

AmeriNational Community Services, Inc.
Methods and Procedures
for the
City of Durham

Mortgage Loan Servicing

AmeriNational will provide loan service functions on all loans made by the City and its agents. AmeriNational maintains a complete and accurate account of the borrower's accounts and properly applies all sums collected from the borrower or through the partnering Primary Lending Bank. AmeriNational will remit to the City, on or before five (5) business days from the 20th of each month, the total receipt of all principal and/or interest payments paid by the borrower.

Crucial to a successful servicing outcome is timely follow-up on delinquent accounts. AmeriNational will promptly initiate collection telephone calls and delinquency and default notices to borrowers. City personnel receive hard copy delinquent reports on a monthly basis or can access their data at any time via AmeriNational's Website. Working as a team with our clients, we have been able to provide successful delinquency and default management to best maximize portfolio performance. (See the Collections scope of service following this section).

AmeriNational will inspect and/or notify the City of all defaults and events of defaults by the borrower of which we are aware.

AmeriNational will keep all records in connection with the loans on site and available, within twenty-four (24) hours' notice, for inspection during regular business hours, by City representatives, or other examiners/person lawfully and appropriately authorized by the City or other governmental authorities.

AmeriNational has the ability to receive borrower payments through ACH debiting of borrower bank accounts and through Check-by-Phone, and by regular mail.

AmeriNational will notify the insurance agent in writing that AmeriNational is monitoring premium payments and that we are to be made aware of delinquencies or cancellations. AmeriNational will order lender-placed insurance at the request of the City. Upon notification of a policy cancellation from the borrower's insurance carrier, or when proof of a current policy is not received, AmeriNational will request lender-placed insurance from AmeriNational's insurance provider.

- Coverage is instantly bound upon receipt of request with an effective date up to 30 days prior to receipt of our request.
- AmeriNational's insurance provider or their carrier will send out three letters to the borrower over the course of forty-five days (Flood) to sixty days (Hazard). If the borrower provides proof of coverage, lender-placed coverage will be cancelled.

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- 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.
- If the borrower does not provide proof of coverage, AmeriNational's insurance provider will send an insurance policy and notification of premium to the borrower and bill AmeriNational for a one-year policy. If the borrower does not have an established impound account; AmeriNational 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, said balance will be accounted for in that month's reconciliation of the Client Escrow Deficit Account. If the aggregate portfolio remittance for said month is insufficient to cover the deficit amount, the City will be billed and responsible for the cost until recouped from the borrower. Any pay-off quotations or demands will reflect any impound deficit amounts (caused by the cost of any lender-placed 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).

- The one-year policy is cancelable at any time by either AmeriNational or the City.

At the City's request, AmeriNational will monitor the timely payment of property taxes. Tax service will be ordered to monitor payment of property tax. The tax service fee is subject to market price increases.

AmeriNational will establish an escrow/impound account for any borrower for payment of taxes and insurance. AmeriNational will collect the monthly escrows from the borrower and make the tax and insurance payments on the borrower's behalf.

AmeriNational will perform monthly scheduled credit bureau reporting of borrower loan payment activity to four major reporting bureaus, Experian, Trans Union, Equifax and Innovis, for all loans it services on behalf of the City.

For Economic Development Loans, AmeriNational will ensure that commercial loan Secretary of State Uniform Commercial Code filings are maintained and updated, as required.

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Collections

Loss of income to public sector agencies due to non-performing loans is very common because of the unrelenting follow-up and labor involved. Because of budget and staff cuts, many of these agencies are unable to dedicate the personnel necessary to generate the maximum return on this valuable asset. AmeriNational's diligent collection efforts have been tailored through our 35 years of experience as we work with our clients to reduce delinquency and default rates.

A borrower is delinquent if payment is not received on or before its due date, irrespective of the grace period. A borrower is in default of the promissory note when two payments are past due, or as otherwise specified in the promissory note. AmeriNational provides treatment for delinquent mortgages through positive pressure that is fair but firm. If delinquent borrowers have a positive attitude toward their obligations, we will work with them to help them retain title to their property.

The following policy of follow-up will be adhered to by AmeriNational to minimize any loss of income to the City:

- **New Borrower Delinquency:** Early delinquency can be a sign of a chronic delinquent borrower. AmeriNational forwards its first letter to new delinquent borrowers at 5 days past the first payment due date. If there is no response, a second letter is sent at 15 days. Borrowers are invited to contact our office to discuss difficulties they may be facing in meeting their obligations. If no response is received to either letter, due diligence phone calls begin at 31 days delinquent.
- **Delinquency/Default Letter Production:** While most borrowers will pay without much individual attention, delinquencies will rise because some borrowers, left alone, will fall into poor paying habits. Therefore, letters of varying tone and composition will be sent at 15, 30, 45, 60 and 90 days past the payment due date. The letters emphasize the seriousness of the situation, the potential for loss of the borrower's property, and demands immediate payment.

For all Residential and Developer Mortgage Loans only: Upon issuing the ninety-day notice, AmeriNational will provide foreclosure or forbearance service, if requested by the City

For all Economic/Commercial Loans only: At 60 days past due, AmeriNational will send a demand letter. If no corrective action is taken by borrower in next 30 days, AmeriNational will notify the City and the Primary Lending Bank so the proper

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collection actions can be taken dependent on the type of Small Business Loan. The City will be mailed copies of all collection and demand correspondence to the borrower.

- Due Diligence Phone Calls: Telephone calls will be placed to all residential and developer mortgage loan borrowers beginning at 30 days delinquent. For economic/commercial loans, calls will be made at 15, 30 and 45 days delinquent. Telephone contact offers several advantages: it demands attention; it interrupts other activity; it establishes a personal communication; and it requires immediate response. The objective of the call is to secure or demand prompt payment, obtain information needed to determine the reason for the delinquency, and to gain a commitment for future payments.
- Confirmation Letters: Contact with borrowers is used to solicit commitments to repay past due amounts. A borrower will be provided with the opportunity to bring the loan current immediately, and within six months. Once a commitment is gained, AmeriNational will forward a confirmation letter to document both the call and the commitment. The revised payment plan of no greater than six month's duration is then implemented. Default under this plan may cause AmeriNational to recommend foreclosure.

Delinquency Counseling, Repayment Plan and Forbearance Evaluations

Formal forbearance plans are typically used for defaults of 90+ days. AmeriNational will work with borrowers to evaluate their financial situation, including budget and credit counseling, to formulate repayment plans or recommend loan modifications for borrowers more than 90 days past due.

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

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

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a hardship situation exists, AmeriNational will document the circumstances and provide the following:

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

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

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

Technical Assistance

AmeriNational will provide assistance to City staff relative to current lending practices, policies and procedures which may be used in the development or modification of the City's existing and future loan programs.

Set-up of New Loans, Loan Modifications and Loan Payoffs

As your current servicer, we are experienced with the City's portfolio. By continuing with AmeriNational, the City does not need to transition loans to another servicer and can avoid the potentially significant cost and time required of new set-ups.

Upon boarding of each new loan, AmeriNational will send to each borrower a welcome letter and an annual supply of coupons within five days from the day the loan is set up. Information regarding the payment due date and the remittance address are included in this correspondence. This letter can be offered in Spanish and English.

Upon request of the City, AmeriNational will modify existing loans within twenty-four (24) hours.

AmeriNational will provide Loan Payoff Quotations for any loan within twenty-four (24) hours, at the City's request. AmeriNational will send the information confirming the pay-off to the City

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Office of Economic and Workforce Development on any loans paid off in the Economic Development loan portfolio.

Bankruptcy Administration Services

- Chapter 13 Bankruptcy:
 - Upon receipt of notification from a court of law, debtor (borrower), or the City of a Chapter 13 bankruptcy for a debtor serviced by AmeriNational, AmeriNational will forward a notification letter to the City indicating intention to file a Notice of Claim as well as supporting bankruptcy documentation. Such Notice of Claim will indicate the total amount past due at time of Chapter 13 filing. AmeriNational will then file a Proof of Claim to the appropriate court. Upon receipt of a returned filed Proof of Claim from the court, AmeriNational will forward a copy of same to the City and will begin monitoring post and pre-petition payments to borrower's loan account.
 - Upon any default of borrower in the remittance of post-petition payments, AmeriNational will contact the borrower's (debtor's) counsel to notify counsel of the default, instructing that any further default will result in the filing of a Motion to Lift the bankruptcy stay. 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, the Motion to Lift will be filed by AmeriNational and AmeriNational will begin foreclosure proceedings as directed by the City.
- Chapter 7 Bankruptcy:
 - Upon receipt of notification of a Chapter 7 bankruptcy for a debtor serviced by AmeriNational, AmeriNational will establish a file for the borrower and monitor 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.
 - Upon any default of borrower's remittance of payments during the bankruptcy, AmeriNational will contact the borrower's (debtor's) counsel advising of the default.
 - Should the Chapter 7 Trustee determine that assets are available for distribution to creditors, AmeriNational will file a Proof of Claim on behalf of the City, indicating total amount due.

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Record Maintenance

AmeriNational will maintain all records in a safe and secure environment.

Imaged Documents

AmeriNational will ensure that all documents are imaged and accessible to the City at all times.

Account Inquiries

Borrowers and the City have 24-hour electronic access to their loan information via AmeriNational's Website at www.amerinternational.net. Continuous access to all loan account information is also provided during normal working hours through our toll free customer service telephone lines. In addition, we can provide hard copy account payment histories or other information through facsimile transmission or email. When requested by a borrower, AmeriNational will provide, without charge, a detailed statement of all transactions relating to the borrower's payments and/or escrow account.

Non-sufficient Funds (NSF) Checks

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

Additional Portfolio Management Services

- **Loan Payoff Quotations, Satisfactions, Reconveyances:** AmeriNational will provide Loan Payoff Quotations and will perform Satisfactions and Reconveyances of Mortgage at the borrower's expense for any loan at the City's request.
- **Loan Amortization Schedules:** AmeriNational will provide Loan Amortization Schedules for any loan at the City's request.
- **1098 Tax Forms:** Pursuant to IRS regulations and, on behalf of the City, AmeriNational will submit required 1098 tax form for any and all borrowers paying interest on any the City.
- **Year-End Account Summary:** AmeriNational will supply a year-end account summary statement to each borrower if there has been principal, interest or escrow activity on their account. The report will indicate principal and interest paid, amount of payments

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AmeriNational made on the borrower's behalf for taxes and insurance, and any remaining escrow balance.

- Tickler Notifications: AmeriNational will provide for an annual tickler notification to any borrower, at the City's request.

Subordination Processing

- Subordination Request Package: The City, upon receiving a request for subordination, will refer the borrower to AmeriNational. AmeriNational 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 AmeriNational.
- 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:
 - Letter from borrower with reasons for requesting subordination
 - FNMA 1003 application, or other applicable application, for new senior loan
 - Lender's approval of new senior loan
 - Title report
 - Appraisal
 - Closing instructions and estimated closing statement
 - Credit report (if required)
 - Tax return or other income documentation (if required)
 - Completed Subordination Agreement ready for signature
 - Request for Notice document on new senior loan(s)
- Document Preparation: AmeriNational prepares (or reviews docs prepared by new senior lender):
 - Subordination Agreement
 - Request for Notice document on new senior loan(s)
 - Closing instructions
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- **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.
- **Approval:** Upon the City's approval of a request for subordination, the City will forward to borrower's lender or Title Company:
 - Completed and executed Subordination Agreement between the City and borrower
 - Closing instructions dictating terms / use of Subordination Agreement document
 - Request for Notice document for new senior loan

Loan Transfer

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

Loan Cleanup

Over the course of our 35-year history, we have assisted cities, agencies and other governmental entities in cleaning up their portfolio of loans to ensure the accuracy and consistency of the booked loans with the terms and conditions of the original loan documents. Clean-up work may involve a detailed review of payment histories to determine posting accuracy and compliance with promissory notes, truth in lending statements, and other applicable related loan documents. There may be certain scenarios resulting in extraordinary services or research.

Reports

AmeriNational'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. Hard-copy reports are available as indicated in addition to the electronic reporting available to the City online through our Internet LoanLink service. Through LoanLink, the City has unlimited access to account and portfolio data, and can view the information as well as generate reports that can be downloaded into Excel.

- **Portfolio Status Report:** The report provides a complete accounting per loan of the total portfolio. The report identifies annual payments made, remaining balances, borrower's name

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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.

Frequency: Available on-line, one hard-copy report forwarded monthly to the City.

- **Current Month Reconciliation Report:** This report serves as reconciliation for the loan payments remitted by borrowers.
Frequency: Available on-line, one hard-copy report, along with remittance check, forwarded to the City within ten working days of the close of the month.
- **Delinquent Aging Report:** This report reflects delinquent accounts at the 30, 60, 90, and over 90 day levels. Borrower accounts moved into the forbearance or foreclosure process are designated.
Frequency: Available on-line, one hard-copy report forwarded monthly to the City.
- **Loan Amortization Schedule:** The Loan Amortization Schedule shows the breakout of principal and interest paid for each payment during the term of the loan. This schedule is useful in determining how much principal is still owed and how much interest has been paid, at any period of time. This report can also be used in determining any balloon amounts due per the terms of the note.
Frequency: Available to the City upon request.
- **Escrow Analysis Report:** For loans requiring monthly escrow/impound payments for taxes and/or insurance, AmeriNational conducts an annual escrow analysis to determine the proper monthly payment a given borrower needs to make in order to cover future tax and insurance payments. This report is especially useful when escrow requirements change significantly, e.g., a marked increase in property tax due to a reassessment or supplemental tax.
Frequency: Available to the City upon request.
- **Account Status Information Report:** Provides borrower profile, loan term and current balance and status information for individual borrower accounts within a client's portfolio. This report includes a vast amount of information on any particular account within the City's portfolio.
Frequency: Available on-line.
- **Current Year Payment History:** Details transactions on individual accounts for the current year's activity.
Frequency: Available on-line.
- **Payment History with Memos:** AmeriNational uses a series of memo codes to help classify various borrower requests or processing activity. Activities subject to memo code

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classification include, for example, requests for duplicate coupon books, 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 AmeriNational personnel.

Frequency: Available on-line.

- Memo Listing Report: This report lists the various coded activities and their dates. It is particularly useful when researching activity on any particular borrower account.
Frequency: Available on-line.

Income Re-verifications

- Level One (Income Only):
 - In keeping with the provisions of the borrower's promissory note and/or loan agreement, AmeriNational will forward an income re-verification package to each borrower. The package will contain instructions and forms needed to complete the re-verification.
 - A reminder letter will be sent in two weeks if the required information has not been received.
 - If the borrower fails to respond within the allotted time frame, AmeriNational will notify the City of the borrower's non-compliance.
 - Upon receipt of a completed re-verification package, AmeriNational will perform the following tasks:
 - Verify that forms are complete and proof of income has been received.
 - Calculate the borrower's income to determine continued compliance with the City's program requirements for income.
 - Forward re-verification report to the City, with a recommendation for continued deferral or amortization.
 - If the recommendation is to amortize the loan, and the City approves, AmeriNational will prepare necessary loan documents (additional charges will apply). The loan documents will be forwarded to the City for borrower and City signatures. AmeriNational will record necessary documents and will begin collecting under the new payment schedule.

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- Level Two (Income, Debt, and other Program Requirements):

Includes all level one services plus the following:

- AmeriNational will order credit reports on borrower and will calculate the borrower's debt to income ratio to determine if borrower has present capacity to make monthly loan repayments;
- AmeriNational will receive documentation (established by the City) to determine that program requirements have been met, e.g. continued occupancy, insurance, etc.
- AmeriNational will forward a re-verification report that includes the status of the borrower's income, capacity for incurring additional monthly note repayments, and compliance with the City's program requirements.

Property Conditions Profile and Affidavit of Owner

1. Property Conditions Profile:

- AmeriNational engages an outside vendor to perform a site visit to each owner's property to determine the outer condition of the dwelling and the condition of any detached structures and grounds. Two photos will be taken to document the condition of the property. NOTE: AmeriNational will not, at any time, enter upon the owner's private property.
- Property profiles shall 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.
- If the dwelling appears vacant or abandoned, it will be noted in the report.
- Property profiles may be ordered by the City with any frequency desired, e.g., once every two years, once every three years, etc.
- Affidavit of Owner:

AmeriNational will forward an instructional letter and Affidavit of Owner to each borrower. The Affidavit requires 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, the following:

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- Continued residence
 - 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
 - Non-subordination
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- If no response is received within two weeks, AmeriNational will send a second letter, again requesting owner to sign and return affidavit.

 - AmeriNational will compile responses and will forward original affidavits to the City.

Multifamily Housing Services

AmeriNational offers the following Multifamily Housing services. We'd be happy to provide the City with the expanded scope of services for these services upon request.

- *Credit Underwriting and Subsidy Layering Review:* We provide a complete Credit Underwriting Report that includes all pertinent information related to the proposed development and a positive (or negative) recommendation based upon the information provided to and obtained by AmeriNational. We will also complete a HUD Subsidy Layering Review if requested by the Client.

- *Credit Underwriting Loan Closing:* AmeriNational will review commitment letters and other appropriate legal documentation to ensure that the loan terms outlined in the credit underwriting report are incorporated into the loan documents. We will also confirm that the Development and applicable deal participants are carrying the required amount of insurance coverage and provide the client with a listing of all loan closing conditions listed in the credit underwriting report. We will review and approve the closing draw with supporting documentation and attend the loan closing/funding event(s), upon request.

- *Construction Loan Servicing:* AmeriNational will establish servicing files for each Development and will review each Draw Request from the Borrower. AmeriNational determines that the applicable conditions have been met prior to each Draw Request being paid. Within five (5) business days after receipt of all required documentation, including physical inspection of the construction at the Property by a contracted third party construction consultant, AmeriNational shall notify the Client and the Borrower of approval, disapproval or modification of the Draw Request. We will provide monthly statements, maintain all accounts a non-interest bearing FDIC insured

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custodial or trust account, and analyze each capitalized interest account semi-annually to ensure adequate funding is available to complete construction. We will also establish escrow accounts for real estate taxes, insurance premiums, replacement reserves, sinking funds or any other accounts specified in the closing documents, as necessary and will review all escrow accounts on an annual basis for adjustments.

- *Permanent Loan Servicing:* AmeriNational will establish separate loan servicing files for each Development. If requested by the Client, we will furnish billing statements to the Borrower, collect loan payments, allocate funds to the appropriate servicing accounts and make all appropriate remittances to Client or the trustee, if applicable, within 45 days of collection or when the balance due Client exceeds \$250,000. We will maintain all accounts held on behalf of the Borrower or Client in a non-interest bearing FDIC insured custodial or trust accounts for Authority and, where applicable, the mortgagors. We will also establish escrow accounts for real estate taxes, insurance premiums, replacement reserves, sinking funds or any other accounts specified in the closing documents, if not held by the trustee or first mortgagee and will review all escrow accounts annually for adjustments.
- *Financial Monitoring:* AmeriNational will obtain and maintain certain financial information for the Client with regard to the Property and provide the Client with written reports.
- *Regulatory Compliance Monitoring:* AmeriNational will conduct a pre-occupancy conference/training with the Borrower or management company personnel to provide complete instructions on Federal requirements, we collect and review program reports, perform management reviews and physical inspections as well as tenant file reviews.

Fees

Loan Processing and Underwriting – First Time Home Buyer (FTHB) Loans

\$375.00 per file

Loan Document Preparation – First Time Home Buyer (FTHB) Loans

- A fee of \$175 plus pass through costs, if any for the preparation of all loan documents.
- For each project for which credit, title, or appraisals have been supplied by AmeriNational, but which is thereafter canceled without performance of loan document

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preparation: a cancellation fee of \$59.00 plus all outside costs for the aforementioned services. A project will be considered cancelled if a Loan Document Request is not received within sixty (60) days of ordering any of the aforementioned services.

- A fee of \$20 will be charged for each document re-drafted at the request of the City due to actions by the City.

Program Disbursements – First Time Home Buyer (FTHB) Loans

Option 1: City deposits allocated program funds into master disbursement account: \$130.00 per each nine transactions

Option 2: City provides individual funding prior to loan closing - \$25.00 per disbursement.

Loan Processing and Underwriting – Rehabilitation Loans:

- Ordering credit, title or appraisal
Due 30 days after receipt of application, plus outside costs*. \$35.00
- Loan Processing through the completion of the Preliminary Risk Analysis (PRA) to the Client, plus outside costs
Due within 60 days of submission of PRA \$160.00
- Loan Processing, underwriting and production of Final Loan Recommendation (FLR), plus all remaining direct loan outside costs*.
Due 60 days from FLR or fund control opening. \$180.00

*Outside costs as used herein include, but are not limited to, title, credit, and appraisal. These costs are passed through from outside vendors and are subject to marketplace increases. Such costs shall be reasonable and competitive with other similar services provided in the general vicinity of the project.

Loan Cancellation Fee: Within 60 days of a loan being considered cancelled, in addition to all outside costs, the fee due will be the sum of all fees for tasks (1-3 above) completed, plus one-half of the fee for the task in process at the time of cancellation.

Underwriting and Processing – Developer Loans:

This service will be quoted on a case by case basis.

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Monthly Service Fee for Deferred Loans:

- Warehouse: \$1.95 per loan per month
- Warehouse and monitor of taxes and/or insurance: \$2.50 per loan per month plus a one-time tax service vendor fee.
- Warehouse and escrow of taxes and/or insurance: \$8.79 per loan per month plus a one-time tax service vendor fee.
- Flat fee for receiving occasional payments on deferred loans: \$8.79 per payment

Loss Mitigation

An additional servicing fee of \$3.50 per loan per month shall be charged for all amortized loans in the portfolio. An additional \$.50 per loan per month shall be charged for credit reporting.

Forbearance Plans

A flat fee of \$300 per loan per occurrence will be charged 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 Processing

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|--|-----------|
| • Preliminary Screening and Initial Analysis to City
Due within 30 days of Analysis to City | \$ 150.00 |
| • Final Analysis and Recommendation, plus outside costs *.
Due within 30 days of completion of final recommendation | \$145.00 |
| • Loan Document Preparation, plus outside costs *. | Varies |

Cancellation Fee: The fee due will be the sum of all fees for tasks (1-3 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.

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Loan Foreclosure

- **Document Preparation:** A one-time charge of \$300 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, AmeriNational 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 accurately quoted on a case-by-case basis upon request by the City and within all applicable statutory limits.
- **Reinstatement Terms:** City reimbursement for foreclosure services rendered, and its costs and other charges, will be made by the borrower upon reinstatement or full payment of any Deed of Trust or Mortgage under foreclosure.

Bankruptcy Services

- Filing of Proof of Claims Fee: \$100 per occurrence
- Filing of Reaffirmation Agreements Fee: \$75 for each occurrence
- Monitoring and Repayments Fee: \$7 per loan per month for the duration of an active Chapter 7/13 case for monitoring Chapter 7/13 plans and Discharges or Debtors (Chapter 13), and the receipt of post and pre-petition payments.
- Filing of Lift Stays Fee: \$175 per occurrence plus out-of-pocket fees and costs. Such fees and costs include, but are not limited to, obtaining local council in the bankruptcy jurisdiction and as approved by the City. The City will be responsible for the payment of any fees for filing suit or related outside costs due AmeriNational that cannot be reimbursed from the borrower.

Subordination Processing

A fee of \$275 per analysis per loan.

Income Re-verifications

A \$150 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 \$275 per file.

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Additional fees upon occurrence include:

- Ordering of any income verification documents, e.g. verification of employment, verification of deposit: \$50 per document
- When a re-verification package, reminder letter, and report is issued by AmeriNational for non-responsive borrower, a cancellation fee of \$75 per non-responsive file.
- To reopen a file that has been assessed a cancellation fee, the file will be the full fee less any previously assessed cancellation fee.
- On a file for which a recommendation has been provided but is thereafter resubmitted with changed or additional information, a re-evaluation fee of \$35 per resubmission.

Per-Event Fees

UCC Filing and Maintenance: \$75.00 plus pass-through filing fee

Tickler Notifications: \$12.50 per notification

Loan Transfer Fee: \$50.00 per loan one-time fee if transferred from AmeriNational

Property Conditions Profile: \$50.00 per occurrence

Affidavit of Owner: \$12.00 per loan (entire portfolio done at one-time) with a \$500 minimum fee.

Extraordinary Activity and/or Loan Clean-up

AmeriNational 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 AmeriNational to conduct additional activities or Loan Clean-up Service on its portfolio, an extraordinary research fee of \$100.00 per hour will be charged, with a minimum of one hour per occurrence. Any 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 AmeriNational'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

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activity being posted at the City and not forwarded to AmeriNational for updating of its records, the extraordinary research fee will be charged for the time spent on the research.

The above fees are based on a fixed contract. The proposed pricing is the most effective and efficient method to price this contract. If requested by the City, AmeriNational will estimate the hourly wage.

AmeriNational will prepare and submit, with monthly remittance, an invoice for payment of fees(s) earned as service provider.

Fees for Multifamily Services:

Available upon request.