

# LOAN SERVICING AGREEMENT

This Loan Servicing Agreement is entered into on the \_\_\_th day of \_\_\_\_\_, 20\_\_\_, by and between \_\_\_\_\_, mailing address of:

\_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_,  
(hereafter referred to as "Client" and Multi-Financial Services Co., Inc., 2580 Care Drive, Suite #2, Tallahassee, Florida 32308 (hereafter referred to as "Contractor").

## A. SCOPE

The Client operates a housing finance program for the development and/or rehabilitation of housing for eligible citizens. As part of the housing finance program, the Client approves loans to qualified home owners/purchasers. The Contractor will be responsible for servicing these loans as indicated below.

## B. DEFINITIONS

Unless otherwise defined in this contract, the following definitions shall apply:

1. Active Loans - any loan currently being serviced by the Contractor;
2. Borrower – the eligible citizen(s) responsible for the repayment of the loan approved and funded by Client;
3. Deferred Loan – loans which do not have a regular amortizing payment schedule and can normally be “due on sale” of the property or have a “forgiveness” amount deducted from the loan’s balance on an agreed on time schedule based on homeownership;
4. Non-deferred Loan – loans which do have a regular amortizing payment schedule with principal and interest payments on a regular time basis, e.g. monthly, quarterly, semi-annually, or annually.
5. Escrows: Accounts being escrowed, consist of the following escrows (INITIAL all that Apply):

\_\_\_ County Taxes for \_\_\_\_\_ County  
\_\_\_ City Taxes for \_\_\_\_\_ City  
\_\_\_ Homeowner’s Insurance  
\_\_\_ Other: \_\_\_\_\_  
\_\_\_ Other: \_\_\_\_\_  
\_\_\_ Other: \_\_\_\_\_

(NOTE: All escrows are paid ONE time per year unless otherwise indicated. Also, additional \$1/account per month for more escrows than standard Homeowners insurance and city and county taxes).

## C. CONTRACT PERIOD

1. Effective Date  
This contract shall become effective on the date indicated above and continue until canceled as indicated below.
2. Cancellation of Agreement  
This contract may be cancelled by either party upon issuance of a written notice of cancellation to the other party. The notice of cancellation shall be submitted in writing no later than Sixty (60) days prior to the effective date indicated in the notice.

## D. PAYMENTS TO CONTRACTOR

### 1. Payment Schedule

The Contractor shall be entitled to receive payment in accordance with the following terms:

- **Setup Fee: Existing Loans:** Contractor shall received \$30 per existing individual loan being transferred to Contractor by Client electronically (from another servicing software system). If Client is transferring existing loans from an outside servicer, Client will need to provide appropriate authorizations to Contractor to contact the existing servicer to determine its abilities in transferring existing loans, preferably electronically. If not electronically, Client will be responsible for inputting loan information on Contractor's easy to use on-line New Loan Setup system at a fee of \$30 per loan. (Note: if loans are being electronically converted from the Keystone software system, please see Addendum A attached);
- There is \$0 per existing loan fee for existing multi-investor loans;
- All Setup Fees include notification to County and City taxing authorities and Hazard Insurance and payments once a year for each. Client, to forward all future invoices/bills to Contractor. Any additional escrows are \$1.00 each for notification of the appropriate Contractor/ government entity;
- **Setup Fee: New Loans:** Contractor shall receive \$ 50.00 per loan for the setup of each account referred to the Contractor by the Client for servicing; this increases to \$ 55.00 per loan for multi-investor loan setups. Both fees include notification to County and City taxing authorities and Hazard Insurance Contractor to send all future invoices/bills to Contractor. Any additional escrows are \$2.00 each for notification of the appropriate Contractor/government entity;
- **Monthly Fee:** Contractor shall receive \$\_\_\_\_\_ per month, per account, for each regular (non-deferred) account serviced by the Contractor during the month. This fee can go DOWN based on the number of loans serviced within the state or pre-defined surrounding states. Additional \$1/account for any loan with more than standard city and county taxes and hazard insurance escrow.
- **Yearly Fee** – Contractor will also receive a fee of \$20.00 per deferred loan (if any) for each yearly “forgiveness amount” deducted in the anniversary month of each deferred loan.
- **Late Fees** – Contractor shall retain all late fees assessed;

### **Collections Fees**

- **Extension Agreements** – Other than a \$10 fee to the Borrower, there is no fee to the Client;
- **Pastdue Notices and Phone calls** – there is \$0 fee for sending past due notices and making phone calls to Borrowers;

- **10-Day Bring Current Letter** – If Contractor is directed to send a “10-Day Bring Current Letter” by Client to a delinquent borrower, the Contractor shall receive \$25.00 per letter plus reimbursement for postage sent during any month.
- **Forbearance Agreements** – A minimum fee of \$100 will be charged for the development and execution of a forbearance agreement by Contractor with the Borrower IF Client so directs Contractor to create this agreement. The total fee will be based on time expended on development of the Agreement in working with the Borrower and/or Client over five (5) hours at a rate of \$50/hour. If Client develops their own Forbearance Agreement and executes same, there is no charge by Contractor to Client.
- **Bankruptcy, Foreclosure, and Other Legal Action Assistance Fees:**  
(NOTE: THESE FEES ARE ONLY IF CLIENT WISHES CONTRACTOR TO PERFORM THESE SERVICES)
  1. Contractor shall receive \$75.00 per hour reimbursement for assisting Client’s designated counsel should the need ever arise;
  2. Contractor shall receive \$50.00 per hour for working with its own contracted counsel plus counsel’s fee. Counsel’s per hour fee will be disclosed in writing to Client yearly. Contractor’s counsel’s fee will be paid monthly by Client though deduction from Client’s remittance of monthly funds, with appropriate documentation provided of work performed;
  3. Contractor shall receive \$50.00 per hour for working with a Property Maintenance Contractor in maintaining foreclosed properties. Property maintenance standard fees will be disclosed in writing to Client yearly. Property management fees to be paid monthly by Client through deduction from Client’s remittance of monthly funds, with appropriate documentation of work done;
  4. Contractor will receive \$50 per hour for working with a licensed real estate sales Contractor which will initiate and oversee the sale of any foreclosed property.

**Escrow Fees**

- There is \$0 fee for researching, processing and paying escrow invoices, sending yearly analysis statements, or year-end statements
- A one time fee of \$100 per occurrence to initiate and remove Forced Placed Insurance (FPI) on any Borrower’s loan, with approval of Client. Contractor can remove (at no additional fee to Client) FPI once it determines enough escrow funds are available to purchase regular insurance. It will be Borrower’s responsibility to find permanent insurance and proof of same for FPI removal.

### **Contract Cancellation Fee**

- Should Client wish to cancel this Loan Servicing Agreement, there is **no penalty or other type of fee to do so.**

### **Credit Bureau Reporting Fee**

- There is \$0 fee for reporting the credit of borrowers to the credit bureau.

### **On-line Access to Loan Information**

- There is \$0 fee for accessing on-line information for either Client or their Borrowers

3. **Servicing Fees, Legal Fees, and All Other Fees Due to Contractor - Payment Method**  
All payments due the Contractor under this agreement, including legal and property management fees shall be deducted from the total payments from borrowers that are received by the Contractor during the calendar month. The remaining balance of borrower payments received by the Contractor during the month shall be forwarded to the Client, in the form of an ACH direct deposit to their designated bank account, no later than the 10<sup>th</sup> of the month immediately following the month in which the payment was received.

## **E. CLIENT RESPONSIBILITIES**

1. The Client will accept applications for loans and determine the eligibility of all loan applicants. The acceptance of loan applications shall be at the sole option of the Client and not be the responsibility of the Contractor.
2. The Client will process all loan applications and financing arrangements, including, but not limited to, the execution of all promissory notes and mortgages. After all necessary forms and documents have been executed; the Client will send the Contractor a copy of the promissory note, mortgage, HUD-1, last insurance invoice paid, and either a copy of the last tax bill paid, or a manual calculation of estimated taxes to paid in the current year, along with the Contractor's Loan Setup Form. These documents will be sent in .pdf and file name format as instructed by Contractor.
3. The Client will inform the Contractor:
  - (a) If an escrow account has been established;
  - (b) If so:
    - i. For a newly constructed home:
      - forward a check for pro-rated escrow monies collected at closing as shown on the Closing Statement HUD-1 form – NOTE: NO LOAN WILL BE SETUP BY CONTRACTOR WITH PRO-RATED FUNDS SHOWN ON THE HUD-1 THAT ARE NOT ALSO SHOWN ON THE 1000 LINE SERIES ON THE HUD-1 AND THEN FORWARDED BY THE CLOSING AGENT TO CONTRACTOR;
      - Forward a copy of the HUD-1 form;

- For newly constructed loans provide a written estimate according to mortgage industry standards on the estimated taxes to be paid in the next twelve (12) months;
  - provide a copy a copy of the “dec” page of the insurance policy.
- ii. For existing loans, forward a copy of the latest invoices for taxes, insurance, and/or all miscellaneous escrow accounts;
3. PRIOR TO the execution of this Agreement, Client will provide a copy of its Board approved Collection Policy. Contractor will be available to assist in its development, however, this Agreement cannot move forward without this Policy in hand to fully understand Contractor’s Policy on collections and expectations of Contractor.

**F. KEY PERSONNEL OF CLIENT**

The Key Personnel specified in this contract are considered essential to the work being performed by the Contractor. As appropriate, the list of key personnel may be modified during the term of the Contract to either add or delete personnel. The following key personnel are provided hereunder: (Need at least two key personnel)

NAME	TITLE	RESPONSIBILITY	EXTENSION

**G. CONTRACTOR RESPONSIBILITIES**

1. Loan Servicing
- The Contractor shall service all accounts referred to it by the Client. Servicing of an account shall include, but not be limited to, the following:
- a. Setting up an account when received from the Client;
  - b. Printing and mailing couponbooks with preaddressed labels;
  - c. Providing Borrower with a 1-800 number they can call should they have any questions or concerns about their loan;
  - d. Daily receipt of borrower payments and input into their loan servicing accounting system;
  - e. Printing and mailing past due notice on accounts that remain unpaid beyond the grace period;
  - f. Printing and mailing a second past due notice when a loan is 10 days past the grace period;

- g. Calling the Borrower when the account is over 30 days past due;
- h. Recommending to the Client that a “10-Day Bring Current” letter be sent to Borrowers approaching 60 days past due;
- i. Submission of management, reconciliation reports, and check for the “net of fees due” by the 10<sup>th</sup> of the following month. “Net of Fees Due” shall mean all monies received from borrowers during the calendar month minus the service and processing fees outlined above, escrow payments, escrow advances authorized by Client, and payments received in prior month(s) as insufficient and not collected during the current month yet previously paid to Client;
- j. Contacting the Client via fax when a loan payoff for any borrower has been requested by an outside organization or Contractor;
- k. Advanced Collections Responsibilities – (Extension Agreements, Bankruptcy, 10-Day Bring Current, Foreclosure, Property Management, and Sale of Property): (initial all that apply)

**PLEASE INITIAL THE APPROPRIATE LINE FOR EACH OF THE BELOW SERVICES TO INDICATE WHAT CLIENT WISHES CONTRACTOR TO PERFORM**

**Extension Agreements**

\_\_\_ Contractor is authorized to develop and execute a Payment Extension Agreement for borrowers it deems would be assisted to relieve short term payment problems;

\_\_\_ Contractor is NOT authorized to develop and execute a Payment Extension Agreement unless approved by Client in writing;

**Bankruptcy Proceedings**

\_\_\_ Contractor WILL BE responsible for following the proceedings of a Borrower’s bankruptcy filing and hiring required legal assistance.

\_\_\_ Contractor WILL NOT be responsible for following the proceedings of a Borrower’s bankruptcy filing;

**10-Day Bring Current Letter**

\_\_\_ Contractor WILL be responsible for automatically sending out the 10-Day Bring Current certified letter at a time it feels is appropriate in the collection process;

\_\_\_ Contractor is NOT to send out a 10-Day Bring Current certified Letter until approved by Client in writing;

**Forbearance Agreement**

\_\_\_ Contractor WILL BE responsible for the development and execution of a Forbearance Agreement with a Borrower when it deems one is appropriate;

\_\_\_ Contractor WILL NOT be responsible for development and execution of a Forbearance Agreement with Borrowers;

**Foreclosure Process**

\_\_\_ Contractor WILL BE responsible for the foreclosure process including the hiring of legal counsel and other resources needed to institute and finalize a foreclosure once the 10-Day Bring Current Letter’s time period has sufficiently passed;

\_\_\_ Contractor WILL NOT be responsible for foreclosure of any

Borrower's property;

**Property Management**

- \_\_\_ Contractor WILL BE responsible for maintaining foreclosed Properties once a foreclosure is complete;
- \_\_\_ Contractor WILL NOT be responsible for maintaining foreclosed properties;

**Sale of Foreclosed Property**

- \_\_\_ Contractor WILL be responsible for hiring a real estate Contractor for managing the sale of any foreclosed property;
- \_\_\_ Contractor WILL NOT be responsible for hiring a real estate Contractor for managing the sale of foreclosed property.

**Reporting to the Credit Bureau**

- \_\_\_ Contractor WILL be responsible for reporting our borrower's credit to the credit bureau;
- \_\_\_ Contractor WILL NOT be responsible for reporting our borrower's credit to the credit bureau.

**Purchasing Forced Placed Insurance (FPI)**

- \_\_\_ Contractor WILL be responsible for initiating the purchase of FPI upon Client's written approval for individual Borrowers;
- \_\_\_ Contractor WILL NOT be responsible for initiating the purchase of FPI;

2. Monthly Reports

The Contractor shall provide to the Client monthly reports on account transactions. These reports shall include:

- An Account Summary Report showing all accounts being serviced by the Contractor;
- A Payment Summary Report showing all payments made during the month for each account;
- A Delinquency Report summarizing all accounts pastdue as of the end of the month and amount totally pastdue;
- An Aging Report for each account;
- A Delinquency Management Report;
- A New Loan Report;
- A Reconciliation Report summarizing monies received during the month, servicing fees charged and other deductions, and Net Amount Due to Client.

3. Escrow Accounts

The Contractor shall maintain all borrower escrow accounts for the Client. The services to be provided (but not limited to) by the Contractor are as follows:

- Deposit and post incoming escrow payments from borrowers for Client.

-Contractor will contact each taxing authority, insurance agent, and/or other escrow authorities to forward new bills to Contractor's office.

-Contractor will pay each escrow bill ANNUALLY from the accrued borrower's accounts. Escrow accounts may include City taxes, County taxes, Hazard Insurance, and any other escrowed items previously noted above. Client must inform Contractor of ALL escrows collected in advance.

-Contractor will provide at least per quarter an Escrow Chart of Accounts report summarizing the status of each escrow per borrower.

-Contractor will report to Client all shortages/overages in borrowers' escrow accounts;

-Contractor will provide at least annually an escrow analysis according to HUD's Aggregate Escrow Analysis format. Should an overage of over \$50 be predicted, Contractor recognizes it is obligated to forward anything over \$50 to the borrower per HUD regulations. However, Contractor will contact Client to determine if Client has previously paid escrow bills/invoices and, therefore, owed monies. Client recognizes, likewise, that no funds can be withheld from the Borrower unless their account is past due, in which case, should state law require written permission from the Borrower, Client and/or Contractor will secure this written permission. Otherwise, Contractor will automatically apply these overages to past due payment and notify the Borrower accordingly.

### Escrow Shortages

To address escrow account shortages which are recognized either at the time of an escrow analysis or after paying a particular escrow item, Contractor has established the, "Affiliate Escrow Contribution Program" and Client may participate in the following manner:

\_\_\_\_\_ (initial) YES, Client wishes to participate in the Affiliate Escrow Contribution Program whereby Contractor will notify Client of any shortage existing either when an invoice arrives for payment or is predicted on the annual escrow analysis. At that time, Client will have the opportunity to advance funds sufficient to cover any shortage and have Contractor setup a repayment plan with the Borrower of this escrow shortage advancement over whatever term Client wishes after Client has determined what payment will be affordable to the Borrower;

\_\_\_\_\_ (initial) NO, Client does NOT wish to participate in the Affiliate Escrow Contribution Program. Please adjust all borrower loans to the amount necessary to pay future escrow payments required.

#### 4. Interest Statements

Contractor shall be responsible for printing appropriate IRS 1098 Interest Paid forms, mailing same to each Borrower with interest payments more than \$600, electronically submitting this same information to the IRS, and providing a copy of each IRS 1098 form to Client.

#### 5. Licensing



Contractor will be responsible for determining licensing requirements in the Client's state and abide by all necessary state and federal laws, regulations, statutes, and related rules, including those promulgated by the Consumer Finance Protection Board (CFPB) pertaining to loan servicing. Contractor will either provide proof of licensure in Client's state or, in the event no licensure requirements exist in Client's state, then provide proof of licensure in Contractor's home state.

6. Insurance Coverage

Contractor will provide proof of General Liability and Employee Dishonesty Insurance coverage prior to the signing of this Agreement and have Client shown as Additional Insured within thirty (30) days of the execution of this Agreement.

## H. ANTI-MONEY LAUNDERING PROGRAM

1. Pursuant to the federal government's Bank Secrecy Act with enforcement by the Financial Crimes Enforcement Network (aka FinCEN), its Anti-Money Laundering program (AML Program) requires any mortgage loan company making or modifying loans to develop an AML program with specific procedures and reporting mechanisms back to FinCEN effective August 30, 2012.
2. As of the below date, Contractor is defined as a "servicing only" entity within the mortgage industry, meaning it does not take mortgage applications, process same, nor fund nor modify loans. Additionally, Contractor does not, as policy, accept cash for mortgage payments, payoffs, nor any other financial transaction.
3. As such, as defined by 31 CFR Parts 1010 and 1029 and further defined and clarified in the Federal Register of February 14, 2012, Rules and Regulations, specifically, Section I "Statutory and Regulatory Background" which cites the Bank Secrecy Act's definition of the term, "financial institution", Contractor is not required to develop an AML compliance program. However, as a prudent management policy, Contractor does so with steps to monitor any possible changes in federal regulations. As such, Contractor will make periodic Risk Assessments in line with FinCEN's AML program.
4. Client acknowledges its responsibility to develop its own AML program in relation to loans it originates, funds, and/or modifies and serviced by Contractor effective August 30, 2012.
5. Client is also responsible for providing Contractor, as a defined outside vendor, a copy of Client's AML program for Contractor to review for familiarity and respond in case of need, as a prudent business practice.

## I. HOLD HARMLESS

Client shall defend any third party claim against Contractor arising from any person due to a claim based on loan information provided to the Contractor prior to and after the date of this agreement, and which Contractor used to provide servicing for Client mortgages. Client, to the extent proximately caused by the negligence of the indemnifying party or its agents or employees, agrees to indemnify and hold harmless Contractor and its respective officers, directors and employees from and against damages, liabilities and reasonable costs and expenses, including reasonable legal fees incurred in connection therewith.

Contractor shall defend any third party claim against Client arising from any person due to a claim based on loan information provided to Client by Contractor after the date of this agreement, and which Client used in management and/or disposition of its mortgages. Contractor, to the extent proximately caused by the negligence of the indemnifying party or its agents or employees, agrees to indemnify and hold harmless Client and its respective officers, directors and employees from and against damages, liabilities and reasonable costs and expenses, including reasonable legal fees incurred in connection therewith.

**J. GOVERNING LAW AND SEVERABILITY**

This Agreement is governed and interpreted in accordance with the laws of the United States of America and the State of \_\_\_\_\_. Any and all disputes between the parties that may arise pursuant to this Agreement shall be brought in a court of competent jurisdiction located in Client’s home city of \_\_\_\_\_ in the state of \_\_\_\_\_. If for some reason a court finds any provision of the Agreement, or portion thereof, unenforceable, that provision of the Agreement shall be enforced to the maximum extent permissible so as to affect the intent of the parties, and the remainder of this Agreement shall continue in full force and effect.

**K. COMPLETE AGREEMENT**

This Agreement constitutes the entire agreement between the parties with respect to loan servicing by the Contractor for the Client and replaces any and all prior or contemporaneous understandings or agreements, written or oral, regarding such subject matter.

**L. NOTICES**

All notices required or permitted under this Agreement shall be in writing. All notices and payments shall be sent to the address shown in the first paragraph of this Agreement or to such other address as may from time to time be designated by written notice. Notices shall be deemed delivered when (a) personally delivered (b) five (5) days after deposit in U.S. registered mail, postage prepaid, addressed to the other party; or (c) one (1) day after facsimile transmission, provided that a hard copy of the facsimile transmission is promptly mailed in the manner set forth in subsection (b) above.

**M. SUCCESSORS AND ASSIGNS**

This Agreement shall be binding upon and inure to the benefit of the parties and their respective successors, heirs, and administrators, representatives and assigns; provided that this provision shall not be construed to permit or allow assignments not otherwise allowed under this Agreement.

**N. SIGNATURES AND COUNTERPARTS**

This Agreement may be executed by original or facsimile signatures and in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same agreement.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above,

Multi-Financial Services Co., Inc.  
A Florida Corporation

\_\_\_\_\_  
A \_\_\_\_\_ Corporation

By: \_\_\_\_\_  
J. Terry Ryan

By: \_\_\_\_\_  
\_\_\_\_\_

Its: President

Its: \_\_\_\_\_

Dated: \_\_\_\_\_

Dated: \_\_\_\_\_

Federal Tax ID:  
\_\_\_\_\_

Revised: January, 2015

Added: Requirement to provide mortgage documents in .pdf and file name format as specified by Contractor (E-2). Deleted servicing fee previously indicated and inserted blank line (D-1)