circumstances to create an employer-employee relationship or a joint venture.

9.2 Contractor shall determine the method, details and means of performing the work and services to be provided by Contractor under this Agreement. Contractor shall be responsible to City only for the requirements and results specified in this Agreement

and, except as expressly provided in this Agreement, shall not be subjected to City's control with respect to the physical action or activities of Contractor in fulfillment of this Agreement. Contractor has control over the manner and means of performing the services under this Agreement. If necessary, Contractor has the responsibility for employing other persons or firms to assist Contractor in fulfilling the terms and obligations under this Agreement.

9.3 If in the performance of this Agreement any third persons are employed by Contractor, such persons shall be entirely and exclusively under the direction, supervision and control of Contractor. All terms of employment including hours, wages, working conditions, discipline, hiring and discharging or any other term of employment or requirements of law shall be determined by the Contractor.

9.4 It is further understood and agreed that Contractor must issue W-2 forms or other forms as required by law for income and employment tax purposes for all of Contractor's assigned personnel under the terms and conditions of this Agreement.

10. Subcontractor.

10.1 Subcontractors shall not be recognized as having any direct or contractual relationship with City. Contractor shall be responsible for the work of subcontractors, which shall be subject to the provisions of this Agreement. Subcontractors will be provided with a copy of the Agreement and be bound by its terms. Contractor is responsible to City for the acts and omissions of its subcontractors and persons directly or indirectly employed by them.

10.2 If in the performance of this Agreement any third persons are employed by Contractor, such persons shall be entirely and exclusively under the direction, supervision and control of Contractor. All terms of employment including hours, wages working conditions, discipline, hiring, and discharging or any other term of employment or requirement of law shall be determined by Contractor.

10.3 It is further understood and agreed that all Subcontractors must issue W-2 forms or other forms as required by law for income and employment tax purposes for all of Subcontractors personnel.

11. Termination.

11.1 Termination for Convenience of City. The City may terminate this Agreement at any time by mailing a notice in writing to Contractor. The Agreement shall then be deemed terminated, and no further work shall be performed by Contractor. If the Agreement is so terminated, the Contractor shall be paid for the work actually completed at the time the notice of termination is received.

11. 2 Should either party default in the performance of this Agreement or materially breach any of its provisions, the other party, at that party's option, may terminate this Agreement by giving written notification to the other party.

11.3 Funding- Non-Appropriation. It is mutually understood between the Parties that payment to the Contractor for performance shall be dependent upon the availability of appropriations by the City Council for the purposes of this Agreement. No legal liability on the part of the City for any payment may arise under this Agreement until funds are made available and until the Contractor has received funding availability, which will be confirmed in writing. If funding for any fiscal year is reduced or deleted, or if the City loses funding for any reason, the City, in its sole discretion, shall have the option to either (a) cause this Agreement to be canceled or terminated pursuant to applicable provisions of the Agreement; or (b) offer to amend the Agreement to reflect the reduced funding for this Agreement.

11.4 Failure to Pay. The Agreement shall immediately terminate, at Contractor's option, upon twenty (20) days' written notice if City fails to make payment in excess of five thousand US dollars (\$5,000) then due Contractor under this agreement and City fails to make such payments as required within the twenty (20) day timeframe.

12. Non-Assignability. The Contractor shall not assign, sublet, or transfer this Agreement or any interest or obligation in the Agreement without the prior written consent of the City, which such consent shall not be unreasonably withheld, and then only upon such terms and conditions as City may set forth in writing. Contractor shall be solely responsible for reimbursing subcontractors.

13. Indemnity and Hold Harmless. To the fullest extent permitted by law, Contractor shall hold harmless, defend and indemnify City of Stockton and its officers, officials, employees and volunteers from and against any and all liability, loss, damage, expense, costs (including without limitation costs and fees of litigation) of every nature arising out of or in connection with Contractor's performance of work hereunder or its failure to comply with any of its obligations contained in this agreement, except such loss or damage which was caused by the sole negligence or willful misconduct of the City of Stockton. This obligation is independent of, and shall not in any way be limited by, the minimum insurance obligations contained in this agreement. These obligations shall survive the completion or termination of this agreement.

14. Insurance. During the term of this Agreement, Contractor shall maintain in full force and effect at its own cost and expense the insurance coverage as set forth in the attached Exhibit B to this Agreement and shall otherwise comply with the other provisions of Exhibit B to this Agreement.

15. Notices. All notices herein required shall be in writing and shall be sent by certified or registered mail, postage prepaid, addressed in Exhibit A to this Agreement.

16. Conformance to Applicable Laws. Contractor shall comply with all applicable Federal, State, and Municipal laws, rules, and ordinances. Contractor shall not discriminate in the employment of persons or in the provision of services under this Agreement on the basis of any legally protected classification, including race, color,

national origin, ancestry, sex or religion of such person.

17. Licenses, Certifications and Permits. Prior to the City's execution of this Agreement and prior to the Contractor's engaging in any operation or activity set forth in this Agreement, Contractor shall obtain a City of Stockton business license, which must be kept in effect during the term of this Agreement. Contractor covenants that it has obtained all certificates, licenses, permits and the like required to perform the services under this Agreement. Such licenses, certificates and permits shall be maintained in full force and effect during the term of this Agreement.

17.1 The Contractor operates under the regulation and jurisdiction of various licensing authorities including those states from which the City intends to originate and/or purchase loans. The requirements of which may vary from time to time. If the Contractor's authority to service loans in a particular state were revoked or otherwise made unreasonable to continue in the then-current processes and in accordance with the terms of this Agreement due to changes in circumstances or regulations, the Contractor will provide prompt notice of its requirement to modify or terminate services and will modify or terminate services before the latest available date as allowed by regulatory authority. Termination under this provision will not be deemed to be a default by the Contractor, and no liability will exist to reimburse the City for losses incurred as a result of termination, unless the license revocation or nonrenewal is caused by the Contractor's negligence or willful misconduct. If services are terminated under this provision the City will not be liable to the Contractor for transfer fees specified in the fee section of this Agreement.

18. Records and Audits. Contractor shall maintain all records regarding this Agreement and the services performed for a period of three (3) years from the date that final payment is made. At any time during normal business hours, the records shall be made available to the City to inspect and audit. To the extent Contractor renders services on a time and materials basis, Contractor shall maintain complete and accurate accounting records, in a form prescribed by City or, if not prescribed by City, in accordance with generally accepted accounting principles, such records to include, but not be limited to, payroll records, attendance cards, time sheets, and job summaries.

19. Confidentiality. Contractor shall exercise reasonable precautions to prevent the unauthorized disclosure and use of City reports, information or conclusions. Additionally, Contractor shall make its best effort to inform the City, at the time of disclosure, when any information provided is considered confidential.

19.1 Confidential Information. "Confidential Information" means information which is proprietary to the Contractor and which relates to its existing or reasonably foreseeable business, including, but not limited to, information contained in: products and product design; business methods and techniques; trade secrets, data, specifications, developments and research activity; marketing and sales strategies, information and techniques; long and short-term plans; business policies; current and

prospective customer lists, contacts and information concerning the Contractor's business, its manner of operation, its plans or other information that is not disclosed to the general public or known in the industry and acquired or learned by the City or the City Indemnitees. Confidential information also includes information about AmeriNat customer or borrowers, including information of the type identified above and including non-public personal identifying information on the same, including but not limited to personal tax identification numbers. Such information shall be treated as Confidential Information irrespective of its source and whether such information is expressly identified as being "confidential" or "trade secret".

19.2 **Nondisclosure.** The City agrees, during the duration of this Agreement and at all times thereafter, to hold in strictest confidence and to never disclose, furnish, communicate, make accessible to persons or use for the City's or another's benefit, Confidential Information. The City also agrees not to permit Confidential Information to be used in competition with the Contractor. The City acknowledges that Confidential Information constitutes a unique and valuable asset of the Contractor, and that disclosure of such Confidential Information would cause irreparable harm to the Contractor for which money damages would not be an inadequate remedy and that, in addition to remedies at law, the Contractor is entitled to equitable relief as a remedy for any such breach. The City agrees to refrain from acts and omissions that would reduce the value of Confidential Information to the Contractor.

19.3 **Required Disclosures.** The City agrees to provide Contractor notice of disclosures required by a governmental agency, judicial body or law prior to such disclosure being made, or in the event that prior notice cannot practicably be given, simultaneously with the disclosure. The City will cooperate in a reasonable effort to obtain a protective order (at the requesting party's sole cost and expense) relating to the disclosure of such information. In addition, upon request for the City to mark such information as privileged or confidential when disclosed, the City will cooperate with such request to the extent permitted by law.

20. **Cooperation.** The City shall cooperate with the Contractor in the execution of the Contractor's responsibilities under this Agreement. Such cooperation shall include, but not be limited to, the provision of data and information regarding the Loans that is accurate and not in conflict with other information contained in the Loan documents and the timely provision of Loan and collateral documentation necessary for the Contractor to adequately complete its servicing obligations. The City shall update the Contractor with new and relevant information it obtains regarding the Loans being serviced and shall promptly provide updated Loan documentation that is discovered or generated by the City.

21. **Anti-Money Laundering.** The City is responsible for OFAC Screening of borrowers prior to loan origination and for compliance with Anti-Money Laundering program requirements of 31 U.S.C. § 5318(h), or other directives that may relate to the appropriate verification of borrower identity to ensure the prohibition of transactions with certain foreign countries and/or their nationals. The City agrees to promptly notify

the Contractor if it becomes aware of its borrowers being added to the Specially Designated Nationals List during the term of this agreement.

22. Privacy. The City acknowledges its obligation under the Gramm-Leach-Bliley Act 15 USC 6801 and confirms that it adheres to the provisions of this regulation and related guidance, including issuance of the proper privacy notices to its customers if required, as with the FCRA and FDCPA.

23. Compliance With Late Fees. In order to ensure compliance with respective state statute, the City's Loans will be boarded and serviced in accordance with the late fee provision in the Loan documents, and where appropriate, said late fee will be reduced to not exceed the maximum amount allowed by law. Loans boarded for servicing that do not contain a late fee provision are subject to an additional monthly servicing fee surcharge.

24. IRS reporting. If the services to be provided under this agreement include the acceptance of loan payments and/or 1099 reporting (1099-Int, 1099-C, etc.), the Contractor shall submit the required 1098 and/or 1099 forms to the Internal Revenue Service as required. If the Loan data provided by the City does not include a valid social security number for a borrower(s), the Contractor shall exercise reasonable means to obtain such valid social security number(s). If the lack of an available and/or valid social security number(s) results in a penalty or fine assessed by the Internal Revenue Service, the City will be notified of the amount of the penalty or fine and will promptly reimburse The Contractor for such penalty or fine paid or to be paid.

25. Conflicts of Interest. Contractor covenants that other than this Agreement, Contractor has no financial interest with any official, employee or other representative of the City. Contractor and its principals do not have any financial interest in real property, sources of income or investment that would be affected in any manner of degree by the performance of Contractor's services under this Agreement. If such an interest arises, Contractor shall immediately notify the City.

26. Waiver. In the event either City or Contractor at any time waive any breach of this Agreement by the other, such waiver shall not constitute a waiver of any other or succeeding breach of this Agreement, whether of the same or of any other covenant, condition or obligation. No payment, partial payment, acceptance, or partial acceptance by City shall operate as a waiver on the part of City of any of its rights under this Agreement.

27. Governing Law. California law shall govern any legal action pursuant to this Agreement with venue for all claims in the Superior Court of the County of San Joaquin, Stockton Branch or, where applicable, in the Federal District Court of California, Eastern District, Sacramento Division.

28. No Personal Liability. No official or employee of City shall be personally liable

to Contractor in the event of any default or breach by the City or for any amount due Contractor.

29. Severability. If any portion of this Agreement or application thereof to any person or circumstance shall be declared invalid by a court of competent jurisdiction or if it is found in contravention of any federal, state or city statute, ordinance or regulation the remaining provisions of this Agreement or the application thereof shall not be invalidated thereby and shall remain in full force and effect to the extent that the provisions of this Agreement are severable.

30. Non-Discrimination. During the performance of this Agreement, Contractor and its officers, employees, agents, representatives or subcontractors shall not unlawfully discriminate in violation of any federal, state, or local law, rule or regulation against any employee, applicant for employment or person receiving services under this Agreement because of race, religion, color, national origin, ancestry, physical or mental disability, medical condition (including genetic characteristics), marital status, age, political affiliation, gender identity, gender expression, sex or sexual orientation, family and medical care leave, pregnancy leave, or disability leave. Contractor and its officers, employees, agents, representative or subcontractors shall comply with all applicable Federal, State and local laws and regulations related to non-discrimination and equal opportunity, including without limitation the City's nondiscrimination policy; the Fair Employment and Housing Act (Government Code sections 12990 (et seq.); California Labor Code sections 1101, 1102 and 1102.1; the Federal Civil Rights Act of 1964 (P.L. 88-352), as amended; and all applicable regulations promulgated in the California Code of Regulation or Code of Federal Regulations. Title VI of the Civil Rights Act of 1964 requires that "no person in the United States shall, on the grounds of race, color, or national origin be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving federal financial assistance." (42 USC Section 2000d). <http://www.dol.gov/oasam/regs/statutes/titlevi.htm>. The City requires compliance with the requirements of Title VI in all of its programs and activities regardless of funding source.

31. Force Majeure. Neither party shall be responsible for delays or failures in performance resulting from acts of God, acts of civil or military authority, terrorism, fire, flood, strikes, war, epidemics, pandemics, shortage of power or other acts or causes reasonably beyond the control of that party. The party experiencing the force majeure event agrees to give the other party notice promptly following the occurrence of a force majeure event, and to use diligent efforts to re-commence performance as promptly as commercially practicable.

32. Taxes and Charges. Contractor shall be responsible for payment of all taxes, fees, contributions or charges applicable to the conduct of the Contractor's business.

33. Cumulative Rights. Any specific right or remedy provided in this Agreement will not be exclusive but will be cumulative of all other rights and remedies to which may be legally entitled.

34. Advice of Attorney. Each party warrants and represents that in executing this Agreement, it has received independent legal advice from its attorneys or the opportunity to seek such advice.

35. Heading Not Controlling. Headings used in this Agreement are for reference purposes only and shall not be considered in construing this Agreement.

36. Entire Agreement, Integration, and Modification.

31.1 This Agreement represents the entire integrated agreement between Contractor and the City; supersedes all prior negotiations, representations, or agreements, either written or oral between the parties and may be amended only by a written Amendment signed by the Contractor and City Manager.

31.2 All Exhibits to this Agreement and this Agreement are intended to be construed as a single document.

37. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original. All counterparts shall be construed together and shall constitute one agreement.

38. Authority. The individual(s) executing this Agreement represent and warrant that they have the legal capacity and authority to do so on behalf of their respective legal entities.

EXHIBIT D

PROFESSIONAL SERVICES SPECIAL TERMS AND CONDITIONS

1. **Definitions.** The following words and phrases have the following meanings for purposes of this Agreement:

1.1 "Services" means, collectively, the services, duties and responsibilities described in Exhibit A of this Agreement and any and all work necessary to complete them or carry them out fully and to the standard of performance required in this Agreement.

1.2 "Deliverable" means quantifiable goods or services that will be provided upon completion of a project. A deliverable is any tangible material, work or thing delivered by one party to the other, including associated technical documentation. A deliverable can be tangible or intangible parts of the development process, and often are specified functions or characteristics of the project.

2. **General.** The following terms and conditions are applicable for the Professional Services only. The special conditions shall be read in conjunction with the Standard Agreement, General Terms and Conditions ("GTC") Exhibit C, and all other Exhibits identified in the Standard Agreement.

2.1 Where any portion of the GTC is in conflict to or at variance with any provisions of the Special Conditions of the Agreement, then unless a different intention stated, the provision(s) of the Special Conditions of the Agreement shall be deemed to override the provision(s) of GTC only to the extent that such conflict or variations in the Special Conditions of the Agreement are not possible of being reconciled with the provisions of the GTC.

2.2 In the case of modification of a part or provision of the GTC, the unaltered part or provision, or both shall remain in effect. The Special Conditions shall relate to a particular project and be peculiar to that project but shall not weaken the character or intent of the GTC.

3. **Time for Performance.**

3.1 Contractor shall perform the services according to the schedule contained in Exhibit F.

3.2 Timeliness of Performance i) Contractor shall provide the Services, and Deliverables within the term and within the time limits required under this Agreement, pursuant to the provisions of Exhibit A and Exhibit F. ii) Neither Contractor nor Contractor's agents, employees nor subcontractors are entitled to any damages from the City, nor is any party entitled to be reimbursed by the City, for damages, charges or other

losses or expenses incurred by Contractor by reason of delays or hindrances in the performance of the Services, whether or not caused by the City.

4. Standard of Performance

In addition to Exhibit C, Section 4 and 17, Contractor agrees as follows:

4.1 Contractor's Services shall be performed in accordance with generally accepted professional practices and principles and in a manner consistent with the level of care and skill ordinarily exercised by members of Contractor's profession currently practicing under similar conditions. Contractor shall comply with the profession's standard of performance, applicable laws, regulations, and industry standards. By delivery of completed work, Contractor certifies that the work conforms to the requirements of this Agreement and all applicable federal, state and local laws. If Contractor is retained to perform services requiring a license, certification, registration or other similar requirement under California law, Contractor shall maintain that license, certification, registration or other similar requirement throughout the term of this Agreement.

4.2 Contractor acknowledges that it is entrusted with or has access to valuable and confidential information and records of the City and with respect to that information, Contractor agrees to be held to the standard of care of a fiduciary. Contractor shall assure that all services that require the exercise of professional skills or judgment are accomplished by professionals qualified and competent in the applicable discipline and appropriately licensed, if required by law. Contractor must provide copies of any such licenses. Contractor remains responsible for the professional and technical accuracy of all Services or Deliverables furnished, whether by Contractor or its subcontractors or others on its behalf. All Deliverables must be prepared in a form and content satisfactory to the Using Agency and delivered in a timely manner consistent with the requirements of this Agreement.

4.3 If Contractor fails to comply with the foregoing standards, Contractor must perform again, at its own expense, all Services required to be re-performed as a direct or indirect result of that failure. Any review, approval, acceptance or payment for any of the Services by the City does not relieve Contractor of its responsibility for the professional skill and care and technical accuracy of its Services and Deliverables. This provision in no way limits the City's rights against Contractor either under this Agreement, at law or in equity.

5. Compensation

5.1 In addition to Section 3 Compensation in Exhibit C – GTC, the Contractor shall be compensated for the services provided under this Agreement as follows:

5.1.1 Contractor shall be compensated for services rendered and accepted under this Agreement and shall be paid monthly, in arrears on a not to exceed

basis, based upon the rates set forth in Exhibit E attached hereto and made a part of this Agreement. Contractor may vary the compensation for each task in Exhibit E provided that the total project compensation listed in Exhibit E and the Standard Agreement is not exceeded.

6. Personnel

6.1 None of the work or services covered by this Agreement shall be subcontracted without the prior written approval of the City. Any work or services subcontracted hereunder shall be specified by written agreement and shall be subject to each provision of this Agreement. Contractor shall provide subcontractor a copy of this fully executed Agreement.

6.2 Contractor agrees to assign only competent personnel according to the reasonable and customary standards of training and experience in the relevant field to perform services under this Agreement. Failure to assign such competent personnel shall constitute grounds for termination of this Agreement. The payment made to Contractor pursuant to this Agreement shall be the full and complete compensation to which Contractor and Contractor's officers, employees, agents, and subcontractors are entitled for performance of any work under this Agreement. Neither Contractor nor Contractor's officers or employees are entitled to any salary or wages, or retirement, health, leave or other fringe benefits applicable to employees of the City. The City will not make any federal or state tax withholdings on behalf of Contractor. The City shall not be required to pay any workers' compensation insurance on behalf of Contractor. Contractor shall pay, when and as due, any and all taxes incurred as a result of Contractor's compensation hereunder, including estimated taxes, and shall provide City with proof of such payments upon request.

6.3 Key Personnel: Because of the special skills required to satisfy the requirements of this Agreement, Contractor will notify the City if key personnel will be reassigned or replaced. "Key personnel" means those job titles and the persons assigned to those positions in accordance with the provisions of this Agreement. The City may at any time in writing notify Contractor that the City will no longer accept performance of Services under this Agreement by one or more Key Personnel listed. Upon that notice Contractor shall immediately suspend the services of the key person or persons and must replace him or them in accordance with the terms of this Agreement. A list of key personnel is found in Exhibit A, Scope of Services.

7. Reports and Information

Contractor shall at such times and in such forms as the City may require furnish the City such periodic reports as it may request pertaining to the work or services undertaken pursuant to this Agreement, the costs and obligations incurred or to be incurred in connection therewith, and any other matters are covered by this Agreement as specified in Exhibit A and Exhibit E.

8. Findings Confidential

All of the reports, information, data, et cetera, prepared or assembled by the Contractor under this Agreement are confidential and the Contractor agrees that they shall not be made available to any individual or organization without the prior written approval of the City. Contractor shall not be required under the provisions of this paragraph to keep confidential any data or information which is or becomes publicly available, is required by applicable law or by proper legal or governmental authority, is already rightfully in the Contractor's possession without obligation of confidentiality, is independently developed by Contractor outside the scope of this Agreement or is rightfully obtained from third parties. Contractor shall give City prompt notice of any such legal or governmental demand and reasonably cooperate with City in any effort to seek a protective order or otherwise to contest such required disclosure.

9. Copyright

No materials, including but not limited to reports, maps, or documents produced as a result of this Agreement, in whole or in part, shall be available to Contractor for copyright purposes. Any such materials produced as a result of this Agreement that might be subject to copyright shall be the property of the City and all such rights shall belong to the City, and the City shall be sole and exclusive entity who may exercise such rights.

10. Deliverables

Contractor shall prepare or provide to the City various Deliverables. "Deliverables" include work product, such as written reviews, recommendations, reports and analyses, produced by Contractor for the City. The City may reject Deliverables that do not include relevant information or data, or do not include all documents or other materials specified in this Agreement or reasonably necessary for the purpose for which the City made this Agreement or for which the City intends to use the Deliverables. If the City determines that Contractor has failed to comply with the foregoing standards, it has 30 days from the discovery to notify Contractor of its failure. If Contractor does not correct the failure, or if it is possible to do so, within 30 days after receipt of notice from the City specifying the failure, then the City, by written notice, may treat the failure as a default of this Agreement. Partial or incomplete Deliverables may be accepted for review only when required for a specific and well-defined purpose and when consented to in advance by the City. Such Deliverables will not be considered as satisfying the requirements of this Agreement and partial or incomplete Deliverables in no way relieve Contractor of its commitments under this Agreement.

11. Applicable Laws

Deliverables must conform with all applicable federal, state, and local laws. Such conformity includes compliance with federal sanctions, and Contractor certifies that it has not and will not engage in prohibited transactions with sanctioned persons or entities.

EXHIBIT E

COMPENSATION SCHEDULE

The Contractor shall be compensated for the services identified in Exhibit A, Exhibit C, and Exhibit D to this Agreement as follows:

1. **Project Price**

1.1 The maximum the Contractor shall be paid on this Agreement is \$350,000.00 (hereafter the “not to exceed” amount). The “not to exceed” amount includes all payments to be made pursuant to this Agreement, including City approved reimbursable expenses, if any. Nothing in this Agreement requires the City to pay for work that does not meet the Standard of Performance identified in Exhibit D section 4 or other requirements of this Agreement.

1.2 **Standard Reimbursable Items:** Only the reimbursable items identified in Exhibit A, C, and D (Compensation), shall be compensated to the Contractor. Reimbursable expenses will be reimbursed without markup. Fees plus reimbursable expenses shall not exceed the amount set forth in section 1.1 of this Exhibit and a copy of the original invoice for the items listed in i, ii or iii below shall be attached to the invoice submitted to the City for reimbursement. Payments shall be based upon work documents submitted by the Contractor to the City and accepted by the City as being satisfactory to City’s needs. The City shall not pay a markup on any of the items listed in i, ii or iii. Additionally, items such a telephone, fax, postage or freight are already included in the billable hourly rate. Contractor shall be reimbursed the direct expenses, which are the actual cost of the following items that are reasonable, necessary and actually incurred, by the Contractor in connection with the services:

- i. Expenses, fees or charges for printing, reproduction or binding of documents at actual costs with no markup added to the actual cost.
- ii. Any filing fees, permit fees, or other fees paid or advanced by the Contractor at actual costs with no markup added to the actual cost.
- iii. Travel expenses shall be reimbursed in accordance with the City’s travel policy, which is incorporated herein by reference. Reimbursement shall be made at actual costs with no markup added to the actual cost.

1.3 The Contractor shall be entitled to receive payments for its work performed pursuant to the Agreement. The City will pay Contractor based on invoices for acceptable work performed and approved until the “not to exceed” amount is reached. Thereafter, Contractor must complete services based on the Agreement without additional compensation unless there is a material change to the Statement of Work and Scope by a written Amendment.

1.4 If work is completed before the “not to exceed” amount is reached, the Contractor’s compensation will be based on the Contractor’s invoices previously submitted for acceptable work performed and approved.

2. **Task Price**. Please see Attachment E-1 - Pricing Schedule.

3. **Invoice to Address**. Each invoice submitted shall identify the specific task(s) listed in Exhibit A and this Exhibit, and the completed work product/deliverable for the agreed upon price listed in this Exhibit. Invoices shall be submitted to the below address:

City of Stockton
Economic Development Department
400 E. Main Street, 4th Floor
Stockton, CA 95202

Pricing Schedule

Loan Portfolio Management

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

Amortized Monthly Service Fee¹: \$15.00 per loan

Service fee for Amortized loans with no escrow or monitoring: \$11.00 per loan

Additional monthly fee for loans over 60 days delinquent: \$25.00 per loan

Monthly Service Fee for Deferred Loans:

1. Warehouse: \$4.00 per loan per month
2. Warehouse and monitor of taxes and/or insurance: \$10.00 per loan per month plus a one-time tax service vendor fee.
3. Warehouse and escrow of taxes and/or insurance: \$15.00 per loan per month plus a one-time tax service vendor fee.
4. Flat fee for receiving occasional payments or forgiveness event on deferred loans: \$15.00 per payment or forgiveness event.

Residual Receipt Loan Servicing Fee:

1. Initial Annual Financial Statement Review for Residual Receipt loans: \$450.00
(Pricing may vary based on complexity of analysis)
2. Subsequent Annual Financial Statement Review (applicable when more than one financial statement on the same loan is submitted for review at the same time): \$300.00
(Pricing may vary based on complexity of analysis)
3. Historical reconstruction, negotiations with borrower related to the terms, or additional considerations related to modifying what is due and payable under the terms of the documents will be billed at the fee applicable for Extraordinary Account Research. Work and billing will be subject to the client's advanced approval.

¹ 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, a fee of \$80.00 per loan for loan amounts up to \$500,000 will be passed through to the City (may be assessable to the borrower). 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, 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. 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, 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 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 a suit or related outside costs due AmeriNat 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. Amounts for pass-through expenses will be deducted from remittances.

Other services and Per-Event Fees

Check by phone service	\$10.00 per loan per occurrence if not payable by the borrower ²
Consulting	\$225.00 per hour, one hour minimum

² Current practice is to charge the borrower if a check by phone payment is requested. Ability to charge to borrowers could be impacted by changes in future regulations.

Tickler Notifications:	A \$15.00 per notification may be charged
Loan Transfer Fee:	\$75.00 per loan one-time fee if transferred from AmeriNat
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, will be reimbursed by the City monthly. Amounts for pass-through expenses will be deducted from remittances. Amounts for pass-through expenses will be deducted from remittances.

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 \$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 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.

For services or loans with unique servicing characteristics that are not shown above, the City and AmeriNat acknowledge that additional and/or different servicing requirements may be appropriate. AmeriNat 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, 2026 based on the change in the national consumer price index, but no less than 3%.