

**AMENDMENT NUMBER ONE  
TO PROFESSIONAL SERVICES AGREEMENT  
WITH  
AMERINAT COMMUNITY SERVICES, LLC DBA AMERINAT  
AND  
FARMERS STATE BANK OF HARTLAND**

THIS AMENDMENT NUMBER ONE TO PROFESSIONAL SERVICES AGREEMENT ("Amendment"), is made and entered into this 17th day of January, 2019 ("Effective Date"), by and between the CITY OF COSTA MESA, a municipal corporation ("City"), AMERINAT COMMUNITY SERVICES, LLC, a Minnesota limited liability company DBA AMERINAT ("Consultant"), and FARMERS STATE BANK OF HARTLAND, a Minnesota corporation (the "Bank"). City, Consultant, and the Bank are collectively referred to herein as "Parties."

WHEREAS, the Parties entered into a Professional Services Agreement on January 18, 2018, for Consultant and Bank to perform services in connection with the City's participation in the California Department of Housing and Community Development's CalHome Program (the "Agreement"); and

WHEREAS, the Agreement provides for a term of one (1) year, with the option to extend the Agreement for three (3) additional one (1) year periods; and

WHEREAS, the Parties now desire to extend the term of the Agreement for one (1) year, through January 17, 2020; and

WHEREAS, the Parties further desire to amend the Agreement as set forth herein.

NOW, THEREFORE, for valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

1. The term of the Agreement shall be extended through January 17, 2020.
2. The Scope of Services attached as Exhibit "A" to the Agreement shall be deleted in its entirety and replaced with the Amended Scope of Services, attached hereto as Exhibit "A" and incorporated herein by this reference. Consultant and Bank shall provide the services set forth in Exhibit A.
3. The Fee Schedule attached as Exhibit "B" to the Agreement shall be deleted in its entirety and replaced with the Amended Fee Schedule, attached hereto as Exhibit "B" and incorporated herein by this reference. City shall pay Consultant and Bank in accordance with Exhibit B.
4. Section 1.7 of the Agreement shall be deleted in its entirety and replaced as follows:
  - 1.7. Delegation and Assignment. This is a personal service contract, and the duties set forth herein shall not be delegated or assigned to any person or entity without the prior written consent of City, which such consent shall not be unreasonably withheld. Consultant and Bank may engage a subcontractor(s) as permitted by law and may employ other personnel to perform services contemplated by this Agreement at their sole cost and expense.
5. Section 6.8 of the Agreement shall be deleted in its entirety and replaced as follows:

6.8. Assignment. Consultant shall not voluntarily or by operation of law assign, transfer, sublet or encumber all or any part of Consultant's or Bank's interest in this Agreement without City's prior written consent, which such consent shall not be unreasonably withheld. Any attempted assignment, transfer, subletting or encumbrance shall be void and shall constitute a breach of this Agreement and cause for termination of this Agreement. Regardless of City's consent, no subletting or assignment shall release Consultant or Bank of Consultant's or Bank's obligation to perform all other obligations to be performed by Consultant or Bank hereunder for the term of this Agreement.

6. All terms not defined herein shall have the same meaning and use as set forth in the Agreement.
7. All other terms and provisions of the Agreement shall remain in full force and effect.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed by and through their respective authorized officers, as of the date first written above.

AMERINAT COMMUNITY SERVICES, LLC DBA AMERINAT

  
\_\_\_\_\_  
Adrienne Thorson  
CEO

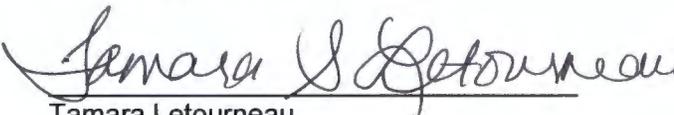
Date: 1-17-19

FARMERS STATE BANK OF HARTLAND

  
\_\_\_\_\_  
Mark Heinemann  
President/CFO

Date: 1-16-19

CITY OF COSTA MESA

  
\_\_\_\_\_  
Tamara Letourneau  
Acting City Manager

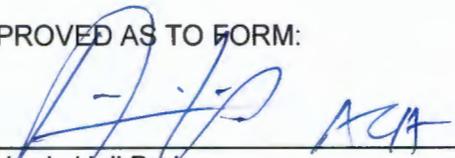
Date: 1/29/19

ATTEST:

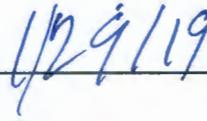
  
\_\_\_\_\_  
Brenda Green  
City Clerk



APPROVED AS TO FORM:

  
\_\_\_\_\_  
Kimberly Hall Barlow  
City Attorney

Date:

  
\_\_\_\_\_  
1/29/19

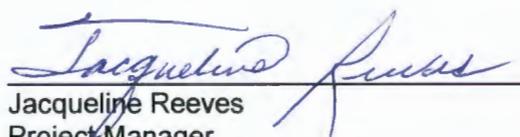
APPROVED AS TO INSURANCE:

  
\_\_\_\_\_  
Ruth Wang  
Risk Management

Date:

  
\_\_\_\_\_  
1/23/19

APPROVED AS TO CONTENT:

  
\_\_\_\_\_  
Jacqueline Reeves  
Project Manager

Date:

  
\_\_\_\_\_  
1-23-19

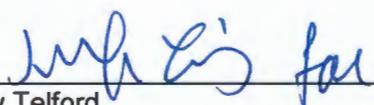
DEPARTMENTAL APPROVAL:

  
\_\_\_\_\_  
Barry Curtis  
Economic and Development Services  
Director

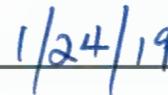
Date:

  
\_\_\_\_\_  
1.23.19

APPROVED AS TO PURCHASING:

  
\_\_\_\_\_  
Kelly Telford  
Finance Director

Date:

  
\_\_\_\_\_  
1/24/19

**EXHIBIT A**  
**AMENDED SCOPE OF SERVICES**

## EXHIBIT A

### CALHOME PROGRAM AMENDED SCOPE OF SERVICES

Consultant and Bank agree to provide the following services in compliance with all applicable CalHome Program Requirements.

#### SERVICES STRICTLY PERFORMED BY CONSULTANT

##### I. LOAN PROCESSING AND UNDERWRITING

Consultant agrees to provide experienced loan processing, underwriting services and loan servicing, as needed, to meet the complex needs of Costa Mesa for Deferred Payment Loans under the CalHome Program ("Program"), both for existing loans provided by Costa Mesa prior to the Effective Date of the Agreement and for new loans, if any, provided by Costa Mesa after the Effective Date of this Agreement (on and after, Consultant shall work with Costa Mesa to streamline all phases of loan production, from loan processing to closing, and for funds disbursement, and continuing through loan servicing, refinancing and re-subordination, if any, and final pay off of the loan, all for increased speed and efficiency).

##### II. LOAN APPLICATION AND PRELIMINARY ANALYSIS

Costa Mesa will continue to undertake and handle the loan application and initial underwriting of prospective applicants/homeowners for new Deferred Payment Loans, if any, to be issued by Costa Mesa under the Program. As and if requested, Consultant will assist Costa Mesa in the underwriting and evaluation of potential new loans to be issued by Costa Mesa, which services may include, as and when requested by Costa Mesa the following:

A. Underwriting Assistance. Upon receipt of an approval to proceed, Consultant will order applicable outside services such as a preliminary report of title, related title documents, a lender's policy and pro forma therefor, appraisal, credit report and verifications. For rehabilitation work, once the firm cost of rehabilitation work is known (a contractor bid has been awarded) a final underwriting analysis will be prepared, addressing the following items:

1. Affordability (Debt to Income Ratio Analysis)
2. Current and past credit history
3. Financial interest in the property (Loan to Value)
4. Appraisal (full or drive-by where applicable)
5. Status of title to insure Costa Mesa will be in second lien position
6. Title Report (PIRT, CLTA, or ALTA for all loans that include a living trust)

a. PIRT Requests are to be ordered within 72 hours of receipt of request from Costa Mesa, and provided to Costa Mesa within two (2) business days of receipt by Consultant from the Title Company. Upon receipt of verifications and reports, a Final Loan Recommendation (FLR) will be prepared and sent to Costa Mesa for review, approval and funding.

### III. LOAN DOCUMENT PREPARATION.

Once a new Program loan has been approved, Costa Mesa shall forward to Consultant a Request for Loan Documents containing required information to complete the preparation of loan documents.

**A.** Costa Mesa will provide to Consultant "template" documents that will comprise the "loan documents". For each new loan and in accordance with a loan document request from Costa Mesa, Consultant within five (5) business days shall prepare and forward the following documents completed as to the homeowner for Costa Mesa's and the homeowner's execution:

1. Loan Agreement
2. Deed of Trust
3. Promissory Note
4. Truth in Lending Disclosure Statement
5. Request for Notice of Default and Sale
6. Notice of Right to Cancel
7. Control Instructions
8. Regulatory Agreement
9. Other documents as agreed to by Consultant and Costa Mesa

**B.** Once the loan documents are executed by the homeowner/borrower, the Deed of Trust, Regulatory Agreement and Request for Notice shall be returned to Consultant for recordation with the County Recorder. Following the recording of the Deed of Trust Regulatory Agreement, and Request for Notice, Consultant shall confirm that Costa Mesa's second lien position is secure by updating title and causing issuance of the lender's policy (when approved by Costa Mesa).

**C.** *Deferred Payment Loans for Rehabilitation Improvements.* If after the lead-based paint ("LBP") notification and evaluation phases, Costa Mesa elects to approve payment for treatment through clearance of LBP and LBP hazards as set forth in the Loan Agreement and Costa Mesa also approves the homeowner's application for funding of the rehabilitation improvements through the deferred payment loan option of the City's Single-Family Rehabilitation Deferred Payment Loan Program, then Costa Mesa may make available Deferred Payment Loans to eligible Low Income homeowners, as specifically provided below, in original loan amounts of up to Fifty Thousand Dollars (\$50,000.00) exclusive of the costs of treatment through clearance of LBP. Deferred Payment Loans are only available to qualifying Low-Income property owners for rehabilitation of owner-occupied, single-family residential properties. If Program participants do not receive the maximum loan amount, they will be allowed to receive a second loan, which when added to the first loan equals or is less than the maximum loan amount only after being placed on and waiting for their name to become first on the waiting list. The City Manager, or his/her designee, may approve Deferred Payment Loans in excess of fifty thousand dollars (\$50,000.00) as determined necessary, in his/her sole and absolute discretion, to complete the rehabilitation of eligible property. When added to the existing encumbrances; actual loan amounts shall not exceed eighty-five percent (85%) of the current fair market value of the property.

**1.** Deferred Payment Loans will accrue three percent (3%) simple interest per annum and will be fully deferred without principal repayment until the *earlier* to occur of the (i) sale or transfer of all or any interest in the Property, (ii) refinancing of the Deferred Payment Loan or any lien which the Deferred Payment Loan is subordinate for a loan amount in excess of the then current loan balance secured by such liens plus reasonable and customary closing costs as approved in writing by Costa Mesa in its sole and absolute discretion, (iii) non-owner-occupancy of the Property by the homeowner, or (iv) other default by the homeowner of the terms

and conditions of the Loan Agreement. In the event of default by the homeowner under the Program, interest shall accrue from the date of default at the default rate of ten percent (10%) per annum. In any event, upon (i) sale or transfer, (ii) refinancing, or (iii) non-owner occupancy or other default, as described above, the entire principal amount of the loan plus accrued interest shall be immediately due and payable. City Manager may, but is not required to, waive loan acceleration in the event of a homeowner default and establish an amortization and monthly payment schedule and/or adjustment in the interest rate for repayment.

#### **IV. PROPERTY CONDITIONS PROFILE AND AFFIDAVIT OF HOMEOWNER**

##### **A. Property Conditions Profile:**

1. If requested by Costa Mesa, Consultant will utilize the services of its outside vendor to perform a site visit to a homeowner'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; provided however, that Consultant does not and will not, at any time, enter upon or into the homeowner's private property.

a. If requested by Costa Mesa, 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.

b. If the dwelling appears vacant or abandoned, it will be noted in the report.

c. Property profiles may be ordered by Costa Mesa with any frequency desired, e.g., once every two years, once every three years, etc.

**B. Affidavit of Homeowner.** If requested by Costa Mesa, Consultant will forward an instructional letter and Affidavit of Homeowner to a borrower. The Affidavit requires the homeowner to affirm continued compliance with all provisions of the promissory note, deed of trust, Regulatory Agreement and Loan Agreement. Such provisions may include, but are not limited to, the following:

1. Continued residence in the property as primary home
2. Timely payment of property taxes
3. Ongoing hazard and flood insurance coverage
4. Timely payment of all sums due to superior lien holders
5. Proper maintenance of the property
6. Non-subordination

#### **SERVICES STRICTLY PERFORMED BY BANK**

##### **A. Fund Disbursement Services**

1. To ensure that Costa Mesa loan proceeds are used in the manner intended by the Program and City's policies and procedures, Bank provides a unique funds disbursement service, which meets the needs of both the Program and Costa Mesa's Finance Department.

2. Total loan proceeds are forwarded to Bank and held in trust for disbursement of funds according to Program and Costa Mesa's requirements. Bank shall deposit the funds into a custodial trust account at an FDIC insured bank. Costa Mesa's Finance Department will be required to only issue one check or initiate one EFT, and Bank will disburse

an unlimited number of checks for construction contractor stage payments, multiple equipment purchases, and/or stage disbursements of working capital loans and grants, all pursuant to the Program requirements.

3. Bank is experienced with the multiple funding sources used in housing and economic development programs. Bank will prioritize the disbursement of funds from several funding sources associated with a single loan and work write-up for the rehabilitation at the subject property and will provide corresponding reports to be used as official subsidiary journals to Costa Mesa's Finance Department.

4. Bank agrees to provide a prompt turnaround of stage payments to ensure delivery of checks back to Costa Mesa or directly to the payee(s) within 48 hours of Costa Mesa's request. When requests are made by 11:00 a.m. (Eastern Time), the check will be cut the same day.

5. The funds disbursement services will be based on the following detailed steps:

a. *Opening Account:* Upon loan approval, Bank will open a borrower account that includes borrower and project information. Costa Mesa will then forward loan proceeds and completed Control Instructions to Bank. The Control Instructions should include the following information:

- (i) Homeowner/Borrower(s) name
- (ii) Contractor(s)
- (iii) Property/job site address
- (iv) Amount of funds being held
- (v) Instructions on how funds are to be disbursed
- (vi) Original signatures of Homeowner/Borrower and Costa

Mesa representative

b. *Disbursement Process:* When requested by Costa Mesa, Bank will provide check disbursements to parties designated by Costa Mesa in connection with Program loans. Such disbursements are outlined in an Authorization for Payment, which includes information regarding the amount of the disbursement, the parties to be paid, signatures of Costa Mesa representatives authorized to make disbursements, and the Homeowner/borrower's authorizing signatures. Bank will verify proper authorization to disburse funds and that amounts are correct and in agreement with original Control Instructions and Authorized Signatures. All checks shall be sent to Costa Mesa, unless otherwise directed by Costa Mesa. Checks will be issued payable to the contractor(s), or other payee(s) as directed by Costa Mesa. Funds will be disbursed from Costa Mesa's account the same day when the request is received by 11:00 a.m. (Eastern Time) Requests received after 11:00 a.m. (Eastern Time) are processed the next business day.

c. *Change Orders:* Change Orders are used to make a change in the project amount or payment schedule. A Change Order may occur at any time during a project.

d. *Contingency:* Additional funds may be added to a project in anticipation of unforeseen construction costs. Bank will hold contingency at Costa Mesa's request

and release funds upon receipt of an Authorization for Payment. This process is subject to the Costa Mesa's financial policies and procedures.

e. *Retention Fund:* As applicable, Bank shall hold a retention fund of at least 10%. Retention is then paid out sixty-five (65) days after the recording of the Notice of Completion. Based on the Program and City's policies and procedures, the retention will be paid out upon receipt of an Authorization for Payment.

f. *Recording the Notice of Completion:* As applicable, after Costa Mesa's final inspection on a rehabilitation project, a Notice of Completion is executed by the Homeowner/borrower and forwarded to Bank for recording with the County Recorder. Bank shall mail the Notice of Completion by certified mail within two (2) business days after receipt.

g. *Reports and Record Keeping:* Bank will provide Costa Mesa a detailed monthly Account Status Report of all transactions completed and the balances remaining in each account. Records will be maintained for all accounts and are available to Costa Mesa upon request.

h. *Account Close Out:* After payout of all loan proceeds in the account, excess funds will be disbursed according to Costa Mesa's instructions. Bank will forward a Final Closing Statement to Costa Mesa, comprising a complete record of all transactions in one report. Bank will also forward a copy of the report to the borrower for their records, if requested by Costa Mesa.

## **V. REPORTS**

Consultant and Bank understand that City is required to meet certain monthly and annual reporting requirements pursuant to the Program. Consultant and Bank shall cooperate with City in the preparation of all agreed upon reports required by the Program, and shall provide all documentation and reports requested by and agreed upon with the City to meet its Program reporting requirements.

**AmeriNat**

8121 East Florence Avenue  
Downey, California 90240  
(562) 927-6686

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**Program Guidelines / Loan Servicing**

Date:

Client Name: City of Costa Mesa and Costa Mesa Housing Authority Client #: \_\_\_\_\_ Group #: \_\_\_\_\_

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Amortized Loans Only                       Deferred Loans Only

Project Name: SF Rehab Program Project #: 470 Project Name: Project #:

Project Name: Project #: Project Name: Project #:

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**A. Services Provided**

	Yes	No
Loan Processing and Underwriting	<input checked="" type="checkbox"/>	
Loan Document Preparation	<input checked="" type="checkbox"/>	
Funds Disbursement		<input checked="" type="checkbox"/>
Amerinat to Prepare Subordinations		<input checked="" type="checkbox"/>
Tax Monitoring		<input checked="" type="checkbox"/>
Tax Escrows		<input checked="" type="checkbox"/>
Insurance Monitoring		<input checked="" type="checkbox"/>
Insurance Escrows		<input checked="" type="checkbox"/>
Delinquency Follow Up Loss Mitigation		<input checked="" type="checkbox"/>
Credit Reporting		<input checked="" type="checkbox"/>
Bankruptcy Monitoring		<input checked="" type="checkbox"/>
Amerinat to prepare Forbearance Agreements		<input checked="" type="checkbox"/>
Amerinat to prepare Foreclosure Agreements		<input checked="" type="checkbox"/>
Amerinat to prepare Payoff Demands		<input checked="" type="checkbox"/>
Agency Approval required for Payoff Demands	<input checked="" type="checkbox"/>	
Amerinat to prepare Substitution of Trustee / Deed of Reconveyance form/template to be provided by Costa Mesa	<input checked="" type="checkbox"/>	
Termination of Regulatory Agreement	<input checked="" type="checkbox"/>	
Borrower Affidavits		<input checked="" type="checkbox"/>
Property Condition Profiles		<input checked="" type="checkbox"/>
Entire Year End Reporting for New Portfolio Transfer	N/A	

B. Billing Selection (N/A)

C. Level of Service (N/A)

E. Special Instructions (N/A)

F. Reporting

1. Reports with remittance sent to:

Client Name	City of Costa Mesa and Costa Mesa Housing Authority
Department	Housing and Community Development
Address	PO Box 1200
City, State, Zip	Costa Mesa, CA 92628-1200
Attention	Jacqueline Y. Reeves, Management Analyst

G. Agency Contact Information - Costa Mesa Contact Information

**General Contact**

Name: Jacqueline Y. Reeves; Title: Management Analyst Phone: 714/754-4870 Fax: 714/754-4913 Email Address: JACQUIE.REEVES@costamesaca.gov

**Tax and Insurance Contacts**

Primary Contact: Name: Jacqueline Y. Reeves; Title: Management Analyst  
Phone: 714/754-4870 Fax: 714/754-4913 Email Address: JACQUIE.REEVES@costamesaca.gov

Secondary Contact: Name: Willa Bouwens-Killeen; Title: Principal Planner  
Phone: 714/754-5153 Email Address: WILLA.BOUWENS-KILLEEN@costamesaca.gov

**Delinquency Follow Up/ Loss Mitigation Contacts**

Primary Contact: Name: Jacqueline Y. Reeves; Title: Management Analyst  
Phone: 714/754-4870 Fax: 714/754-4913 Email Address: JACQUIE.REEVES@costamesaca.gov

Secondary Contact: Name: Willa Bouwens-Killeen; Title: Principal Planner  
Phone: 714/754-5153 Email Address: WILLA.BOUWENS-KILLEEN@costamesaca.gov

**Authorized to Approve Forbearance and Foreclosure Agreement**

Name: Willa Bouwens-Killeen; Title: Principal Planner  
Phone: 714/754-5153 Email Address: WILLA.BOUWENS-KILLEEN@costamesaca.gov

**Payoff and Reconveyance Contacts**

Primary Contact: Name: Jacqueline Y. Reeves; Title: Management Analyst  
Phone: 714/754-4870 Fax: 714/754-4913 Email Address: JACQUIEREEVES@costamesaca.gov

Secondary Contact: Name: Willa Bouwens-Killeen; Title: Principal Planner  
Phone: 714/754-5153 Email Address: WILLA.BOUWENS-KILLEEN@costamesaca.gov

**Authorized to Approve Payoff Demands**

Primary Contact: Name: Jacqueline Y. Reeves; Title: Management Analyst

Phone: 714/754-4870 Fax: 714/754-4913 Email Address: [JACQUIE.REEVES@costamesaca.gov](mailto:JACQUIE.REEVES@costamesaca.gov)

Secondary Contact: Name: Willa Bouwens-Killeen; Title: Principal Planner

Phone: 714/754-5153 Email Address: [WILLA.BOUWENS-KILLEEN@costamesaca.gov](mailto:WILLA.BOUWENS-KILLEEN@costamesaca.gov)

**Authorized to Sign Substitution of Trustee / Deeds of Reconveyance**

Tamara Letourneau, Acting City Manager and Executive Director Phone: 714/754-5099 Email Address:

[TAMARA.LETOURNEAU@costamesaca.gov](mailto:TAMARA.LETOURNEAU@costamesaca.gov)

**EXHIBIT B**  
**AMENDED FEE SCHEDULE**

## EXHIBIT B

### AMENDED FEE SCHEDULE

#### Loan Processing and Underwriting Services (Upon request)

- |    |  |          |
|----|--|----------|
| 1. | Ordering credit, title or appraisal  | \$50.00  |
| 2. | Loan Processing through the completion of the Preliminary Risk Analysis (PRA) to City, plus outside costs. Due within 60 days of submission of PRA.  | \$190.00 |
| 3. | Loan Processing, underwriting, and production of Final Loan Recommendation (FLR), plus all remaining direct outside loan costs.* Due 60 days from FLR or fund control opening.   | \$205.00 |
| 4. | 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.<br>*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 Document Preparation Services

1. A fee of \$225.00 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 Consultant, but which is thereafter canceled without performance of loan document preparation, a cancellation of \$65.00 plus outside costs for title and/or credit reports. A project will be considered canceled if a Loan Document Request is not received within sixty (60) days of ordering a title report, credit report, or any other outside service.
2. A fee of \$22.00 will be charged for each document re-drafted at the request of Costa Mesa due to actions by Costa Mesa.

#### Funds Disbursement

A fee of \$130.00 for each new Program loan. Full funds for the project/loan must be received by Bank upon Costa Mesa's approval of a new loan. These funds will be deposited into a custodial trust account at an FDIC insured bank.

#### Per-Event Fees

- |                              |   |
|------------------------------|---|
| Property Conditions Profile: | \$50.00 per occurrence  |
| Affidavit of Owner:          | \$13.00 per loan (entire portfolio done at one time) with a \$500 minimum fee |