

First

Amendment to Standard City of San José Consultant Agreement
(Non-Capital Projects)

Second

Consultant's Name: AMERINATIONAL COMMUNITY SERVICES, LLC, dba AmeriNat

Third


(Standard Agreement AC No. 32134)

This Amendment is made and entered into this 24th day of March, 2023. The City and Consultant amend the above-referenced agreement as set forth herein.

1. Capitalized words in this Amendment have the same meaning as in the Agreement.
 2. The provisions of this Agreement (including any previous amendments) not modified by this Amendment remain in full force and effect.
 3. The provisions of this Amendment are effective upon execution of the Amendment by both parties.
 4. **Agreement Term:** Section 2 is amended to extend the expiration date from _____ to _____.
 5. **Maximum Total Compensation:** Subsection 10.1 is amended to Increase Decrease the Maximum Total Compensation from \$100,000 to \$300,000.
 6. **Agreement Section(s):** Section(s) _____ is/are amended to read as set forth in Attachment A of the Amendment.
 7. **Scope of Basic Services – Exhibit A:** The original First Revised Second Revised Exhibit A is amended to read as set forth in the attached First Second Third Revised Exhibit A, which is incorporated by reference into this Amendment.
 8. **Compensation – Exhibit B:** The original First Revised Second Revised Exhibit B is amended to read as set forth in the attached First Second Third Revised Exhibit B, which is incorporated by reference into this Amendment.
 9. **Additional Services:** The Consultant is authorized to perform the Additional Services set forth in the attached Additional Services Exhibit, which is incorporated by reference into this Amendment.
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This Amendment is executed by the authorized representatives of the City and Consultant as follows:

City of San José

By 
Email: sarah.zarate@sanjoseca.gov
Date: 03/24/2023 GMT

Name: Sarah Zarate
Title: Director, Office of the City Manager

Consultant

By 
Email: athorson@amerinatl.com
Date: 03/23/2023 GMT

Name: Adrienne Thorson
Title: Chief Executive Officer

Approval as to Form (City Attorney):

Form Approved by the Office of the City Attorney.

(Maximum Total Compensation, as amended, is \$100,000 or less, and the provisions of the form are not altered.)

Approved as to Form:

Attorney

Hana Hardy Gunther



Email: hana.hardy@sanjoseca.gov
Date: 03/24/2023 GMT

Name: Hana Hardy Gunther
Title: Sr. Deputy City Attorney

First

Second

Third

Revised Exhibit A: Scope of Basic Services

(Non-Capital Project)

This revised Exhibit A is an attachment to the First Second Third amendment to Agreement.

The tasks set forth in the original Exhibit A, or in any previous amendment to the original Exhibit A, are amended as follows:

Task No. 1: Funds Disbursement Services

- A. Services:** Consultant shall provide funds disbursement and related services for property improvements in connection with loans or grants made by the City to property/business owners for the expansion or improvement of the property.
1. Upon loan recordation, in the case of grant-funded projects, upon execution of construction contract between the property owner and his/her Consultant, the City shall send project proceeds and completed Control Instructions to the Consultant. The Control Instructions shall include the following data:
 - a. Property Owner's Name
 - b. Rehab Consultant(s) name
 - c. Job site address
 - d. Dollar amount of funds being held
 - e. Instructions on how funds are to be disbursed
 - f. Original signatures of property owner and City representative
 - g. Payee Tax Identification Number (TIN)
 - h. Payee Automatic Check Handling (ACH) or Electric Fund Transfer information
 2. Consultant shall maintain a separate account for the proceeds from each loan. Consultant will maintain one or more Master Accounts in which the proceeds of multiple grants may be deposited. For the Master Account(s):
 - a. City shall send to Consultant completed Master Account Control Instructions to establish each Master Account. The Control Instructions shall identify the respective program and amount of funding.
 - b. Grant funds are deposited into the respective Master Account allowing for disbursements directly to payees or to grant recipients, upon receipt of an Authorization for Payment.
 3. When and as requested in writing by the City, the Consultant shall provide check disbursements to parties designated by City in connection with loans or grants made by the City.
 4. Written instructions shall be in the form of an Authorization for Payment, faxed or mailed by the City to the Consultant, containing information regarding the amount of the disbursement, the parties to be paid, and shall contain signatures of City representatives authorized to request disbursements. City will provide Consultant with a completed W-9 form for each payee to facilitate annual Form 1099 preparation.
 5. Upon receipt of the Authorization for Payment, the Consultant shall identify and verify the Authorization as follows:
 - a. Amount requested is available.
 - b. City Representative's signatures are the same as per the list of specimen signatures on file with the Consultant.

6. Upon proper verification, the Consultant shall prepare a check for the amount shown on the payment authorization and shall send the check directly to the payee, or to the City at the City's request. The Consultant shall mail the check to the payee within forty-eight (48) hours of receiving the City's payment authorization.
7. At the request of the City, Consultant shall hold a retention fund for up to 35 days after final inspection and/or recording of the Notice of Completion.
8. Consultant shall supply to City a monthly computer printout of all transactions completed to date and the balance remaining in each account. The report shall be organized by loan and by grant.
9. Consultant shall prepare and issue Form 1099 consistent with Internal Revenue requirements for all Consultants that received disbursements of City funds for the calendar year.
10. Consultant shall establish a procedure to accept funds for newly funded loans via wire, Automatic Check Handling (ACH) or Electronic Fund Transfer (EFT) from City.
11. Consultant shall establish a procedure to disburse payments via Automatic Check Handling (ACH) or by EFT. Progress payments disbursed in this manner shall be at the request of the City and the transaction cost shall be paid by the payee.

B. Deliverable: Consultant shall provide funds disbursement services under the direction of City Staff.

C. Completion Time: The Consultant must complete the services and deliverable for this task in accordance with whichever one of the following times is marked:

- On or before the following date: June 30, 2024_____.
- On or before ____ Business Days from _____.

Task No. 2: Loan Collection Services and Portfolio Management

A. Services: Consultant shall provide servicing of loans made by the City for housing rehabilitation, first-time homebuyer and other purposes.

1. Amortizing (monthly payment) Collections:
 - a. The City shall provide necessary loan information (loan terms, due dates, borrower's name and address, etc.) to Consultant to activate account.
 - b. The Consultant shall notify the borrower(s) in writing that all loan repayments shall be made to the Consultant.
 - c. The Consultant shall establish an impound account for those borrowers requested by the City. Impound accounts will be for borrowers' property taxes and/or insurance premiums.
 - d. Where collection of regular monthly payments is required annually the Consultant shall provide borrower with a booklet containing monthly coupons indicating, but not limited to, the amount due, where to remit payments, date each payment is due, the date on which a late charge applies and the amount of the late charge. Consultant shall provide said coupon booklets at set-up, annually thereafter, and as a replacement at any time if the original is misplaced by the borrower.

e. All funds received by the Consultant in connection with this contract shall be forwarded to the City monthly via wire transfer or ACH along with a reconciliation report of accounts collected and a Portfolio Status Report in a format mutually acceptable to the City and the Consultant.

f. The Consultant will prepare and mail delinquency notices to all borrowers whose payments are past due, in a form and manner approved by the City. Such notices shall be mailed fifteen (15), thirty (30), sixty (60), and ninety (90) days after loan became delinquent, delinquencies exceeding ninety (90) days will be the responsibility of the City. Nil reports will be submitted to the City.

g. The City will process and record a Substitution of Trustee and Full Reconveyance upon loan satisfaction.

h. The Consultant will apply all funds received from borrowers first to impound accounts (if applicable), then interest and principal and then late charges, in that order, or as otherwise directed by the City.

i. Consultant shall remit to City all late charges collected.

j. Interest is computed on either a simple interest basis or a compound interest basis, as specified in each promissory note. Consultant will compute interest on each note in the manner prescribed in the promissory note. Consultant shall report monthly to the City the outstanding principal and accrued interest for each loan.

2. Deferred-Payment Loans

a. The City shall provide necessary loan information (loan terms, due dates, borrower's name and address, etc.) to Consultant to activate account.

b. Consultant shall notify the borrower(s) in writing that all loan repayments shall be made to the Consultant.

c. Consultant shall provide a report to the City on a monthly basis identifying those loans whose deferral period will terminate within one hundred twenty (120) days.

d. The City will process and record a Substitution of Trustee and Full Reconveyance upon loan satisfaction.

e. Interest is computed on either a simple interest basis or a compound interest basis, as specified in each promissory note. For all loans with an interest rate other than zero (0), Consultant will compute interest on each note in the manner prescribed in the promissory note, and Consultant shall report monthly to the City the outstanding principal and accrued interest for each such loan.

3. Loan Reporting Requirements

a. A trial balance (Portfolio Status Report) of all loans will be provided to the City on a monthly basis within five (5) working days of the last working day of each month. A final balance of all loans will be provided to the City within ten (10) working days of the last working day of each month. The reports will be organized in alphabetical order by the last name, then first name, of the primary borrower. Other information on the trial balance will be the following: loan number, loan type, date of note, maturity date, regular payment amount, date of last payment, payment due date, principal balance, and interest owing. Trial balance reports may be requested either in full or in part, at other times

during the month. Special request trial balance reports will be provided within five (5) working days of the request.

b. Delinquency reports (Delinquent Aging Report) will be provided to the City on a monthly basis within five (5) working days of the last working day of each month. The report will include all loans that had at least one payment due but unpaid as of the reporting date. The report will be organized alphabetically by primary borrower's last name. Other information on the delinquency report shall include the following: borrower name, loan number, loan type, date of note, maturity date, regular payment amount, date of last payment, payment due date of oldest unpaid payment, principal balance, and interest owing. The report will also show total loan amount outstanding of all delinquent loans, total of past due amounts, and the totals of delinquent amounts by each thirty (30) day aging category.

c. The Consultant will provide the City, on a monthly basis, a daily transaction journal (Current Month Reconciliation) within five (5) working days of the last working day of each month. The report will show the following information: borrower name, loan number, loan type, amount paid, breakdown of principal and interest in the payment, breakdown of fee types (setup, tax/insurance monitoring, and monthly maintenance) charged; and posting date new principal balance after payment is applied. Consultant will process all payments no later than the day after the payment was received, unless the following day is a non-working day. If the following day is a non-working day, the payments must be processed on the day they are received. The report shall be primarily organized according to funding source and then alphabetically by primary borrower's last name.

d. The Consultant will provide City, on a monthly basis, a Rehabilitation Construction/Project loan reconciliation report sorted accordingly to funding source detailing any unused loan proceeds, any accrued interest, and the status of disbursements.

e. The format of the reports shall be subject to the mutual approval of City and the Consultant. The current agreed upon format is Excel.

4. Additional Services

a. Consultant shall provide a loan payoff quotation for any loan, at the City's request. Payoff quotations requested of the Consultant by borrowers shall be referred to the City for response.

b. Consultant shall prepare and send to all borrowers who paid interest on their loan with the City those forms required by IRS regulations. The reports shall be sent to borrowers no later than January 31st covering the prior calendar year. Consultant will comply with all IRS regulations in the preparation and transmission of the reports. Consultant shall provide City with copies of notices sent to borrowers. Consultant shall certify to the City by no later than February 15th of each year that the required reports have been issued.

c. Consultant shall supply a year end account summary statement to each borrower for both amortizing and deferred loans, whether or not there has been activity on their account. The report shall indicate principal and interest paid, the amount of payments made on the borrower's behalf for taxes and insurance, any remaining impound balance, and the outstanding principal still owned.

d. Consultant shall provide the City with outstanding loan balance or history information on individual accounts, as requested by the City at any time.

e. Consultant shall be responsible for ensuring that loans collateralized by real estate and serviced by Consultant are insured at all times with fire insurance, as well as flood insurance if so required, on a loan-by-loan basis as directed by the City. Consultant shall provide the following insurance verification services:

i. Consultant shall be responsible for notifying the INSURANCE COMPANY that all notices, including cancellations and non-renewals, will be sent to the Consultant.

ii. The Consultant shall notify the City each day as Consultant receives cancellation or non-renewal notices.

iii. Consultant shall prepare and mail two (2) notices to each borrower whose insurance coverage is going to lapse or has lapsed. The first notice will be sent within one (1) working day of receiving a notice of cancellation or non-renewal. The second letter will be sent within fifteen (15) working dates of the first notice. If there is no reply from the borrower, Consultant will notify the City, no later than the twentieth (20th) day of the first notice, at which time responsibility for obtaining insurance coverage reverts to the City.

iv. If the Consultant becomes aware of and fails to advise the borrower and/or the City, as required, of a lapse or pending lapse of insurance coverage, the Consultant shall be liable for any loss sustained by the City for any uninsured loss that would have been covered if an insurance policy had been in place.

f. Consultant shall provide full property tax monitoring services on a loan-by-loan basis directed by the City.

g. Consultant shall provide to City copies of any notification of change in status of a borrower (e.g., death) or ownership of the property (e.g., placed in a trust).

h. Consultant shall maintain a website accessible by both City and borrowers, with City's access to all accounts and borrowers' access to their individual account's password protected.

i. All reports to the City required under this contract shall be PDF documents posted on Consultant's website or in such other form as mutually agreed to by the City and Consultant.

j. Consultant shall notify the City of Consultant's service enhancements as they are implemented and available.

k. Consultant shall provide loan forbearance and/or foreclosure services, at the request of the City.

l. Consultant shall forward, on an annual basis as directed by the City, an instructional letter and Affidavit of Owner-Occupancy to each borrower whose loan documents require owner-occupancy. The affidavit will require the owner to affirm continued compliance with all provisions of the promissory note and/or rehabilitation agreement. Such provisions may include, but are not limited to, timely payment of property taxes, ongoing hazard and flood insurance coverage, timely payment of all sums due to superior lien holders, proper maintenance of the property, and non-subordination. If no response is received within two (2) weeks, Consultant shall send a second letter, again requesting the owner to sign and return the affidavit. Two (2) weeks from the

mailing of the second letter, Consultant shall compile responses and will forward original affidavits and a listing of non-responding borrowers to the City.

m. For the deferred loan portfolio, Consultant shall, in keeping with the provisions of the borrower's promissory note and/or loan agreement, forward an income re-verification application to each borrower six (6) months prior to the expiration of the current deferral period. The application will contain instructions and forms needed to complete the re-verification.

i. A reminder letter will be sent in two (2) weeks if the required information has not been received. If the borrower fails to respond within the allotted time frame, Consultant shall notify the City of the borrower's non-compliance.

ii. Upon receipt of a completed income re-verification application, Consultant shall perform the following tasks for deferred loans boarded prior to July 1, 2021: (a) verify that forms are complete and most recent sixty (60) days proof of income has been received; (b) calculate the borrower's income to determine continued compliance with the City's program requirements for income; (c) order credit reports on borrower and calculate the borrower's debt-to-income ratio (as stipulated by City) to determine if a borrower has present capacity to make monthly loan repayments; (d) receive documentation (as established by the City) to determine that program requirements have been met (e.g., continued occupancy, insurance compliance, paid property tax roll, income reported to IRS, etc.).

iii. At the conclusion of the tasks set forth above, Consultant shall forward to the City a re-verification report that includes the status of the borrower's income, capacity for incurring additional monthly note repayments, compliance with the City's program requirements, and a recommendation for continued deferral or amortization.

iv. If the recommendation is to amortize the loan, and the City approves, Consultant shall prepare necessary loan documents (additional fees will apply), the loan documents will be forwarded to the City for borrower and City signatures, and Consultant shall record necessary documents and begin collecting under the new payment schedule.

v. For Housing Preservation Program (HPP) loans boarded after July 1, 2021, Consultant shall adhere with the income re-verification procedures as stated above. Consultant shall confer with City to obtain current policies and procedures for review and approval requirements for income re-verifications pertaining to continued deferment or payment conversion.

B. Deliverable: Consultant shall provide loan collection services and portfolio management services under the direction of City Staff.

C. Completion Time: The Consultant must complete the services and deliverable for this task in accordance with whichever one of the following times is marked:

On or before the following date: June 30, 2024_____.

On or before ____ Business Days from _____.

Task No. 3: Third Party Review

A. Services:

1. Consultant shall provide an independent review report on its operations commencing with the fiscal year ending December 31, 2021 and annually thereafter. The independent review should report on policies and procedures placed in operation by Consultant and include tests of operating effectiveness, in accordance with generally accepted auditing standards -- the current applicable standard is Statement on Auditing Standards No. 70 (SAS70): "Reports on the Processing of Transactions by Service Organizations". Alternatively, the independent review could report under the Uniform Single Attestation Program for Mortgage Bankers (USAP) is chosen, samples selected by the independent accounting firm shall include loans serviced on behalf of the City. Statements required by this paragraph shall be submitted to the City no later than the last day of the third month after the end of the Consultant's fiscal year end. If the Consultant changes its fiscal year from December 31, it shall advise the City at the time the decision is made to make the changes.
2. Expenses related to such SAS70 or USAP report shall be paid by Consultant.
3. Consultant understands and agrees that should significant deficiencies in the design or operation of Consultant's policies and procedures be identified in such SAS70 or USAP report, Consultant shall be in default of this contract and subject to immediate cancellation of service Agreement by City.

B. Deliverable: Consultant shall provide an independent review report.

C. Completion Time: The Consultant must complete the services and deliverable for this task in accordance with whichever one of the following times is marked:

- On or before the following date: Annually, commencing on July 1 of each following year.
- On or before ____ Business Days from _____.

Task No. 4: Annual Visit

A. Services:

Between April 1 and June 1 of each year of the contract, at least one senior officer of the Consultant shall meet with employees of the Asset Management Division at the City's office. The meeting may be held in person or virtually through a telecommunication service chosen by the City at its sole discretion. The purpose of the visit will be to discuss opportunities to improve the efficiency of the service provided by the Consultant. The City reserves the right to take back from the Consultant some of the services included in this contract so long as the amount of average monthly billings eliminated from the contract does not exceed 10% of the total average monthly billings. Nothing in this paragraph shall prevent either party from raising any issue for discussion at any time during the term of the contract.

B. Deliverable: None.

C. Completion Time: The Consultant must complete the services and deliverable for this task in accordance with whichever one of the following times is marked:

- On or before the following date: Annually, between April 1-June 1 _____.
- On or before ____ Business Days from _____.

First **Second** **Third** **Revised Exhibit B: Compensation (Non-Capital Projects)**

This revised Exhibit B is an attachment to the **First** **Second** **Third** amendment to the Agreement.

Section 1 – Compensation Table

Part 1 – Compensation for Basic Services			
Column 1	Column 2	Column 3	Column 4
Task Nos.	Basis of Compensation	Invoice Period	Compensation
1-4	<input checked="" type="checkbox"/> Time & Materials <input type="checkbox"/> Fixed Fee	<input type="checkbox"/> Monthly <input type="checkbox"/> Completion of Task(s) <input checked="" type="checkbox"/> Completion of Work	\$300,000
	<input type="checkbox"/> Time & Materials <input type="checkbox"/> Fixed Fee	<input type="checkbox"/> Monthly <input type="checkbox"/> Completion of Task(s) <input type="checkbox"/> Completion of Work	\$
	<input type="checkbox"/> Time & Materials <input type="checkbox"/> Fixed Fee	<input type="checkbox"/> Monthly <input type="checkbox"/> Completion of Task(s) <input type="checkbox"/> Completion of Work	\$
Part 2 – Reimbursable Expenses			
<input checked="" type="checkbox"/> No expenses are separately reimbursable. The amount(s) in Column 4 of Part 1 include(s) payment for all expenses.		<input type="checkbox"/> Expenses are separately reimbursable in accordance with Subsection 10.5 of the Agreement. The maximum amount of reimbursable expenses is:	\$
Part 3 – Subconsultant Costs			
<input checked="" type="checkbox"/> The amount(s) in Column 4 of Part 1 include(s) payment for subconsultants. Subconsultant costs are not separately compensable.		<input type="checkbox"/> Subconsultant costs are separately compensable in accordance with Subsection 10.6 of the Agreement. The maximum amount of compensation for subconsultant costs is:	\$
Part 4 – Additional Services			
<input checked="" type="checkbox"/> No money is budgeted for Additional Services, and the Director cannot authorize any Additional Services.		<input type="checkbox"/> The Director may authorize the Consultant to perform Additional Services up to the following maximum amount:	\$
Maximum Total Compensation (sum of Parts 1 through 4):			\$300,000

Section 2 – Schedule of Rates and Charges

- Omitted.** No Schedule of Rates and Charges is included because the City will not be compensating the Consultant for any Basic Services on a “time & materials” basis.
- The following is the Schedule of Rates and Charges applicable to this Agreement:

Funds Disbursements

Option 1:

\$2,500 Set-Up Fee
\$35.00 per disbursement

Option 2

No Set-Up Fee
\$150.00 per disbursement

Loan Portfolio Management

New Loan Set-up Fee:

Electronic Data Transfer: \$27.50 per loan

Manual Data Entry: \$45.00 per loan

Set-up fees will be charged for new loans boarded on Consultant’s system. No set up fees will be charged for loans in the existing portfolio.

Monthly Service Fee for Amortized Loans: \$14.08 per loan per month

The Service Fee for Amortized Loans includes servicing procedures as outlined in the Scope of Services unless separate fees are notated below. Escrowing and/or monitoring of taxes and insurance, loss mitigation services and credit reporting are included with the service at no additional cost, except for a one-time tax service vendor fee if acceptable transferable tax contracts are not already in place.

Monthly Service Fee for Deferred Loans:

- i. Warehouse: \$2.19 per loan per month
- ii. Warehouse and monitor of taxes and/or insurance: \$4.00 per loan per month plus a one-time tax service vendor fee.
- iii. Warehouse and escrow of taxes and/or insurance: \$14.08 per loan per month plus a one-time tax service vendor fee.
- iv. Flat fee for receiving occasional payments on deferred loans: \$14.08 per payment.

Loss Mitigation: Included in monthly servicing fees.

Tax Service Fee

If it is determined that Tax Service is needed, then a one-time fee of \$77.00 per loan upfront at time of servicing commencement will be charged (may be assessable to borrower) for loan amounts up to \$500,000. 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 that may be imposed by the respective taxing authority for procurement of duplicate tax bills will be directly passed through to the City.

Income Re-verifications

A \$265.00 per file charge will be made for a level one income verification. A level two verification, including income, debt and program requirements, will be conducted at a fee of \$405.00 per file.

Additional fees upon occurrence include:

- a. Ordering of income verification documents, e.g. verification of employment, verification of deposit: \$53.61 per document
- b. When a re-verification package, reminder letter, and report is issued by Consultant for non-responsive borrower, a cancellation fee of \$80.42 per non-responsive file.

- c. To reopen a file that has been assessed a cancellation fee, the file will be the full fee less previously assessed cancellation fee.
- d. On a file for which a recommendation has been provided but is thereafter resubmitted with changed or additional information, a re-evaluation fee of \$37.53 per resubmission.

Forbearance Plans

If requested by the City, Consultant will charge a flat fee of \$402.10 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 Foreclosure

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

- 1. Document Preparation: A one-time charge of \$430.00 to prepare documents to commence foreclosure proceedings and to manage the foreclosure process on behalf of the City. In addition to the above foreclosure service fee, Consultant will deduct and pay from remittance or bill the City for other costs incurred in the foreclosure process such as, but not limited to, conventional legal fees, sheriffs' deposits, bankruptcy closing costs, fees set by law, etc. These fees will be quoted on a case-by-case basis upon request by the City and within applicable statutory limits.
- 2. Reinstatement Terms: The City reimbursement for foreclosure services rendered, and its costs and other charges, will be made by the borrower upon reinstatement or full payment of the Deed of Trust or Mortgage under foreclosure.
- 3. Property Management: \$150.00 per property per month plus property management vendor fees. Property preservation expenses remain the responsibility of the City.

Per-Event Fees

Tickler Notifications: A \$12.50 per notification may be charged
Loan Transfer Fee: \$75.00 per loan one-time fee if transferred from Consultant Affidavit of Owner: \$13.00 per loan (entire portfolio done at one-time) with a \$500 minimum fee

Note: Pass-through (reimbursable) expenses not reimbursed monthly, will be considered servicer advances and will be

subject to an interest charge at a rate of 1% per month compounded. A finance charge of 1% per month compounded will be applied to invoices outstanding and unpaid for more than 60 days.

Extraordinary Account Research and/or Loan Reconstruction

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

Should the City request additional research to be conducted, or if the City engages Consultant to conduct a Loan Reconstruction Service on its portfolio, an extraordinary research fee of \$150.00 per hour will be charged, with a minimum of one hour per occurrence. Such fee will be approved by the City before the research is conducted.

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

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

Additional fees:

Postage: \$10.00 Return Item: \$50.00
Incoming Domestic Wire: \$25.00 Incoming International Wire: \$50.00
Outgoing Domestic Wire: \$30.00 Outgoing International Wire: \$75.00

In return for the services provided under this contract by the Consultant, the City shall pay fees directly to the Consultant on a monthly basis.

- A. Fees payable shall be determined according to the schedule set forth in **EXHIBIT B** of this contract. Where the scope of service is not set forth herein for a service fee included in the schedule set forth in **EXHIBIT B**, then Consultant, prior to commencing any service must provide a scope of service to the City for its review and approval.
- B. The fees set forth in **EXHIBIT B** to may be increased annually. Such increases will not exceed changes in the Consumer Price Index (CPI) for the San Francisco Bay Area. Any proposed fee increases in excess of the CPI require the City's prior approval.
- C. Consultant shall provide the City with a monthly reconciliation report for all services performed under this Agreement, accompanied by a wire transfer payment to City. The reconciliation report and wire transfer shall be submitted no later than the fifth (5th) working day following the last working day of the prior month and shall be accompanied by a line item description of services rendered and fees (setup, tax/insurance monitoring, monthly maintenance) applied sorted according to funding source.
- D. Remittances submitted to City by Consultant shall be sorted and reported according to funding source. Consultant's fees under this Agreement shall be invoiced to the City; sorted and reported according to funding source. Remittance submitted to City by Consultant shall include Late Fees paid by borrowers and all interest earned for boarded constructions loans.
- E. City shall remit payment of invoice to Consultant for all fees (setup, tax/ insurance monitoring, monthly maintenance) owed on a monthly basis.
- F. Fees shall not be charged by Consultant to borrowers for prepayment of loans. Fees shall be invoiced to the City on a monthly basis.