

**CITY OF COSTA MESA
PROFESSIONAL SERVICES AGREEMENT
WITH
AMERINATIONAL COMMUNITY SERVICES, LLC DBA AMERINAT
AND
FARMERS STATE BANK OF HARTLAND
FOR
FIRST TIME HOME BUYER (FTHB) PROGRAM**

THIS PROFESSIONAL SERVICES AGREEMENT ("Agreement") is made and entered into this 1st day of July, 2019 ("Effective Date"), by and among the CITY OF COSTA MESA, a municipal corporation ("City"), COSTA MESA HOUSING AUTHORITY, a public body corporate and politic ("Authority"), AMERINATIONAL COMMUNITY SERVICES, LLC, a Minnesota limited liability company DBA AMERINAT ("Consultant"), and FARMERS STATE BANK OF HARTLAND, a Minnesota corporation (the "Bank"). City and Authority are referred to together as "City". City, Consultant, and the Bank are collectively referred to herein as "Parties".

WITNESSETH:

A. WHEREAS, Authority is a California housing authority organized, existing and operating under the Housing Authorities Law, California Health and Safety Code Section 34200, *et seq.* and also operating as the "housing successor" to the former and now dissolved Costa Mesa Redevelopment Agency ("Former Agency") under Division 24 of Part 1.85 of the Health and Safety Code ("Dissolution Law"); and

B. WHEREAS, Authority, as housing successor, and City staff acting on behalf of Authority administer, monitor, enforce, and oversee the Costa Mesa Home Buyer Assistance Program ("FTHB Program") for which there remain outstanding numerous home buyer loans provided by the Former Agency prior to dissolution to certain eligible income-qualified home buyers who acquired property at an affordable housing cost with each home buyer having received a second mortgage assistance loan and entered into a series of loan instruments with the Former Agency (now held by the Authority), including a promissory note, secured by a deed of trust, and affordability and resale restrictions of record, and other documents (together, "FTHB Documents"); and

C. WHEREAS, Consultant has provided professional services to the City relating to the FTHB Program, and by this Agreement City desires to continue to utilize the services of Consultant as an independent contractor to assist with and oversee the FTHB Program, as more fully described herein; and

D. WHEREAS, City desires to utilize the services of Bank as an independent contractor to provide funds disbursement services, as more fully described herein; and

E. WHEREAS, Consultant and Bank represent that they have that degree of specialized expertise contemplated within California Government Code section 37103, and hold all necessary licenses to practice and perform the services herein contemplated; and

F. WHEREAS, the Parties desire to contract for the specific services described in Exhibits "A" and "B" and desire to set forth their rights, duties and liabilities in connection with the services to be performed; and

G. WHEREAS, no official or employee of City has a financial interest, within the provisions of sections 1090-1092 of the California Government Code, in the subject matter of this Agreement.

NOW, THEREFORE, for and in consideration of the mutual covenants and conditions contained herein, the Parties hereby agree as follows:

1.0. SERVICES PROVIDED BY CONSULTANT

1.1. Scope of Services. Consultant and Bank shall provide the professional services described in the Scope of Services, attached hereto as Exhibits "A" and "B" and incorporated herein by this reference.

1.2. Professional Practices. All professional services to be provided by Consultant and Bank pursuant to this Agreement shall be provided by personnel experienced in their respective fields and in a manner consistent with the standards of care, diligence and skill ordinarily exercised by professional consultants in similar fields and circumstances in accordance with sound professional practices. Consultant and Bank also warrant that they are familiar with all laws that may affect its performance of this Agreement, and shall advise City of any changes in any laws that may affect Consultant's or Bank's performance of this Agreement.

1.3. Performance to Satisfaction of City. Consultant and Bank agree to perform all the work to the complete satisfaction of the City and within the hereinafter specified. Evaluations of the work will be done by the City Manager or his or her designee. If the quality of work is not satisfactory, City in its discretion has the right to:

- (a) Meet with Consultant and/or Bank to review the quality of the work and resolve the matters of concern;
- (b) Require Consultant and/or Bank to repeat the work at no additional fee until it is satisfactory; and/or
- (c) Terminate the Agreement as hereinafter set forth.

1.4. Warranty. Consultant and Bank warrant that they shall perform the services required by this Agreement in compliance with all applicable Federal and California employment laws, including, but not limited to, those laws related to minimum hours and wages; occupational health and safety; fair employment and employment practices; workers' compensation insurance and safety in employment; and all other Federal, State and local laws and ordinances applicable to the services required under this Agreement. Consultant and Bank shall indemnify and hold harmless City from and against all claims, demands, payments, suits, actions, proceedings, and judgments of every nature and description including attorneys' fees and costs, presented, brought, or recovered against City for, or on account of any liability under any of the above-mentioned laws, which may be incurred by reason of Consultant's or Bank's performance under this Agreement.

1.5. Non-Discrimination. In performing this Agreement, Consultant and Bank shall not engage in, nor permit their agents to engage in, discrimination in employment of persons because of their race, religious creed, color, national origin, ancestry, physical disability, mental disability, medical condition, genetic information, marital status, sex, gender, gender identity, gender expression, age, sexual orientation, or military or veteran status, except as permitted pursuant to section 12940 of the Government Code.

1.6. Non-Exclusive Agreement. Consultant and Bank acknowledge that City may enter into agreements with other consultants for services similar to the services that are subject to this Agreement or may have its own employees perform services similar to those services contemplated by this Agreement.

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.

1.8. Confidentiality. Employees of Consultant and Bank in the course of their duties may have access to financial, accounting, statistical, and personnel data of private individuals and employees of City. Consultant and Bank covenant that all data, documents, discussion, or other information developed or received by Consultant and Bank or provided for performance of this Agreement are deemed confidential and shall not be disclosed by Consultant or Bank without written authorization by City. City shall grant such authorization if disclosure is required by law. All City data shall be returned to City upon the termination of this Agreement. Consultant's and Bank's covenant under this Section shall survive the termination of this Agreement.

2.0. COMPENSATION AND BILLING

2.1. Compensation. Consultant and Bank shall be paid in accordance with the fee schedule set forth in Exhibit "C" attached hereto and made a part of this Agreement by this reference (the "Fee Schedule"). The total annual compensation under this Agreement shall not exceed Three Thousand Dollars (\$3,000.00).

2.2. Additional Services. Consultant and Bank shall not receive compensation for any services provided outside the Scope of Services unless the City or the Project Manager for this Project, prior to Consultant performing the additional services, approves such additional services in writing. It is specifically understood that oral requests and/or approvals of such additional services or additional compensation shall be barred and are unenforceable.

2.3. Method of Billing. Consultant and Bank may submit invoices to the City for approval on a progress basis, but no more often than two times a month. Said invoice shall be based on the total of all Consultant's and Bank's services which have been completed to City's sole satisfaction. City shall pay an invoice within forty-five (45) days from the date City receives said invoice. Each invoice shall describe in detail, the services performed, the date of performance, and the associated time for completion. Any additional services approved and performed pursuant to this Agreement shall be designated as "Additional Services" and shall identify the number of the authorized change order, where applicable, on all invoices.

2.4. Records and Audits. Records of Consultant's and Bank's services relating to this Agreement shall be maintained in accordance with generally recognized accounting principles and shall be made available to City or its Project Manager for inspection and/or audit at mutually convenient times from the Effective Date until three (3) years after termination of this Agreement.

3.0. TIME OF PERFORMANCE

3.1. Commencement and Completion of Work. The professional services to be performed pursuant to this Agreement shall commence within five (5) days from the Effective Date

of this Agreement. Failure to commence work in a timely manner and/or diligently pursue work to completion may be grounds for termination of this Agreement.

3.2. Excusable Delays. No party shall be responsible for delays or lack of performance resulting from acts beyond the reasonable control of the party or parties. Such acts shall include, but not be limited to, acts of God, fire, strikes, material shortages, compliance with laws or regulations, riots, acts of war, or any other conditions beyond the reasonable control of a party.

4.0. TERM AND TERMINATION

4.1. Term. This Agreement shall commence on the Effective Date and continue for a period of five (5) years, ending on June 30, 2024, unless previously terminated by any party as provided herein or as otherwise agreed to in writing by the Parties.

4.2. Notice of Termination. All parties have the right and privilege of canceling, suspending or abandoning the execution of all or any part of their work contemplated by this Agreement, with or without cause, at any time, by providing ninety (90) days written notice to the other parties. In the event of such a termination, all parties agree to execute an orderly closeout of services terminated.

4.3. Compensation. In the event of termination, City shall pay Consultant and Bank for reasonable costs incurred and professional services satisfactorily performed up to and including the effective date of termination. Compensation for work in progress shall be prorated based on the percentage of work completed as of the effective date of termination in accordance with the fees set forth herein. In ascertaining the professional services actually rendered hereunder up to the effective date of termination of this Agreement, consideration shall be given to both completed work and work in progress, to complete and incomplete drawings, and to other documents pertaining to the services contemplated herein whether delivered to the City or in the possession of the Consultant or the Bank.

4.4. Documents. In the event of termination of this Agreement, all documents prepared by Consultant and Bank in their performance of this Agreement including, but not limited to, finished or unfinished design, development and construction documents, data studies, drawings, maps and reports, shall be delivered to the City within thirty (30) days of the effective date of termination, at no cost to City. Any use of uncompleted documents without specific written authorization from Consultant or Bank shall be at City's sole risk and without liability or legal expense to Consultant or Bank.

5.0. INSURANCE

5.1. Minimum Scope and Limits of Insurance. Consultant and Bank shall obtain, maintain, and keep in full force and effect during the life of this Agreement all of the following minimum scope of insurance coverages with an insurance company admitted to do business in California, rated "A," Class X, or better in the most recent Best's Key Insurance Rating Guide, and approved by City:

- (a) Commercial general liability, including premises-operations, products/completed operations, broad form property damage, blanket contractual liability, independent contractors, personal injury or bodily injury with a policy limit of not less than One Million Dollars (\$1,000,000.00), combined single limits, per occurrence. If such insurance contains a general aggregate limit, it shall apply separately to this Agreement or shall

be twice the required occurrence limit.

- (b) Business automobile liability for owned vehicles, hired, and non-owned vehicles, with a policy limit of not less than One Million Dollars (\$1,000,000.00), combined single limits, per occurrence for bodily injury and property damage.
- (c) Workers' compensation insurance as required by the State of California. Consultant agrees to waive, and to obtain endorsements from its workers' compensation insurer waiving subrogation rights under its workers' compensation insurance policy against the City, its officers, agents, employees, and volunteers arising from work performed by Consultant for the City and to require each of its subcontractors, if any, to do likewise under their workers' compensation insurance policies.
- (d) Professional errors and omissions ("E&O") liability insurance with policy limits of not less than One Million Dollars (\$1,000,000.00), combined single limits, per occurrence and aggregate. Architects' and engineers' coverage shall be endorsed to include contractual liability. If the policy is written as a "claims made" policy, the retro date shall be prior to the start of the contract work. Consultant shall obtain and maintain, said E&O liability insurance during the life of this Agreement and for three years after completion of the work hereunder.

5.2. Endorsements. The commercial general liability insurance policy and business automobile liability policy shall contain or be endorsed to contain the following provisions:

- (a) Additional insureds: The City of Costa Mesa and its elected and appointed boards, officers, officials, agents, employees, and volunteers shall be named as additional insureds with respect to: liability arising out of activities performed by or on behalf of the Consultant or Bank pursuant to their contract with the City; products and completed operations of the Consultant or Bank; premises owned, occupied or used by the Consultant or Bank; automobiles owned, leased, hired, or borrowed by the Consultant or Bank.
- (b) Notice: Said policy shall not terminate, be suspended, or voided, nor shall it be cancelled, nor the coverage or limits reduced, until thirty (30) days after written notice is given to City.
- (c) Other insurance: Each of Consultant's and Bank's insurance coverage shall be primary insurance as respects the City of Costa Mesa, its officers, officials, agents, employees, and volunteers. Any other insurance maintained by the City of Costa Mesa shall be excess and not contributing with the insurance provided by Consultant's or Bank's policy.
- (d) Any failure to comply with the reporting provisions of the policies shall not affect coverage provided to the City of Costa Mesa, its officers, officials, agents, employees, and volunteers.
- (e) Consultant's and Bank's insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability.

5.3. Deductible or Self Insured Retention. If any of such policies provide for a deductible or self-insured retention to provide such coverage, the amount of such deductible or self-insured retention shall be approved in advance by City. No policy of insurance issued as to which the City is an additional insured shall contain a provision which requires that no insured except the named insured can satisfy any such deductible or self-insured retention.

5.4. Certificates of Insurance. Consultant and Bank shall provide to City certificates of insurance showing the insurance coverages and required endorsements described above, in a form and content approved by City, prior to performing any services under this Agreement. The certificates of insurance shall be attached hereto as Exhibit "D" and incorporated herein by this reference.

5.5. Non-Limiting. Nothing in this Section shall be construed as limiting in any way, the indemnification provision contained in this Agreement, or the extent to which Consultant or Bank may be held responsible for payments of damages to persons or property.

6.0. GENERAL PROVISIONS

6.1. Entire Agreement. This Agreement constitutes the entire agreement between the Parties with respect to any matter referenced herein and supersedes any and all other prior writings and oral negotiations. This Agreement may be modified only in writing, and signed by the parties in interest at the time of such modification. The terms of this Agreement shall prevail over any inconsistent provision in any other contract document appurtenant hereto, including exhibits to this Agreement.

6.2. Representatives. The City Manager or his or her designee shall be the representative of City for purposes of this Agreement and may issue all consents, approvals, directives and agreements on behalf of the City, called for by this Agreement, except as otherwise expressly provided in this Agreement.

Consultant and Bank shall each designate a representative for purposes of this Agreement who shall be authorized to issue all consents, approvals, directives and agreements on behalf of Consultant and Bank called for by this Agreement, except as otherwise expressly provided in this Agreement.

6.3. Project Managers. City shall designate a Project Manager to work directly with Consultant in the performance of this Agreement.

Consultant and Bank shall each designate a Project Manager who shall represent it and be its agent in all consultations with City during the term of this Agreement. Consultant and Bank or their Project Managers shall attend and assist in all coordination meetings called by City.

6.4. Notices. Any notices, documents, correspondence or other communications concerning this Agreement or the work hereunder may be provided by personal delivery or mail and shall be addressed as set forth below. Such communication shall be deemed served or delivered: (a) at the time of delivery if such communication is sent by personal delivery, and (b) 48 hours after deposit in the U.S. Mail as reflected by the official U.S. postmark if such communication is sent through regular United States mail.

IF TO CONSULTANT:

AmeriNat
217 South Newton Ave.
Albert Lea, MN 56007
Tel: (866) 779-5546
Attn: Amber Loverink,
Marketing and Contracts Manager

IF TO BANK:

Farmers State Bank of Harland
1452 W Main Street
Albert Lea, MN 56007
Tel: (507) 373-1945
Attn: Mark Heinemann, President/CFO

IF TO CITY:

City of Costa Mesa
77 Fair Drive
Costa Mesa, CA 92626
Tel: (714) 754-4870
Attn: Jacqueline Reeves,
Program Manager/Management Analyst

With a courtesy copy to:

City of Costa Mesa
77 Fair Drive
Costa Mesa, CA 92626
Attn: Finance Department – Purchasing

6.5. Drug-Free Workplace Policy. Consultant and Bank shall provide a drug-free workplace by complying with all provisions set forth in City's Council Policy 100-5, attached hereto as Exhibit "E" and incorporated herein by reference. Consultant's or Bank's failure to conform to the requirements set forth in Council Policy 100-5 shall constitute a material breach of this Agreement and shall be cause for immediate termination of this Agreement by City.

6.6. Attorneys' Fees. In the event that litigation is brought by any party in connection with this Agreement, the prevailing party shall be entitled to recover from the opposing party all costs and expenses, including reasonable attorneys' fees, incurred by the prevailing party in the exercise of any of its rights or remedies hereunder or the enforcement of any of the terms, conditions, or provisions hereof.

6.7. Governing Law. This Agreement shall be governed by and construed under the laws of the State of California without giving effect to that body of laws pertaining to conflict of laws. In the event of any legal action to enforce or interpret this Agreement, the Parties hereto agree that the sole and exclusive venue shall be a court of competent jurisdiction located in Orange County, California.

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.

6.9. Indemnification and Hold Harmless. Consultant and Bank agree to defend, indemnify, hold free and harmless the City, its elected officials, officers, agents and employees, at Consultant's and Bank's sole expense, from and against any and all losses, damages, costs and expenses, including, without limitation, reasonable attorneys' fees and costs, claims, actions, suits or other legal proceedings brought against the City, its elected officials, officers, agents and employees arising out of the performance of the Consultant or Bank, their employees, and/or authorized subcontractors, of the work undertaken pursuant to this Agreement. The defense obligation provided for hereunder shall apply without any advance showing of negligence or wrongdoing by the Consultant or Bank, their respective employees, and/or authorized subcontractors, but shall be required whenever any claim, action, complaint, or suit asserts as its basis the negligence, errors, omissions or misconduct of the Consultant or Bank, or their respective employees, and/or authorized subcontractors, and/or whenever any claim, action, complaint or suit asserts liability against the City, its elected officials, officers, agents and employees based upon the work performed by the Consultant or Bank, or their respective employees, and/or authorized subcontractors under this Agreement, whether or not the Consultant or Bank, their respective employees, and/or authorized subcontractors are specifically named or otherwise asserted to be liable. Notwithstanding the foregoing, Consultant and Bank shall not be liable for the defense or indemnification of the City for claims, actions, complaints or suits arising out of the sole active negligence or willful misconduct of the City. This provision shall supersede and replace all other indemnity provisions contained in the City's specifications, which shall be of no force and effect.

The City agrees to indemnify, defend and hold harmless Consultant and Bank and their respective employees, representatives, agents, successors and assigns (individually and collectively, "Indemnitees") from and against any and all losses, damages, costs and expenses, including without limitation, reasonable attorneys' fees and costs, incurred by the Consultant or Bank in connection with a breach by the City of any of the covenants, agreements, representations or warranties contained herein, or the sole, willful negligence or intentional misconduct of the City, or any of its employees, subcontractors or agents.

6.10. Independent Contractor. Consultant and Bank are and shall be acting at all times as independent contractors and not as employees of City. Consultant and Bank shall have no power to incur any debt, obligation, or liability on behalf of City or otherwise act on behalf of City as an agent. Neither City nor any of its agents shall have control over the conduct of Consultant or Bank or any of their employees, except as set forth in this Agreement. Consultant and Bank shall not, at any time, or in any manner, represent that they or any of their agents or employees are in any manner agents or employees of City. Consultant and Bank shall secure, at their sole expense, and be responsible for any and all payment of Income Tax, Social Security, State Disability Insurance Compensation, Unemployment Compensation, and other payroll deductions for Consultant and Bank and their respective officers, agents, and employees, and all business licenses, if any are required, in connection with the services to be performed hereunder. Consultant and Bank shall indemnify and hold City harmless from any and all taxes, assessments,

penalties, and interest asserted against City by reason of the independent contractor relationship created with each by this Agreement. Consultant and Bank further agree to indemnify and hold City harmless from any failure of Consultant or Bank to comply with the applicable worker's compensation laws. City shall have the right to offset against the amount of any fees due to Consultant or Bank under this Agreement any amount due to City from Consultant or Bank as a result of Consultant's or Bank's failure to promptly pay to City any reimbursement or indemnification arising under this paragraph.

6.11. PERS Eligibility Indemnification. In the event that Consultant or Bank or any employee, agent, or subcontractor of Consultant or Bank providing services under this Agreement claims or is determined by a court of competent jurisdiction or the California Public Employees Retirement System (PERS) to be eligible for enrollment in PERS as an employee of the City, Consultant or Bank shall indemnify, defend, and hold harmless City for the payment of any employee and/or employer contributions for PERS benefits on behalf of Consultant or Bank or their respective employees, agents, or subcontractors, as well as for the payment of any penalties and interest on such contributions, which would otherwise be the responsibility of City.

Notwithstanding any other agency, state or federal policy, rule, regulation, law or ordinance to the contrary, Consultant and Bank and any of their employees, agents, and subcontractors providing service under this Agreement shall not qualify for or become entitled to, and hereby agree to waive any claims to, any compensation, benefit, or any incident of employment by City, including but not limited to eligibility to enroll in PERS as an employee of City and entitlement to any contribution to be paid by City for employer contribution and/or employee contributions for PERS benefits.

6.12. Cooperation. In the event any claim or action is brought against City relating to Consultant's and/or Bank's performance or services rendered under this Agreement, Consultant and Bank shall render any reasonable assistance and cooperation which City might require.

6.13. Ownership of Documents. All findings, reports, documents, information and data including, but not limited to, computer tapes or discs, files and tapes furnished or prepared by Consultant or Bank or any of their subcontractors in the course of performance of this Agreement, shall be and remain the sole property of City. Consultant and Bank agree that any such documents or information shall not be made available to any individual or organization without the prior consent of City. Any use of such documents for other projects not contemplated by this Agreement, and any use of incomplete documents, shall be at the sole risk of City and without liability or legal exposure to Consultant or Bank. City shall indemnify and hold harmless Consultant and Bank from all claims, damages, losses, and expenses, including attorneys' fees, arising out of or resulting from City's use of such documents for other projects not contemplated by this Agreement or use of incomplete documents furnished by Consultant or Bank. Consultant and Bank shall deliver to City any findings, reports, documents, information, data, in any form, including but not limited to, computer tapes, discs, files audio tapes or any other Project related items as requested by City or its authorized representative, at no additional cost to the City.

6.14. Public Records Act Disclosure. Consultant and Bank have been advised and are aware that this Agreement and all reports, documents, information and data, including, but not limited to, computer tapes, discs or files furnished or prepared by Consultant and Bank, or any of their subcontractors, pursuant to this Agreement and provided to City may be subject to public disclosure as required by the California Public Records Act (California Government Code section 6250 *et seq.*). Exceptions to public disclosure may be those documents or information that qualify as trade secrets, as that term is defined in the California Government Code section 6254.7, and of which Consultant or Bank informs City of such trade secret. The City will endeavor to maintain

as confidential all information obtained by it that is designated as a trade secret. The City shall not, in any way, be liable or responsible for the disclosure of any trade secret including, without limitation, those records so marked if disclosure is deemed to be required by law or by order of the Court.

6.15. Conflict of Interest. Consultant and Bank and their officers, employees, associates and subconsultants, if any, will comply with all conflict of interest statutes of the State of California applicable to Consultant's and Bank's services under this Agreement, including, but not limited to, the Political Reform Act (Government Code sections 81000, *et seq.*) and Government Code section 1090. During the term of this Agreement, Consultant and Bank and their officers, employees, associates and subconsultants shall not, without the prior written approval of the City Representative, perform work for another person or entity for whom Consultant or Bank is not currently performing work that would require Consultant or Bank or one of their officers, employees, associates or subconsultants to abstain from a decision under this Agreement pursuant to a conflict of interest statute.

6.16. Responsibility for Errors. Consultant and Bank shall be responsible for their respective work and results under this Agreement. Consultant and Bank, when requested, shall furnish clarification and/or explanation as may be required by the City's representative, regarding any services rendered under this Agreement at no additional cost to City. In the event that an error or omission attributable to Consultant or Bank occurs, then Consultant or Bank shall, at no cost to City, provide all necessary design drawings, estimates and other Consultant or Bank professional services necessary to rectify and correct the matter to the sole satisfaction of City and to participate in any meeting required with regard to the correction.

6.17. Prohibited Employment. Consultant and Bank will not employ any regular employee of City while this Agreement is in effect.

6.18. Order of Precedence. In the event of an inconsistency in this Agreement and any of the attached Exhibits, the terms set forth in this Agreement shall prevail. If, and to the extent this Agreement incorporates by reference any provision of any document, such provision shall be deemed a part of this Agreement. Nevertheless, if there is any conflict among the terms and conditions of this Agreement and those of any such provision or provisions so incorporated by reference, this Agreement shall govern over the document referenced.

6.19. Costs. Each party shall bear its own costs and fees incurred in the preparation and negotiation of this Agreement and in the performance of its obligations hereunder except as expressly provided herein.

6.20. No Third Party Beneficiary Rights. This Agreement is entered into for the sole benefit of City, Consultant, and Bank and no other parties are intended to be direct or incidental beneficiaries of this Agreement and no third party shall have any right in, under or to this Agreement.

6.21. Headings. Paragraphs and subparagraph headings contained in this Agreement are included solely for convenience and are not intended to modify, explain or to be a full or accurate description of the content thereof and shall not in any way affect the meaning or interpretation of this Agreement.

6.22. Construction. The Parties have participated jointly in the negotiation and drafting of this Agreement. In the event an ambiguity or question of intent or interpretation arises with respect to this Agreement, this Agreement shall be construed as if drafted jointly by the Parties

and in accordance with its fair meaning. There shall be no presumption or burden of proof favoring or disfavoring any party by virtue of the authorship of any of the provisions of this Agreement.

6.23. Amendments. Only a writing executed by the Parties hereto or their respective successors and assigns may amend this Agreement.

6.24. Waiver. The delay or failure of any party at any time to require performance or compliance by another party of any of its obligations or agreements shall in no way be deemed a waiver of those rights to require such performance or compliance. No waiver of any provision of this Agreement shall be effective unless in writing and signed by a duly authorized representative of the party against whom enforcement of a waiver is sought. The waiver of any right or remedy in respect to any occurrence or event shall not be deemed a waiver of any right or remedy in respect to any other occurrence or event, nor shall any waiver constitute a continuing waiver.

6.25. Severability. If any provision of this Agreement is determined by a court of competent jurisdiction to be unenforceable in any circumstance, such determination shall not affect the validity or enforceability of the remaining terms and provisions hereof or of the offending provision in any other circumstance. Notwithstanding the foregoing, if the value of this Agreement, based upon the substantial benefit of the bargain for any party, is materially impaired, which determination made by the presiding court or arbitrator of competent jurisdiction shall be binding, then the Parties agree to substitute such provision(s) through good faith negotiations.

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

6.27. Corporate Authority. The persons executing this Agreement on behalf of the Parties hereto warrant that they are duly authorized to execute this Agreement on behalf of said Parties and that by doing so the Parties hereto are formally bound to the provisions of this Agreement.

[Signatures appear on following page.]

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

AMERINAT COMMUNITY SERVICES, LLC DBA AMERINAT

Danelle Thomsen
Danelle Thomsen
CFO

Date: 8-9-19

FARMERS STATE BANK OF HARTLAND

Mark Heinemann
Mark Heinemann
President/CFO

Date: 8-7-19

CITY OF COSTA MESA

Lori Ann Farrell Harrison
Lori Ann Farrell Harrison
City Manager

Date: 8-26-19

ATTEST:

Brenda Green 8-27-19
Brenda Green
City Clerk



APPROVED AS TO FORM:

Kimberly Hall Barlow
Kimberly Hall Barlow
City Attorney

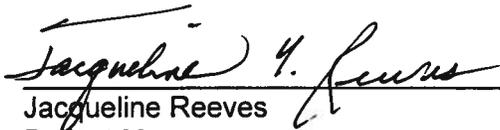
Date: 8/23/19

APPROVED AS TO INSURANCE:

Ruth Wang
Ruth Wang
Risk Management

Date: 8/20/19

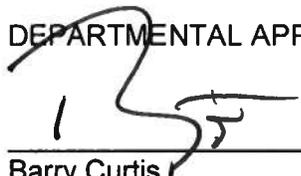
APPROVED AS TO CONTENT:



Jacqueline Reeves
Project Manager

Date: 8/20/19

DEPARTMENTAL APPROVAL



Barry Curtis
Economic and Development Services
Director

now

Date: 8-26-19

APPROVED AS TO PURCHASING:



Kelly Telford
Finance Director

Date: 8/19/19

EXHIBIT A

FIRST TIME HOME BUYER PROGRAM SCOPE OF SERVICES

Consultant and Bank agree to provide the following services in accordance with applicable federal, state and local laws and regulations.

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 outstanding loans (each, a "Loan" and together, "Loans") under the City's First Time Homebuyer ("FTHB") Assistance 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). Consultant understands that the primary objectives are for Consultant to service the existing Program loans and as and when required prepare related loan servicing documents for the Program, such as subordination agreements, notices of default, etc. The existing Program loans are of two types: (1) as to FTHB Loans issued prior to January 1, 2006, each Loan was a 30-year second lien mortgage with an initial ten-year deferral and amortized payments thereafter commencing at year 10 with payment in full due at year 30; (2) as to FTHB Loans issued on and after January 1, 2006, each was a 45-year second lien mortgage, with an initial 30-year deferral and amortized payments thereafter commencing at year 30 with payment in full due at year 45.

II. LOAN SERVICING FOR AMORTIZED AND DEFERRED LOANS

- A. *Introductory Package:* Upon boarding of each new loan, AmeriNational will send to each borrower a welcome package. This welcome package contains a Notice of Servicing Transfer, Fair Debt Notice, FACT Act Letter, ACH sign-up form and a supply of coupons.
- B. *Collection and Remittance of Payments:* For all loans, Consultant will collect, as applicable, payments from the borrowers through monthly or other scheduled remittances (including final payoffs) of principal, interest, fees, escrow balances and other identified payments. These remittances will be posted to the loan and ancillary records in accordance with the loan documents and Costa Mesa's written instructions. Payments will be posted the same day as receipt. All funds will be maintained in an FDIC insured banking institution in a custodial account for the benefit of Costa Mesa and the borrowers as applicable. Consultant will ensure the proper balancing of cash received and transmitted and loan portfolio totals on a daily and monthly basis. Remittances will be forwarded to Costa Mesa monthly net of fees and other authorized charges due to Consultant.

- C. *Payment of Property Taxes:* At Costa Mesa's request, Consultant will monitor the timely payment of property taxes. Tax service will be required to monitor payment of property tax.
- D. *Insurance Monitoring:* Consultant will notify the insurance agent in writing that Consultant is monitoring premium payments and that we are to be made aware of delinquencies or cancellations. Consultant will force place insurance in accordance with respective regulation (see Insurance section).
- E. *Late Fees:* In keeping with the provisions of Costa Mesa's promissory note, Consultant will assess and retain a late fee when payment is not made within the grace period.

III. LENDER PLACED INSURANCE

In accordance with respective regulation, upon notification of a policy cancellation from the borrower's insurance carrier, or when proof of a current policy is not received, Consultant will request lender-placed insurance from Consultant's insurance provider.

- A. Coverage is instantly bound upon receipt of request with an effective date up to 90 days prior to receipt of our request.
- B. Consultant's insurance provider or their carrier will send out three letters to the borrower over the course of forty-five days. If the borrower provides proof of coverage, lender-placed coverage will be cancelled.
- C. 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.
- D. If the borrower does not provide proof of coverage, Consultant's insurance provider will send an insurance policy and notification of premium to the borrower and bill Consultant for a one-year policy. If the borrower does not have an established impound account; Consultant 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, Costa Mesa 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 forced place insurance or other advances) so that the borrower will still be held responsible for the cost even if they are unresponsive.
- E. The Portfolio Status Report, delivered monthly to Costa Mesa, will also reflect such negative impound balances (i.e. the total amount of such premiums owed by borrower).
- F. The one-year policy is cancelable at any time by either Consultant or Costa Mesa.

IV. ACCOUNT INQUIRIES

Borrowers and Costa Mesa have, and shall continuously have, 24-hour electronic access to their loan information via Consultant'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, Consultant will provide, without charge, a detailed statement of all transactions relating to the borrower's payments and/or escrow account.

V. 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.

VI. ADDITIONAL PORTFOLIO MANAGEMENT SERVICES

- A. *Loan Payoff Quotations, Satisfactions, Reconveyances:* At Costa Mesa's request, Consultant will provide: (1) loan payoff quotations, (2) prepare satisfactions and reconveyances of mortgage at homeowner/borrower's expense for any Program Loan.

Further, in connection with each loan payoff quotation, Consultant shall prepare for Costa Mesa staff a form of demand to escrow/title with instructions for payoff of the full amount(s) due to Costa Mesa.

Consultant will provide loan payoff instructions so that each loan payoff will occur through funds sent to AmeriNational Community Services, LLC dba AmeriNat, then Consultant shall issue a payoff check to the City of Costa Mesa or to the Costa Mesa Housing Authority, as applicable to such loan payoff.

- B. *Loan Amortization Schedules:* Consultant will provide Loan Amortization Schedules for any loan at Costa Mesa's request.
- C. *1098 Tax Forms:* Pursuant to IRS regulations and, on behalf of Costa Mesa, Consultant will submit required 1098 tax form for any and all borrowers paying interest on any Costa Mesa loan.
- D. *Year-End Account Summary:* Consultant 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 Consultant made on the borrower's behalf for taxes and insurance, and any remaining escrow balance.
- E. *Tickler Notifications:* Consultant will provide for an annual tickler notification to any borrower, at Costa Mesa's request.

VII. LOAN TRANSFER

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

VIII. LOAN RECONSTRUCTION

Over the course of our history, we have assisted our wide range of clients in reconstructing their portfolio of loans to ensure the accuracy and consistency of the booked loans with the terms and conditions of the original loan documents. Reconstruction 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.

IX. LOSS MITIGATION

Consultant 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 Consultant to minimize any loss of income to Costa Mesa:

- A. *New Borrower Delinquency:* Early delinquency can be a sign of a chronic delinquent borrower. Consultant 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 17 days delinquent.
- B. *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 and 45 and 90 days past the payment due date. The 45-day letter will include the Consumer Financial Protection Bureau (CFPB) mandated notification informing the borrower of the available loss mitigation options. The 90-day letter will detail for the borrower possible escalated collection activity up to and including foreclosure. The letters emphasize the seriousness of the situation, the potential for loss of the borrower's property, and demands immediate payment.
- C. *Due Diligence Phone Calls:* Telephone calls will be placed to all mortgage loan borrowers in accordance with CFPB guidance and best practices. We will attempt to establish live contact with the borrower beginning at the 17th day of delinquency with a good faith goal of establishing contact with the borrower by the 36th day of delinquency. We will make one or more subsequent attempts to contact the borrower every 30-days thereafter. 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.

- D. *Credit Reporting:* Consultant will report to the credit bureaus any borrower payment activity on a monthly basis.
- E. *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, Consultant 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 Consultant to recommend foreclosure.

X. LOAN FORECLOSURE

The mortgage transaction and all collections efforts are predicated on the assumption that the borrower is motivated and able to meet the mortgage obligation. A decision to foreclose is based on an analysis of an individual loan. We will look at the borrower with particular emphasis on basic motivation, ability to pay; and attitude or level of cooperation. If a borrower has been uncooperative, non-responsive, or unwilling to cure the existing default by all reasonable means, Consultant will recommend foreclosure.

This step is generally not taken until after a loan becomes over 120 days delinquent. Upon Costa Mesa's approval, and in accordance with respective local, state and federal statutes, Consultant will send the borrower a notice of intent to foreclose/demand letter, with a copy to Costa Mesa. If no response is received within 30 days, Consultant will advise Costa Mesa of the non-response. Upon Costa Mesa's direction, Consultant will proceed to foreclosure. Consultant will properly document all steps taken to affect a cure.

If the loan is not reinstated or paid off, Consultant will continue foreclosure up to and including the sale of the property. Upon sale of the property, Consultant will return all proceeds of the sale to Costa Mesa less foreclosure fees and any previously un-reimbursed costs incurred.

In the event the borrower reinstates the loan, Consultant will remit to Costa Mesa all payments received from the borrower. For those loans that are reinstated by the borrower, Consultant will resume normal servicing functions.

XI. BANKRUPTCY ADMINISTRATION SERVICES

A. *Chapter 13 Bankruptcy:*

1. Upon receipt of notification from a court of law, debtor (borrower), or Costa Mesa of a Chapter 13 bankruptcy for a debtor serviced by Consultant, Consultant will forward a notification letter to Costa Mesa 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. Consultant will then file a Proof of Claim to the appropriate court. Upon receipt of a returned filed Proof of Claim from the court, Consultant will forward a copy of same to Costa Mesa and will begin monitoring post and pre-petition payments to borrower's loan account.

2. Upon any default of borrower in the remittance of post-petition payments, Consultant 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. If the borrower has no legal counsel and has filed their bankruptcy petition "pro se", (on their own behalf) or with the assistance of a licensed paralegal; Consultant can communicate directly with the borrower. In addition, notification of the default will be forwarded to the Trustee's office. Should there be a continued default in post-petition payments and at the instruction of Costa Mesa, the Motion to Lift will be filed by Consultant and Consultant will begin foreclosure proceedings as directed by Costa Mesa.

B. Chapter 7 Bankruptcy:

1. Upon receipt of notification of a Chapter 7 bankruptcy for a debtor serviced by Consultant, Consultant 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. If the borrower has no legal counsel and has filed their bankruptcy petition "pro se", (on their own behalf) or with the assistance of a licensed paralegal; Consultant can communicate directly with the borrower.
2. Upon any default of borrower's remittance of payments during the bankruptcy, Consultant will contact the borrower's (debtor's) counsel advising of the default, but if filed pro se, then the debtor would be contacted directly.
3. Should the Chapter 7 Trustee determine that assets are available for distribution to creditors, Consultant will file a Proof of Claim on behalf of Costa Mesa, indicating total amount due.

XII. SUBORDINATION PROCESSING

- A. *Subordination Request Package:* Costa Mesa, upon receiving a request for subordination, may refer the borrower to Consultant (or Costa Mesa may handle subordination requests itself) without charge imposed by Consultant. If this service is requested by Costa Mesa of the Consultant, then Consultant will send a Subordination Request Package to the borrower or designee (lender or title). Costa Mesa may require the borrower to pay the cost of the subordination processing at application or Costa Mesa may pay the cost upon billing from Consultant.
- B. *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 Costa Mesa's specific subordination criteria policies and that Costa Mesa's title position and security for its note is an remains in second lien position and is otherwise properly treated. Documentation typically required for the review may include the following:

1. Letter from borrower with reasons for requesting subordination and all required supporting documentation to evidence compliance with Costa Mesa subordination criteria;
 2. FNMA 1003 application, or other applicable application, for new senior loan;
 3. Lender's approval of new senior loan, with all conditions to such loan approval in writing for review by Costa Mesa or its Consultant;
 4. Title report;
 5. Appraisal;
 6. Closing instructions and estimated closing statement;
 7. Credit report (if required);
 8. Tax return or other income documentation (if required);
 9. Completed Subordination Agreement ready for signature, using only the form/template prepared by provided to Consultant for use with each and any approved subordination of a FTHB Program Loan. (See exhibit hereto for current form/template of Subordination Agreement); and
 10. Request for Notice document on new senior loan(s).
- C. *Document Preparation:* Consultant prepares (or reviews docs prepared by new senior lender) and shall use only the Subordination Agreement in form and content provided by Costa Mesa:
1. Subordination Agreement using the form/template provided by Costa Mesa;
 2. Request for Notice document on new senior loan(s); and
 3. Closing instructions.
- D. *Recommendation:* At the completion of the review, a report is forwarded to Costa Mesa 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. In no event shall a requesting borrower receive any cash withdrawal or proceeds of the new loan if subordination of Costa Mesa's loan is approved and proceeds to closing.
- E. *Approval:* Upon Costa Mesa's approval of a request for subordination, Costa Mesa will forward to borrower's lender or Title Company:
1. Completed and executed Subordination Agreement between Costa Mesa, the new lender, and borrower;

2. Closing instructions dictating terms / use of Subordination Agreement document; and
3. Request for Notice document for new senior loan.

XIII. PROPERTY CONDITIONS PROFILE AND AFFIDAVIT OF OWNER

A. Property Conditions Profile:

1. As requested by Costa Mesa, Consultant 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: Consultant will not, at any time, enter upon the owner's private property.
2. 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.
3. If the dwelling appears vacant or abandoned, it will be noted in the report.
4. 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 Owner:

Consultant 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:

1. Continued residence
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

If no response is received within two weeks, Consultant will send a second letter, again requesting owner to sign and return affidavit.

Consultant will compile responses and will forward original affidavits to the City.

SERVICES STRICTLY PERFORMED BY BANK

FUND DISBURSEMENT SERVICES

A. 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.

B. 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.

C. 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.

D. 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.

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

1. *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:

- (a) Homeowner/Borrower(s) name
- (b) Contractor(s)
- (c) Property/job site address
- (d) Amount of funds being held
- (e) Instructions on how funds are to be disbursed
- (f) Original signatures of Homeowner/Borrower and Costa Mesa representative

2. *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.

3. *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.

4. *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.

5. *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.

6. *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.

7. *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.

8. *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.

REQUIREMENTS OF BOTH CONSULTANT AND BANK – 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 mutually agreed upon reports required by the Program, and shall provide all documentation and reports requested by and mutually agreed upon with the City to meet its Program reporting requirements.

Consultant's standard reports are designed to meet Costa Mesa'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 Costa Mesa online through our Internet *LoanLink* service. Through *LoanLink*, Costa Mesa has unlimited access to account and portfolio data, and can view the information as well as generate reports that can be downloaded into Excel.

- A. *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 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 online, one hard-copy report forwarded monthly to Costa Mesa.

- B. *Current Month Reconciliation Report:* This report serves as reconciliation for the loan payments remitted by borrowers.

Frequency: Available online, one hard-copy report, along with remittance check, forwarded to Costa Mesa within ten working days of the close of the month.

- C. *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 online, one hard-copy report forwarded monthly to Costa Mesa.

- D. *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 Costa Mesa upon request.

- E. *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 online.

- F. *Current Year Payment History:* Details transactions on individual accounts for the current year's activity.

Frequency: Available online.

- G. *Payment History with Memos:* Consultant uses a series of memo codes to help classify various borrower requests or processing activity. Activities subject to memo code 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 Consultant personnel.

Frequency: Available online.

- H. *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 online.

EXHIBIT B
PROGRAM GUIDELINES

EXHIBIT C

FEE SCHEDULE

Loan Portfolio Management

Amortized Loans:

Monthly Service Fee: 1/24 of 1% per month of original principal amount with a minimum monthly fee of \$18.00 and a maximum monthly fee of \$29.35 for each loan in the portfolio. Escrowing and/or monitoring of taxes and insurance are included with the service at no additional cost (except for a potential one-time tax service fee). The establishment of a new tax service contract or the transfer of an existing contract from an acceptable service provider is required for the escrowing and/or monitoring of taxes. Tax service vendor fees are outside costs 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 projects.

Deferred Loans:

- (i) Warehouse: \$2.25 per loan per month
- (ii) Warehouse and monitor of taxes and/or insurance: \$5.85 per loan per month plus a one-time tax service vendor fee
- (iii) Warehouse and escrow of taxes and/or insurance: \$18.00 per loan per month plus a one-time tax service vendor fee
- (iv) Flat fee for receiving occasional payments on deferred loans: \$18.00 per payment

Loss Mitigation

Included in monthly service fee.

Per-Event Fees

Tickler Notifications:	\$12.50 per notification
Loan Transfer Fee:	\$75.00 per loan one-time fee is transferred from Consultant
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

Loan Processing and Underwriting Services (FTHB - Upon request)

\$415 per file.

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.

Loan Foreclosure

Document preparation. A one-time charge of \$430.00 to prepare documents to commence foreclosure proceedings and to manage the foreclosure process on behalf of Costa Mesa. In addition to the above foreclosure service fee, Consultant will deduct and pay from remittance or bill Costa Mesa 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 Costa Mesa and within all applicable statutory limits. Reinstatement figures provided more frequent than monthly may be subject to an additional charge of \$15.00 per occurrence.

- (i) Reinstatement Terms. Costa Mesa 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

1. Filing of Proof of Claims Fees: \$100 per occurrence
2. Filing of Reaffirmation Agreements Fee: \$75 per occurrence
3. Monitoring and Repayments Fee: \$12.00 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.
4. Filing of Lift Says Fee. \$175 per occurrence plus out-of-pocket fees and costs. Such fees and costs include, but are not limited to, obtaining local counsel in 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 Consultant that cannot be reimbursed from the borrower.

Subordination Processing

A fee of \$380.00 per analysis per loan.

Extraordinary Services and Research

As requested only, Consultant will conduct ongoing routine maintenance and general customer service activities on borrower information and balances as part of its servicing duties at not additional cost.

If Costa Mesa requests additional research to be conducted, or if Costa Mesa engages Consultant to conduct a Loan Reconstruction Service on its portfolio, an extraordinary research fee of \$150.00 per hour will be charged, with a minimum of one hour per occurrence. Any such fee will be approved in writing by Costa Mesa before the research is conducted.

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

If Costa Mesa requests additional services to be performed by Consultant not specifically set forth in the Scope of Services and Consultant agrees to perform the requested additional services, Consultant shall undertake such services after receiving written authorization from Costa Mesa. Additional compensation for such services shall be allowed as agreed upon in writing by Costa Mesa and Consultant.

Note: Pass-through (reimbursable) expenses not reimbursed monthly, will be considered servicer advances and will be subject to an interest charge at a rate of 1% per month compounded. A finance charge of 1% per month compounded will be applied to any invoice outstanding and unpaid for more than 60 days.

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.

EXHIBIT D
CERTIFICATES OF INSURANCE



AMERCOM-01

MGRIFFA

CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)

5/29/2019

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must have ADDITIONAL INSURED provisions or be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER License # CA#0658748

AHT Insurance
1460 Broadway
Suite 16023
New York, NY 10036

CONTACT NAME:

PHONE (A/C, No, Ext): (703) 777-2341

FAX (A/C, No): (703) 771-1852

E-MAIL ADDRESS:

INSURER(S) AFFORDING COVERAGE

NAIC #

INSURER A : Great Northern Insurance Company

20303

INSURER B : Federal Insurance Company

20281

INSURER C : Peleus Insurance Company

34118

INSURER D :

INSURER E :

INSURER F :

INSURED

AmeriNational Community Services, LLC dba AmeriNat
217 S. Newton Avenue
Albert Lea, MN 56007

COVERAGES

CERTIFICATE NUMBER:

REVISION NUMBER:

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL SUBR INSD WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
A	<input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input type="checkbox"/> PROJECT <input checked="" type="checkbox"/> LOC OTHER:	X	36031757	5/29/2019	5/29/2020	EACH OCCURRENCE \$ 1,000,000 DAMAGE TO RENTED PREMISES (Ea occurrence) \$ 1,000,000 MED EXP (Any one person) \$ 10,000 PERSONAL & ADV INJURY \$ 1,000,000 GENERAL AGGREGATE \$ 2,000,000 PRODUCTS - COM/OP AGG \$ Included
A	AUTOMOBILE LIABILITY <input type="checkbox"/> ANY AUTO OWNED AUTOS ONLY <input type="checkbox"/> SCHEDULED AUTOS <input checked="" type="checkbox"/> HIRED AUTOS ONLY <input checked="" type="checkbox"/> NON-OWNED AUTOS ONLY		73588835	5/29/2019	5/29/2020	COMBINED SINGLE LIMIT (Ea accident) \$ 1,000,000 BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$
B	<input checked="" type="checkbox"/> UMBRELLA LIAB <input checked="" type="checkbox"/> OCCUR <input type="checkbox"/> EXCESS LIAB <input type="checkbox"/> CLAIMS-MADE DED RETENTION \$		79898650	5/29/2019	5/29/2020	EACH OCCURRENCE \$ 5,000,000 AGGREGATE \$ 5,000,000
B	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) <input type="checkbox"/> Y/N <input type="checkbox"/> N/A If yes, describe under DESCRIPTION OF OPERATIONS below	X	77171555	5/29/2019	5/29/2020	<input checked="" type="checkbox"/> PER STATUTE <input type="checkbox"/> OTHER E.L. EACH ACCIDENT \$ 1,000,000 E.L. DISEASE - EA EMPLOYEE \$ 1,000,000 E.L. DISEASE - POLICY LIMIT \$ 1,000,000
C	Management Liability		ML7601398-4	5/29/2019	5/29/2020	See Next Page

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)
****General Liability, Automobile Liability and Umbrella Liability include OSP as a Named Insured****

SEE ATTACHED ACORD 101

CERTIFICATE HOLDER

City of Costa Mesa, Costa Mesa Housing Authority; Attn:
Housing and Community Development
77 Fair Dr.; PO Box 1200
Costa Mesa, CA 92628-1200

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

AUTHORIZED REPRESENTATIVE



ADDITIONAL REMARKS SCHEDULE

AGENCY AHT Insurance		License # CA#0658748	NAMED INSURED AmeriNational Community Services, LLC dba AmeriNat 217 S. Newton Avenue Albert Lea, MN 56007 USA
POLICY NUMBER SEE PAGE 1			
CARRIER SEE PAGE 1	NAIC CODE SEE P 1	EFFECTIVE DATE: SEE PAGE 1	

ADDITIONAL REMARKS

THIS ADDITIONAL REMARKS FORM IS A SCHEDULE TO ACORD FORM,
FORM NUMBER: ACORD 25 FORM TITLE: Certificate of Liability Insurance

Description of Operations/Locations/Vehicles:
Management Liability (D&O/EPLI/FID)
Maximum Aggregate Limit: \$5,000,000

Directors & Officers Liability (D&O)
Limit: \$3,000,000
Retention: \$0/\$150,000/\$150,000

Employment Practices Liability (EPLI)
Limit: \$2,000,000
Retention: \$100,000

Fiduciary Liability (FID)
Limit: \$2,000,000
Retention: \$50,000

Cyber Liability
Policy Number: ASH19D001692
Carrier: Underwriters at Lloyd's, London
Effective Dates: 05/29/2019-05/29/2020
Limits: \$3,000,000
Retention: \$10,000

Errors & Omissions Liability:
Policy Number: B0507 F11900853
Carrier: Underwriters at Lloyd's, London
Effective Dates: 05/29/2019-05/29/2020
Limits: \$4,000,0000
Retention: \$150,000

Mortgage Bond:
Policy Number: MBBA-18-00337
Carrier: Underwriters at Lloyd's, London
Effective Dates: 05/29/2019-05/29/2020
Limits: \$13,500,000
Deductible: \$50,000

RE: Solicitation # (2015019). Certificate Holder is included as Additional Insured under the General Liability as required by written contract per form #80-02-2367 (05/07) attached. Waiver of subrogation applies to the Workers Compensation.

Liability Insurance**Endorsement**

Policy Period MAY 29, 2019 TO MAY 29, 2020
Effective Date MAY 29, 2019
Policy Number 3603-17-57 ECE
Insured AMERINATIONAL COMMUNITY SERVICES, LLC
 DBA AMERINAT
Name of Company GREAT NORTHERN INSURANCE COMPANY
Date Issued FEBRUARY 28, 2019

This Endorsement applies to the following forms:

GENERAL LIABILITY**Who Is An Insured****Additional Insured -
Scheduled Person
Or Organization**

Under Who Is An Insured, the following provision is added.

Persons or organizations shown in the Schedule are **insureds**; but they are **insureds** only if you are obligated pursuant to a contract or agreement to provide them with such insurance as is afforded by this policy.

However, the person or organization is an **insured** only:

- if and then only to the extent the person or organization is described in the Schedule;
- to the extent such contract or agreement requires the person or organization to be afforded status as an **insured**;
- for activities that did not occur, in whole or in part, before the execution of the contract or agreement; and
- with respect to damages, loss, cost or expense for injury or damage to which this insurance applies.

No person or organization is an **insured** under this provision:

- that is more specifically identified under any other provision of the Who Is An Insured section (regardless of any limitation applicable thereto).
- with respect to any assumption of liability (of another person or organization) by them in a contract or agreement. This limitation does not apply to the liability for damages, loss, cost or expense for injury or damage, to which this insurance applies, that the person or organization would have in the absence of such contract or agreement.

Liability Endorsement
(continued)

Conditions

Under Conditions, the following provision is added to the condition titled Other Insurance.

**Other Insurance –
Primary, Noncontributory
Insurance – Scheduled
Person Or Organization**

If you are obligated, pursuant to a contract or agreement, to provide the person or organization shown in the Schedule with primary insurance such as is afforded by this policy, then in such case this insurance is primary and we will not seek contribution from insurance available to such person or organization.

Schedule

Persons or organizations that you are obligated, pursuant to a contract or agreement, to provide with such insurance as is afforded by this policy.

All other terms and conditions remain unchanged.

Authorized Representative



WORKERS' COMPENSATION AND EMPLOYERS' LIABILITY INSURANCE POLICY

**WC 124
(4-84)**

WC 00 03 13

WAIVER OF OUR RIGHT TO RECOVER FROM OTHERS ENDORSEMENT

This endorsement changes the policy to which it is attached effective on the inception date of the policy unless a different date is indicated below.

(The following "attaching clause" need be completed only when this endorsement is issued subsequent to preparation of the policy.)

This endorsement, effective on **05/29/17** at 12:01 A. M. standard time, forms a part of
(DATE)

Policy No. **(18)7717-15-55** of the **FEDERAL INSURANCE COMPANY**
(NAME OF INSURANCE COMPANY)

issued to **AMERINATIONAL COMMUNITY SERVICES, LLC**
DBA AMERINAT

Endorsement No. _____

Authorized Representative

We have the right to recover our payments from anyone liable for an injury covered by this policy. We will not enforce our right against the person or organization named in the Schedule. This agreement applies only to the extent that you perform work under a written contract that requires you to obtain this agreement from us.*

This agreement shall not operate directly or indirectly to benefit any one not named in the Schedule.

Schedule

**AS REQUIRED BY WRITTEN CONTRACT
OR AGREEMENT**

CHUBB

Liability Insurance

Endorsement

Policy Period MAY 29, 2018 TO MAY 29, 2019
Effective Date MAY 29, 2018
Policy Number 3603-17-57 ECE
Insured AMERINATIONAL COMMUNITY SERVICES, LLC
DBA AMERINAT
Name of Company GREAT NORTHERN INSURANCE COMPANY
Date Issued MARCH 1, 2018

This Endorsement applies to the following forms:

GENERAL LIABILITY

Who Is An Insured

**Additional Insured -
Scheduled Person
Or Organization**

Under Who Is An Insured, the following provision is added.

Persons or organizations shown in the Schedule are insureds; but they are insureds only if you are obligated pursuant to a contract or agreement to provide them with such insurance as is afforded by this policy.

However, the person or organization is an insured only:

- if and then only to the extent the person or organization is described in the Schedule;
- to the extent such contract or agreement requires the person or organization to be afforded status as an insured;
- for activities that did not occur, in whole or in part, before the execution of the contract or agreement; and
- with respect to damages, loss, cost or expense for injury or damage to which this insurance applies.

No person or organization is an insured under this provision:

- that is more specifically identified under any other provision of the Who Is An Insured section (regardless of any limitation applicable thereto).
- with respect to any assumption of liability (of another person or organization) by them in a contract or agreement. This limitation does not apply to the liability for damages, loss, cost or expense for injury or damage, to which this insurance applies, that the person or organization would have in the absence of such contract or agreement.

CHUBB

Liability Endorsement *(continued)*

Under Conditions, the following provision is added to the condition titled Other Insurance.

Conditions

**Other Insurance –
Primary, Noncontributory
Insurance – Scheduled
Person Or Organization**

If you are obligated, pursuant to a contract or agreement, to provide the person or organization shown in the Schedule with primary insurance such as is afforded by this policy, then in such case this insurance is primary and we will not seek contribution from insurance available to such person or organization.

Schedule

Persons or organizations that you are obligated, pursuant to a contract or agreement, to provide with such insurance as is afforded by this policy.

All other terms and conditions remain unchanged.

Authorized Representative



EXHIBIT E

CITY COUNCIL POLICY 100-5

CITY OF COSTA MESA, CALIFORNIA

COUNCIL POLICY

SUBJECT	POLICY NUMBER	EFFECTIVE DATE	PAGE
DRUG-FREE WORKPLACE	100-5	8-8-89	1 of 3

BACKGROUND

Under the Federal Drug-Free Workplace Act of 1988, passed as part of omnibus drug legislation enacted November 18, 1988, contractors and grantees of Federal funds must certify that they will provide drug-free workplaces. At the present time, the City of Costa Mesa, as a sub-grantee of Federal funds under a variety of programs, is required to abide by this Act. The City Council has expressed its support of the national effort to eradicate drug abuse through the creation of a Substance Abuse Committee, institution of a City-wide D.A.R.E. program in all local schools and other activities in support of a drug-free community. This policy is intended to extend that effort to contractors and grantees of the City of Costa Mesa in the elimination of dangerous drugs in the workplace.

PURPOSE

It is the purpose of this Policy to:

1. Clearly state the City of Costa Mesa's commitment to a drug-free society.
2. Set forth guidelines to ensure that public, private, and nonprofit organizations receiving funds from the City of Costa Mesa share the commitment to a drug-free workplace.

POLICY

The City Manager, under direction by the City Council, shall take the necessary steps to see that the following provisions are included in all contracts and agreements entered into by the City of Costa Mesa involving the disbursement of funds.

1. Contractor or Sub-grantee hereby certifies that it will provide a drug-free workplace by:
 - A. Publishing a statement notifying employees that the unlawful manufacture, distribution, dispensing, possession, or use of a controlled substance is prohibited in Contractor's and/or sub-grantee's workplace, specifically the job site or location included in this contract, and specifying the actions that will be taken against the employees for violation of such prohibition;
 - B. Establishing a Drug-Free Awareness Program to inform employees about:

SUBJECT	POLICY NUMBER	EFFECTIVE DATE	PAGE
DRUG-FREE WORKPLACE	100-5	8-8-89	2 of 3

1. The dangers of drug abuse in the workplace;
 2. Contractor's and/or sub-grantee's policy of maintaining a drug-free workplace;
 3. Any available drug counseling, rehabilitation and employee assistance programs; and
 4. The penalties that may be imposed upon employees for drug abuse violations occurring in the workplace;
- C. Making it a requirement that each employee to be engaged in the performance of the contract be given a copy of the statement required by subparagraph A;
- D. Notifying the employee in the statement required by subparagraph 1 A that, as a condition of employment under the contract, the employee will:
1. Abide by the terms of the statement; and
 2. Notify the employer of any criminal drug statute conviction for a violation occurring in the workplace no later than five (5) days after such conviction;
- E. Notifying the City of Costa Mesa within ten (10) days after receiving notice under subparagraph 1 D 2 from an employee or otherwise receiving the actual notice of such conviction;
- F. Taking one of the following actions within thirty (30) days of receiving notice under subparagraph 1 D 2 with respect to an employee who is so convicted:
1. Taking appropriate personnel action against such an employee, up to and including termination; or
 2. Requiring such employee to participate satisfactorily in a drug abuse assistance or rehabilitation program approved for such purposes by a Federal, State, or local health agency, law enforcement, or other appropriate agency;

SUBJECT	POLICY NUMBER	EFFECTIVE DATE	PAGE
DRUG-FREE WORKPLACE	100-5	8-8-89	3 of 3

- G. Making a good faith effort to maintain a drug-free workplace through implementation of subparagraphs 1 A through 1 F, inclusive.
2. Contractor and/or sub-grantee shall be deemed to be in violation of this Policy if the City of Costa Mesa determines that:
 - a. Contractor and/or sub-grantee has made a false certification under paragraph 1 above;
 - b. Contractor and/or sub-grantee has violated the certification by failing to carry out the requirements of subparagraphs 1 A through 1 G above;
 - c. Such number of employees of Contractor and/or sub-grantee have been convicted of violations of criminal drug statutes for violations occurring in the workplace as to indicate that the contractor and/or sub-grantee has failed to make a good faith effort to provide a drug-free workplace.
 3. Should any contractor and/or sub-grantee be deemed to be in violation of this Policy pursuant to the provisions of 2 A, B, and C, a suspension, termination or debarment proceeding subject to applicable Federal, State, and local laws shall be conducted. Upon issuance of any final decision under this section requiring debarment of a contractor and/or sub-grantee, the contractor and/or sub-grantee shall be ineligible for award of any contract, agreement or grant from the City of Costa Mesa for a period specified in the decision, not to exceed five (5) years. Upon issuance of any final decision recommending against debarment of the contractor and/or sub-grantee, the contractor and/or sub-grantee shall be eligible for compensation as provided by law.