

TRANSMITTAL

To:

THE COUNCIL

Date:

MAY 29 2012

From:

THE MAYOR

TRANSMITTED FOR YOUR CONSIDERATION. PLEASE SEE ATTACHED.



(Matt Karatz)

ANTONIO R. VILLARAIGOSA

Mayor



PORTFOLIO MANAGEMENT DIVISION

Los Angeles Housing Department

LAHD

1200 West 7th Street, 9th Floor, Los Angeles, CA 90017

tel 213.808.8801 | fax 213.808.8606

lahd.lacity.org



Antonio R. Villaraigosa, Mayor

Rushmore D. Cervantes, Interim General Manager

May 10, 2012

Council File:	New
Council District:	Citywide
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The Honorable Antonio R. Villaraigosa
Mayor, City of Los Angeles
3rd Floor, City Hall

Attention: Mandy Morales, Legislative Coordinator

**TRANSMITTAL: APPROVAL TO EXECUTE A LOAN SERVICING CONTRACT WITH
SELECTED SERVICER**

SUMMARY

The Los Angeles Housing Department (LAHD) currently utilizes a private sector loan servicer to primarily manage its amortizing loan portfolio as well as provide other valuable collection and loss mitigation services. These services are vital in ensuring that LAHD maximizes its program income from these loans. The existing contract was due to expire April 30, 2012 and was put out to bid on December 11, 2011 to ensure that these valuable financial services continue to be provided. The City Council previously authorized LAHD to release a Request for Proposal (RFP) for the procurement of the services of a loan servicer to continue to manage LAHD's amortizing loan portfolio. Through the implementation of the RFP, LAHD determined that AmeriNational Community Services, Inc. (AmeriNational) was the sole qualified applicant. As such, LAHD is requesting that the Mayor and City Council authorize LAHD to negotiate and execute a loan servicing contract with the recommended loan servicer, AmeriNational, based upon the attached draft agreement.

RECOMMENDATIONS

The General Manager, LAHD, respectfully recommends:

1. Your office schedule this matter with the appropriate Council Committee(s) for review and approval at the next available meeting(s) and forward it to the City Council for review and approval immediately thereafter.
2. That the City Council:
 - a) Authorize the General Manager of LAHD, or designee, to negotiate and execute a contract in an amount not to exceed \$450,000.00, based substantially on the attached draft contract subject to the approval of the City Attorney as to form, with the recommended loan servicer, AmeriNational Community Services, Inc., to service LAHD's amortizing loan portfolio with a contract start date of May 1, 2012 so that there is no lapse in services between the current contract and this contract.
 - b) Authorize the LAHD General Manager, LAHD, or designee, to prepare Controller instructions and make any necessary technical adjustments consistent with the Mayor and City Council actions, subject to the approval of the City Administrative Officer (CAO), and authorize the Controller to implement these instructions.
3. The Mayor concur with the actions of the City Council.

BACKGROUND

Existing Loan Servicing Contract

The contract with the current loan servicer commenced on November 1, 2008 with a scheduled expiration date of October 31, 2011. On November 2, 2011 the City Council authorized LAHD to release a RFP to select a loan servicer for the continued management of LAHD's amortizing loan portfolio (CF 11-1628). Additionally, at that time, the City Council approved an extension of the current loan servicer contract with no additional funding to April 30, 2012.

Proposed Loan Servicing Contract

As detailed in the attached loan servicing contract and scope of services, the loan servicer is to provide services for loans under their purview including, but not limited to: borrower billing and payment processing; delinquent and slow-pay borrower collections; demand statement, payoff and reconveyance preparation; preliminary subordination, assumption, and amendment underwriting; workout, forbearance, and foreclosure servicing; real estate owned (REO) management; and Internal Revenue Service and credit agency reporting.

Loan Portfolio Information

As of March 31, 2012, the balance of LAHD's amortizing loan portfolio was \$83.8 million, which comprised about 7% of LAHD's \$1.13 billion total loan portfolio balance. During the program year April 1, 2011 to March 31, 2012, (PY 2011-12), \$6.8 million in program income was

generated by the loan portfolio assigned to the loan servicer. This represented 37% of the total LAHD program income of \$18.3 million collected during this period.

LOAN SERVICER RFP PROCESS

Loan Servicer Request for Proposal

The RFP was released December 8, 2011 with responses due to LAHD by February 22, 2012. Details of the requested services can be found in the Scope of Services of the attached contract. The RFP was designed to encourage responses from all types of loan servicers, regardless if the servicer specializes in government or conventional loans.

Marketing

To appropriately market the RFP and encourage the submission of as many qualified proposals as possible, LAHD advertised the loan servicing opportunity via the following: (1) Los Angeles Business Assistance Virtual Network (LABAVN) per Executive Directive 2001-06 and 14; (2) mail and email to all 15 Council Districts; (3) a post on City Clerk's Daily Journal; and (4) over 100 mail and email to possible proposers.

LAHD sent notice letters and email to over 100 companies. Further, LAHD indicated in all formal notifications that the RFP and associated updates would be available on the LAHD website as well as LABAVN for downloading. LAHD utilized its website and LABAVN to post answers to all questions asked during the Bidders Conference and subsequent questions emailed to LAHD.

Bidders Conference

The RFP Bidders Conference was held on January 5, 2012. There were a total of eight (8) attendees representing six (6) potential bidders: AmeriNational Community Services, Inc.; McBride Real Estate Service; Dovenmuehle Mortgage, Inc.; Rushmore Loan Management Services, LLC; SL Realty; and Danbe Partners, LLC.

During the Bidders Conference over 30 questions were asked by the potential bidders. All questions and answers were posted on the LAHD website and LABAVN on January 13, 2012. Additional questions and answers received via email were also posted on January 13, 2012 on the LAHD website and LABAVN.

Bidder Interest and Proposal Responses

LAHD received two (2) proposals, one from AmeriNational Community Services, Inc. and one from Unified Mortgage Service, Inc. to evaluate and score. The proposal of Unified Mortgage Service, Inc. was disqualified due to non-compliance with the following RFP requirements: (1) attendance at the pre-proposal conference held on January 5, 2012; (2) participation in City's Business Inclusion Program (BIP) outreach through LABAVN. Unified Mortgage Service, Inc. had an opportunity to appeal these findings, but did not provide a response.

Evaluation Process

A three (3) member Evaluation Team of LAHD staff reviewed the submitted proposal. The scoring of proposal was weighted using the following evaluation factors: evaluation as a firm, experience and qualifications of key staff, ability to perform required services and cost. Since LAHD only received one qualified proposal, an interview was not needed for proposal selection. Therefore the 15 points that was originally allocated to the interview were omitted. The proposal received an average score of 72 out of 85 which is equivalent to score percentage of 85%.

Based on the Evaluation Team's scoring, the sole applicant was determined to be qualified to satisfy the requirements of the RFP. LAHD therefore is recommending that the Mayor and City Council approve authorization to negotiate and execute the attached contract with AmeriNational.

PROJECTED FUNDING REQUIREMENTS

Many of the services to be provided by AmeriNational are of on-going regular servicer collection activities including billing statement preparation and payment processing. As such, these expenses can be reasonably projected based upon past activity and anticipated future needs. Other services to be provided are transactional in nature such as the preliminary underwriting of amendments, subordinations, assumptions, and generation of payoff demands. The costs of these services are to be paid by the borrowers and normally do not require the use of City funds.

In addition, foreclosure services which are situational in nature are to be provided through the LAHD loan servicer contract. If foreclosure is resolved by the borrower, the cost is cured by the borrower. However, if foreclosure is completed, LAHD is responsible for the associated cost.

The management of LAHD Real Estate Owned (REO) properties will also be included in the loan servicer responsibilities. The loan servicer will ultimately subcontract these services. The management of LAHD REO properties may entail significant expenditures for purposes such as urgent repairs, and payment of past due utilities and taxes. Not all of the properties that LAHD begins foreclosure action on progress to a foreclosure sale, LAHD ownership, and subsequent REO management. However, LAHD needs to be prepared to manage those properties that revert to its ownership and pay the associated property management costs.

Given such considerations and based on LAHD's prior years' loan servicing contract expenditures, LAHD is therefore requesting a total of \$450,000.00 for the initial 36 month contract period for all standard loan services including REO management services.

For the contract beginning May 2012, Municipal Housing Finance Fund (MHFF) is available in the amount of \$40,000.00 for the current fiscal year and in the amount of \$11,732.61 remaining from the prior fiscal year. LAHD has budgeted \$150,000.00 in MHFF for loan servicing in the budget year beginning 2012-13 and the subsequent two budget years for a total of \$450,000.00.

FISCAL IMPACT

There will be no fiscal impact on the City General Fund.

Prepared by:



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Management Assistant
Portfolio Management

Prepared by:



MARK GANDARA
Finance Development Officer II
Portfolio Management

Reviewed by:



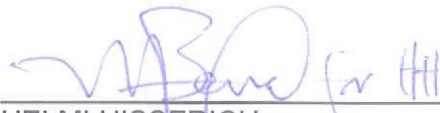
DAVID ZAITZ, Director
Portfolio Management

Submitted by:



MANUEL BERNAL, Director
Multi-family Housing Development

Approved by:



HELMI HISSERICH
Assistant General Manager

Approved by:



RUSHMORE D. CERVANTES
Interim General Manager

Attachments: Draft Loan Servicing Contract with AmeriNational Community Services, Inc.

PROFESSIONAL SERVICES AGREEMENT

Contractor: AmeriNational Community Services, Inc.

Title: Loan Servicing Contract

Said Agreement is Number _____ of City Contracts

DRAFT

TABLE OF CONTENTS

	<u>Page</u>
1. INTRODUCTION.....	2
§101 PARTIES TO THE AGREEMENT	2
§102 REPRESENTATIVES OF THE PARTIES AND SERVICE OF NOTICES	2
§103 INDEPENDENT CONTRACTOR	2
§104 CONDITIONS PRECEDENT TO EXECUTION OF THIS AGREEMENT	2
2. TERM AND SERVICES TO BE PROVIDED.....	3
§201 TIME OF PERFORMANCE	3
§202 SERVICES TO BE PROVIDED BY THE CONTRACTOR	3
3. PAYMENT.....	3
§301 COMPENSATION AND METHOD OF PAYMENT	3
4. STANDARD PROVISIONS	4
§401 CONSTRUCTION OF PROVISIONS AND TITLES HEREIN	4
§402 APPLICABLE LAW, INTERPRETATION AND ENFORCEMENT	5
§403 INTEGRATED AGREEMENT.....	5
§404 EXCUSABLE DELAYS.....	5
§405 BREACH.....	5
§406 PROHIBITION AGAINST ASSIGNMENT OR DELEGATION.....	5
§407 PERMITS.....	5
§408 NONDISCRIMINATION AND AFFIRMATIVE ACTION.....	5
§409 CLAIMS FOR LABOR AND MATERIALS	6
§410 LOS ANGELES CITY BUSINESS TAX REGISTRATION CERTIFICATE.....	6
§411 BONDS	6
§412 INDEMNIFICATION.....	6
§413 INSURANCE.....	7
§414 CONFLICT OF INTEREST	8
§415 COMPLIANCE WITH STATE AND FEDERAL STATUTES AND REGULATIONS	9
§416 FEDERAL, STATE AND LOCAL TAXES	14
§417 INVENTIONS, PATENTS AND COPYRIGHTS	14
§418 LIVING WAGE ORDINANCE AND SERVICE CONTRACTOR WORKER RETENTION ORDINANCE	15
§419 EARNED INCOME TAX CREDIT	16
§420 EQUAL BENEFITS ORDINANCE	16
§421 CONTRACTOR RESPONSIBILITY ORDINANCE.....	17

§422	SLAVERY DISCLOSURE ORDINANCE	17
§423	RESTRICTION ON DISCLOSURES	17
§424	CHILD SUPPORT ASSIGNMENT ORDERS	18
5.	DEFAULTS, SUSPENSION, TERMINATION, AND AMENDMENTS	18
§501	DEFAULTS	18
§502	SUSPENSION	18
§503	TERMINATION	19
§504	NOTICES OF SUSPENSION OR TERMINATION	19
§505	AMENDMENTS	19
6.	ENTIRE AGREEMENT	19
§601	COMPLETE AGREEMENT	19
§602	NUMBER OF PAGES AND ATTACHMENTS	19
7.	SIGNATURE PAGE	20

EXHIBITS

Exhibit A	Indemnification and Insurance Requirements
Exhibit B	Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion-Lower Tier Covered Transactions
Exhibit C	Certification Regarding Lobbying
Exhibit D	Notice of Prohibition Against Retaliation
Exhibit E	Scope of Services
Exhibit F	Fee Schedule for Servicing Loans

AGREEMENT NUMBER _____ OF CITY CONTRACTS
BETWEEN
THE CITY OF LOS ANGELES
AND
AMERINATIONAL COMMUNITY SERVICES, INC.

THIS AGREEMENT is made and entered into by and between the City of Los Angeles, a municipal corporation, hereinafter called the City, and AmeriNational Community Services, Inc., a Minnesota corporation hereinafter called the Contractor.

RECITALS

WHEREAS, the Los Angeles Housing Department, hereinafter called LAHD, has been designated by the City to provide for the proper planning, coordination, direction and management of the City's various community development activities; and

WHEREAS, LAHD cooperates with private organizations, other agencies of the City and agencies of other governmental jurisdictions in carry out certain functions and programs which are its responsibility; and

WHEREAS, the project which is the subject of this agreement, hereinafter called the Agreement, has been established by the City as one of the above described programs, and has been funded in the LAHD budget by the U.S. Department of Housing and Urban Development, HOME Investment Partnerships Program Act (Grantor); and

WHEREAS, the services to be provided herein are of a professional, expert, temporary, and occasional nature; and

WHEREAS, pursuant to Los Angeles City Charter Section 1022, the City Council or designee has determined that the work can be performed more economically or feasibly by independent contractors than by City employees; and

WHEREAS, the City and the Contractor are desirous of executing this Agreement as authorized by the City Council and the Mayor (refer to Council File Number _____ dated _____) which authorizes the General Manager of the Los Angeles Housing Department to prepare and execute the Agreement.

NOW, THEREFORE, the City and the Contractor agree as follows:

1. INTRODUCTION

§101 Parties to the Agreement

A. The parties to this Agreement are:

1. The City of Los Angeles, a municipal corporation, having its principal office at 200 North Main Street, Los Angeles, California 90012.
2. The Contractor, known as AmeriNational Community Services, Inc., a Minnesota corporation, having its principal office at 8121 East Florence Avenue, Downey, CA 90240.

§102 Representatives of the Parties and Service of Notices

A. The representatives of the respective parties who are authorized to administer this Agreement and to whom formal notices, demands and communications shall be given are as follows:

1. The representative of the City shall be, unless otherwise stated in the Agreement:

RUSHMORE D. CERVANTES, Interim General Manager
Los Angeles Housing Department
1200 West 7th Street, 9th Floor
Los Angeles, CA 90017

With copies to:

Helmi Hisserich, Assistant General Manager
David Zaitz, Director of Portfolio Management

2. The representative of the Contractor shall be:

MICHAEL TORRES, President and COO
AmeriNational Community Services, Inc.
8121 East Florence Avenue
Downey, CA 90240

- B. Formal notices, demands and communications to be given hereunder by either party shall be made in writing and may be effected by personal delivery or by registered or certified mail, postage prepaid, return receipt requested and shall be deemed communicated as of the date of mailing.
- C. If the name of the person designated to receive the notices, demands or communications or the address of such person is changed, written notice shall be given, in accord with this section, within five (5) working days of said change.

§103 Independent Contractor

A. The Contractor is acting hereunder as an independent contractor and not as an agent or employee of the City. No employee of the Contractor has been, is, or shall be an employee of the City by virtue of this Agreement, and the Contractor shall so inform each employee organization and each employee who is hired or retained under this Agreement. Contractor shall not represent or otherwise hold out itself or any of its directors, officers, partners, employees, or agents to be an agent or employee of the City.

§104 Conditions Precedent to Execution of This Agreement

A. Contractor shall provide copies of the following documents to the City:

1. Proof of insurance as required by the City in accordance with Section 413 of this Agreement and attached hereto as Exhibit A and made a part hereof.

2. Certification Regarding Ineligibility, Suspension and Debarment as required by Executive Orders 12459 and 12689 in accordance with §415.A.12 of this Agreement and attached hereto as Exhibit B and made a part hereof.
3. Certifications and Disclosures Regarding Lobbying in accordance with §415.A.4 of this Agreement and attached hereto as Exhibit C and made a part hereof. Contractor shall also file a Disclosure Form at the end of each calendar quarter in which there occurs any event requiring disclosure or which materially affects the accuracy of the information contained in any Disclosure Form previously filed by Contractor.
4. A Certification of Compliance with the Living Wage Ordinance Service Contractor Worker Retention and Living Wage Policy in accordance with §418.
5. A Certification of Compliance With Equal Benefits Ordinance/Reasonable Measures Application for Equal Benefits Ordinance in accordance with §420 of this Agreement and the Slavery Disclosure Ordinance in accordance with §422.

2. TERM AND SERVICES TO BE PROVIDED

§201 Time of Performance

- A. The term of this Agreement shall commence on May 1, 2012 and end April 30, 2015. Said term is subject to the provisions herein. Performance shall not commence until the Contractor has obtained the City's approval of the insurance required in §413 herein.
- B. The City may, at its option and acceptance of the Contractor, extend this Agreement for additional terms. The total time of the extensions shall not exceed two (2) years.

§202 Services to be Provided by the Contractor

- A. The Contractor shall provide contractual services which are supported by the Scope of Services (see Exhibit E) encompassed by this Agreement. All work is subject to prior City approval. Failure to receive approval may result in withholding compensation pursuant to §301.

3. PAYMENT

§301 Compensation and Method of Payment

- A. The City shall pay to the Contractor as compensation for complete and satisfactory performance of the terms of this Agreement, an amount not to exceed four hundred and fifty thousand dollars (\$450,000.00). The foregoing rate represents the total compensation to be paid by City to Contractor for services to be performed as designated by this Agreement.
- B. Compensation shall be for complete and satisfactory work as described in Section 202 and detailed in Exhibit E in the amounts as specified in the Fee Schedule identified as Exhibit F. Any amounts advanced by Contractor which are reimbursed pursuant to the terms of this Agreement shall not be considered Contractor's compensation as detailed in Exhibit F.
- C. The Contractor shall submit monthly invoices to LAHD. Each monthly invoice shall a) be submitted on the Contractor's letterhead; b) shall include a statement detailing the work completed for the month; c) include the name, hours, rate of pay for all personnel to be paid, when invoicing for hourly services, and; d) include supporting documentation for all approved purchases of equipment or supplies. All expenses for travel must receive prior approval from the City and must be documented and will be paid only in conformance with City policies and procedures. Funds shall not be released until the City has approved the work received and is satisfied with the documentation included in the invoice.
- D. It is understood that the City makes no commitment to fund this Agreement beyond the terms set herein.

- E. Invoices and supporting documentation shall be prepared at the sole expense and responsibility of the Contractor. The City will not compensate the contractor for any costs incurred for invoice preparation. The City may request, in writing, changes to the content and format of the invoice and supporting documentation at any time. The City reserves the right to request additional supporting documentation to substantiate costs at any time. All invoices must be signed by an officer of the Contractor under penalty of perjury that the information submitted is true and correct.
- F. Funding for all periods of this contract is subject to the continuing availability of federal funds for this program to the City. The Contract may be terminated immediately upon written notice to the Contractor of a loss or reduction of federal grant funds.
- G. Contractor shall warrant that any applicable discounts have been included in the costs to the City.
- H. Performance Discounts
 1. Both parties agree that the purpose of the performance discounts is to create a motivation to correct and cure identified deficiencies in the service delivery by the Contractor, without having to enter into litigation or cancel the contract. Both parties agree that minor discrepancies of scheduled time frames will occur as a natural part of a service oriented contract. However, minor delays shall not substantially impact the quality of customer service or collections. Minor delays are those of not more than five (5) days past the specific time frame for completing the specific task. Substantial delays are those delays in performance of more than five (5) days and are subject to the following discounts.

Delays (# of days)	Performance Discount (as a percentage of fee)
6 – 10 days	10.0%
11 – 15 days	20.0%
16 – 30 days	30.0%
31 – 45 days	40.0%
Over 45 days	See below

Delays of over 45 days shall be subject to a performance discount of 50%, or LAHD may, at its sole discretion, require that the work order be cancelled and that the work in progress be provided to LAHD at not charge from Contractor other than outside costs incurred. Any discounts shall have a reasonable and factual basis.

2. If the Contractor is unable to provide services according to the time frames provided in the Contractor, the Contractor will notify LAHD in writing requesting the renegotiation of the time frames for the completion of specific tasks associated with specific loans. The Contractor affirms that all work will be completed in a professional and accurate manner. Significantly inaccurate work will not be accepted as work completed in time.
3. Any request for a Performance Discount shall occur within 90 days of the deadline of the specified time frame related to the specific task. After 90 days, if a Performance Discount is not requested, the Contractor shall be entitled to receive 100% of the respective fee called for in the compensation section of this Agreement.

4. STANDARD PROVISIONS

§401 Construction of Provisions and Titles Herein

- A. All titles or subtitles appearing herein have been inserted for convenience and shall not be deemed to affect the meaning or construction of any of the terms or provisions hereof. The language of this Agreement shall be construed according to its fair meaning and not strictly for or against the City or the Contractor. The word "Contractor" herein and in any amendments hereto includes the party or parties identified in this Agreement. The singular shall include the plural. If there is more than one Contractor as identified herein, unless

expressly stated otherwise, their obligations and liabilities hereunder shall be joint and several. Use of the feminine, masculine, or neuter genders shall be deemed to include the genders not used. The word "days" means calendar days, including weekends and holidays, unless otherwise specifically provided.

§402 Applicable Law, Interpretation and Enforcement

- A. Each party's performance hereunder shall comply with all applicable laws of the United States of America, the State of California, and the City. This Agreement shall be enforced and interpreted under the laws of the State of California and the City.
- B. If any part, term or provision of this Agreement shall be held void, illegal, unenforceable, or in conflict with any law of a federal, state or local government having jurisdiction over this Agreement, the validity of the remaining portions of provisions shall not be affected thereby.

§403 Integrated Agreement

- A. This Agreement sets forth all of the rights and duties of the parties with respect to the subject matter hereof, and replaces any and all previous agreements or understandings, whether written or oral, relating thereto. This Agreement may be amended only as provided for herein.

§404 Excusable Delays

- A. In the event that performance on the part of any party hereto shall be delayed or suspended as a result of circumstances beyond the reasonable control and without the fault and negligence of said party, none of the parties shall incur any liability to the other parties as a result of such delay or suspension. Circumstances deemed to be beyond the control of the parties hereunder shall include, but not be limited to, acts of God or of the public enemy; insurrection; acts of the Federal Government or any unit of State or Local Government in either sovereign or contractual capacity; fires; floods; epidemics; quarantine restrictions; strikes, freight embargoes or delays in transportation; to the extent that they are not caused by the party's willful or negligent acts or omissions and to the extent that they are beyond the party's reasonable control.

§405 Breach

- A. Except for excusable delays, if any party fails to perform, in whole or in part, any promise, covenant, or agreement set forth herein, or should any representation made by it be untrue, any aggrieved party may avail itself of all rights and remedies, at law or equity, in the courts of law. Said rights and remedies are cumulative of those provided for herein except that in no event shall any party recover more than once, suffer a penalty or forfeiture, or be unjustly compensated.

§406 Prohibition Against Assignment or Delegation

- A. The Contractor may not, unless it has first obtained the written permission of the City:
 - 1. Assign or otherwise alienate any of its rights hereunder, including the right to payment; or
 - 2. Delegate, subcontract, or otherwise transfer any of its duties hereunder.

§407 Permits

- A. The Contractor and its officers, agents and employees shall obtain and maintain all permits and licenses necessary for the Contractor's performance hereunder and shall pay any fees required therefore. The Contractor further certifies to immediately notify the City of any suspension, termination, lapses, non-renewals or restrictions of licenses, certificates, or other documents.

§408 Nondiscrimination and Affirmative Action

- A. The Contractor shall comply with the applicable nondiscrimination and affirmative action provisions of the laws of the United States of America, the State of California, and the City. In performing this Agreement, the Contractor shall not discriminate in its employment practices against any employee or applicant for

employment because of such person's race, color, religion, national origin, ancestry, sex, sexual orientation, age, physical handicap, mental disability, marital status, domestic partner status or medical condition. The Contractor shall comply with Executive Order 11246, entitled "Equal Employment Opportunity", as amended by Executive Order 11375, and as supplemented in Department of Labor regulations (41 CRF Part 60).

- B. The Contractor shall comply with the provisions of the Los Angeles Administrative Code §10.8 through 10.13, to the extent applicable hereto. If this Agreement contains a consideration in excess of \$1,000 but not more than \$100,000, the Equal Employment practices provisions of this Agreement shall be the mandatory contract provisions set forth in Los Angeles Administrative Code §10.8.3, in which event said provisions are incorporated herein by this reference. If this Agreement contains a consideration in excess of \$100,000, the Affirmative Action Program of this Agreement shall be the mandatory contract provisions set forth in Los Angeles Administrative Code §10.8.4, in which event said provisions are incorporated herein by this reference. The Contractor shall also comply with all rules, regulations, and policies of the City's Board of Public Works, Office of Contract Compliance relating to nondiscrimination and affirmative action, including the filing of all forms required by City.
- C. Any subcontract entered into by the Contractor relating to this Agreement, to the extent allowed hereunder, shall be subject to the provisions of this paragraph.
- D. No person shall on the grounds of race, ancestry, color, citizenship, national origin, sex, sexual preference, age, physical handicap, mental disability, medical condition, marital status, domestic partner status, or political affiliation or belief be excluded from participation in, be denied the benefit of, or be subjected to discrimination under this program/project. For purposes of this Section, Title 24 Code of Federal Regulations, Section 570.601(b) defines specific discriminatory actions that are prohibited and corrective action that shall be taken in situation as defined therein.

§409 Claims for Labor and Materials

- A. The Contractor shall promptly pay when due all amounts payable for labor and materials furnished in the performance of this Agreement so as to prevent any lien or other claim under any provision of law from arising against any City property (including reports, documents, and other tangible matter produced by the Contractor hereunder), against the Contractor's rights to payments hereunder, or against the City, and shall pay all amounts due under the Unemployment Insurance Act with respect to such labor.

§410 Los Angeles City Business Tax Registration Certificate

- A. The Contractor represents that it has obtained and presently holds the Business Tax Registration Certificate(s) required by the City's Business Tax Ordinance (Article 1, Chapter 2, Sections 21.00 and following, of the Los Angeles Municipal Code). For the term covered by this Agreement, the Contractor shall maintain, or obtain as necessary, all such Certificates required of it under said Ordinance and shall not allow any such Certificate to be revoked or suspended.

§411 Bonds

- A. Duplicate copies of all bonds which may be required hereunder shall conform to City requirements established by charter, ordinance or policy and shall be filed with the Office of the City Attorney for its review in accordance with Los Angeles Administrative Code § 11.47 through 11.56.

§412 Indemnification

- A. Except for the active negligence or willful misconduct of City, or any of its Boards, Officers, Agents, Employees, Assigns and Successors in Interest, Contractor/Consultant undertakes and agrees to defend, indemnify and hold harmless City and any of its Boards, Officers, Agents, Employees, Assigns, and Successors in Interest from and against all suits and causes of action, claims, losses, demands and expenses, including, but not limited to, attorney's fees and cost of litigation, damage or liability of any nature whatsoever, for death or injury to any person, including Contractor's/Consultant's employees and agents, or damage or destruction of any property of either party hereto or of third parties, arising in any manner by reason of the negligent acts, errors, omissions or willful misconduct incident to the performance of this

Agreement by the Contractor/Consultant or its subcontractors of any tier. The provisions of this paragraph survive expiration or termination of this Agreement.

§413 Insurance

A. General Conditions

1. During the term of this Agreement and without limiting Contractor's indemnification of the City, Contractor shall provide and maintain at its own expense a program of insurance having coverage and limits customarily carried and actually arranged by the Contractor but not less than the amounts and types listed on the Required Insurance And Minimum Limits Sheet (Form Gen. 146) in Exhibit A hereto, covering its operations hereunder. Such insurance shall conform to City requirements established by Charter, ordinance or policy, shall comply with instructions set forth on the City of Los Angeles – Instructions And Information On Complying With City Insurance Requirements (Revised 10/09) document, and shall otherwise be in a form acceptable to the Office of the City Administrative Officer, Risk Management. Specifically, such insurance shall: 1) protect City as an Insured or an Additional Interest Party, or a Loss Payee As Its Interest May Appear, respectively, when such status is appropriate and available depending on the nature of applicable coverages; 2) provide City at least thirty (30) days advance written notice of cancellation, material reduction in coverage or reduction in limits when such change is made at option of the insurer; 3) be primary with respect to City's insurance plan. Except when City is a named insured, Contractor's insurance is not expected to respond to claims which may arise from acts or omissions of the City.

B. Modification of Coverage

1. City reserves the right at any time during the term of this Agreement to change the amounts and types of insurance required hereunder by giving Contractor/Consultant ninety (90) days advance written notice of such change. If such change should result in substantial additional cost to the Contractor/Consultant, City agrees to negotiate additional compensation proportional to the increased benefit to City.

C. Failure to Procure Insurance

1. All required insurance must be submitted and approved by the Office of the City Administrative Officer/Risk Management prior to the inception of any operations or tenancy by Contractor/Consultant. The required coverages and limits are subject to availability on the open market at reasonable cost as determined by City. Non-availability or non-affordability must be documented by a letter from Contractor's/Consultant's insurance broker or agent indicating a good faith effort to place the required insurance and showing as a minimum the names of the insurance carriers and the declinations or quotations received from each.
2. Within the foregoing constraints, Contractor's/Consultant's failure to procure or maintain required insurance or a self-insurance program during the entire term of this Agreement shall constitute a material breach of this Agreement under which City may immediately suspend or terminate this Agreement or, at its discretion, procure or renew such insurance to protect City's interests and pay any and all premiums in connection therewith and recover all monies so paid from Contractor/Consultant.

D. Workers' Compensation

1. By signing this Agreement, Contractor/Consultant hereby certifies that it is aware of the provisions of §3700 *et seq.*, of the Labor Code which require every employer to be insured against liability for Workers' Compensation or to undertake self-insurance in accordance with the provisions of that Code, and that it will comply with such provisions at all such times as they may apply during the performance of the work pursuant to this Agreement.
2. A Waiver of Subrogation in favor of City will be required when work is performed on City premises under hazardous conditions.

§414 Conflict of Interest

- A. The City will not execute any Agreements and/or Amendments with Contractors where an employee (an individual who is paid or receives any financial benefit from funds from the Agreement with the City), is a member of the Board of Directors. The Board minutes must reflect this requirement.
- B. Conflict of Interest
1. Prior to obtaining the City's approval of any subcontract, the Contractor shall disclose to the City any relationship, financial or otherwise, direct or indirect, of the Contractor or any of its officers, directors or employees or their immediate family with the proposed subcontractor and its officers, directors or employees.
 2. The Contractor covenants that none of its directors, officers, employees, or agents shall participate in selecting, or administrating any subcontract supported (in whole or in part) by City funds (regardless of source) where such person is a director, officer, employee or agent of the subcontractor; or where the selection of subcontractors is or has the appearance of being motivated by a desire for personal gain for themselves or others such as family business, etc.; or where such person knows or should have known that:
 - a. A member of such person's immediate family, or domestic partner or organization has a financial interest in the subcontract;
 - b. The subcontractor is someone with whom such person has or is negotiating any prospective employment; or
 - c. The participation of such person would be prohibited by the California Political Reform Act, California Government Code §87100 *et seq.* if such person were a public officer, because such person would have a "financial or other interest" in the subcontract.
 3. Definitions:
 - a. The term "immediate family" includes but is not limited to domestic partner and/or those persons related by blood or marriage, such as husband, wife, father, mother, brother, sister, son, daughter, father-in-law, mother-in-law, brother-in-law, sister-in-law, son-in-law, daughter-in-law.
 - b. The term "financial or other interest" includes but is not limited to:
 - (1) Any direct or indirect financial interest in the specific contract, including a commission or fee, a share of the proceeds, prospect of a promotion or of future employment, a profit, or any other form of financial reward.
 - (2) Any of the following interests in the subcontractor ownership: partnership interest or other beneficial interest of five percent or more; ownership of five percent or more of the stock; employment in a managerial capacity; or membership on the board of directors or governing body.
 - c. A subcontract is any agreement entered into by Contractor for the purchase of goods or services with any funds provided by this Agreement.
- C. The Contractor further covenants that no officer, director, employee, or agent shall solicit or accept gratuities, favors, anything of monetary value from any actual or potential subcontractor, supplier, a party to a sub agreement, (or persons who are otherwise in a position to benefit from the actions of any officer, employee, or agent).
- D. The Contractor shall not subcontract with a former director, officer, or employee within a one-year period following the termination of the relationship between said person and the Contractor.

- E. For further clarification of the meaning of any of the terms used herein, the parties agree that references shall be made to the guidelines, rules, and laws of the City of Los Angeles, State of California, and Federal regulations regarding conflict of interest.
- F. The Contractor warrants that it has not paid or given and will not pay or give to any third person, any money or other consideration for obtaining this Agreement.
- G. The Contractor covenants that no member, officer or employee of Contractor shall have interest, direct or indirect, in any contract or subcontract or the proceeds thereof for work to be performed in connection with this project during his/her tenure as such employee, member or officer or for one year thereafter.
- H. The Contractor shall incorporate the foregoing subsections of this Section into every agreement that it enters into in connection with this project and shall substitute the term "subcontractor" for the term "Contractor" and "sub-subcontractor" for "Subcontractor".

§415 Compliance with State and Federal Statutes and Regulations

- A. Contractor understands that failure to comply with any of the following assurances may result in suspension, termination or reduction of grant funds, and repayment by Contractor to City of any unlawful expenditures.
- B. Statutes and Regulations Applicable To All Grant Contracts
 - 1. Contractor shall comply with all applicable requirements of state, Federal, County and City of Los Angeles laws, executive orders, regulations, program and administrative requirements, policies and any other requirements governing this Agreement. Contractor shall comply with state and federal laws and regulations pertaining to labor, wages, hours, and other conditions of employment. Contractor shall comply with new, amended, or revised laws, regulations, and/or procedures that apply to the performance of this Agreement. These requirements include, but are not limited to:
 - (1) Office of Management and Budget (OMB) Circulars
 - (a) Contractor shall comply with OMB Circulars, as applicable: OMB Circular A-21 (Cost Principles for Educational Institutions); OMB Circular A-87 (Cost Principles for State, Local, and Indian Tribal Governments); OMB Circular A-102 (Grants and Cooperative Agreements with State and Local Governments); OMB Circular A-110 (Uniform Administrative Requirements for Grants and Other Agreements with Institutions of Higher Education, Hospitals and Other Non-Profit Organizations); OMB Circular A-122 (Cost Principles for Non-Profit Organizations); OMB Circular A-133 (Audits of States, Local Governments, and Non-Profit Organizations.)
 - (2) Single Audit Act
 - (a) If Federal funds are used in the performance of this Agreement, Contractor shall adhere to the rules and regulations of the Single Audit Act, 31 USC Sec. 7501 et seq.; City Council action dated February 4, 1987 (C.F. No. 84-2259-S1); and any administrative regulation or field memos implementing the Act. The provisions of this paragraph survive expiration or termination of this Contract.
 - (3) Americans with Disabilities Act
 - (a) Contractor hereby certifies that it will comply with the Americans with Disabilities Act 42, USC §§ 12101 et seq., and its implementing regulations and the Americans with Disabilities Act Amendments Act (ADAAA) Pub. L. 110-325 and all subsequent amendments. Contractor will provide reasonable accommodations to allow qualified individuals with disabilities to have access to and to participate in its programs, services and activities in accordance with the provisions of the Americans with Disabilities Act and the Americans with Disabilities Act Amendments Act (ADAAA) Pub. L. 110-325 and all subsequent amendments. Contractor will not discriminate against persons with disabilities nor against persons due to their relationship to or

association with a person with a disability. Any subcontract entered into by the Contractor, relating to this Contract, to the extent allowed hereunder shall be subject to the provisions of this paragraph.

(4) Political and Sectarian Activity Prohibited

- (a) None of the funds, materials, property or services provided directly or indirectly under this Agreement shall be used for any partisan political activity, or to further the election or defeat of any candidate for public office. Neither shall any funds provided under this agreement be used for any purpose designed to support or defeat any pending legislation or administrative regulation. None of the funds provided pursuant to this Agreement shall be used for any sectarian purpose or to support or benefit any sectarian activity.
- (b) If this Agreement provides for more than \$100,000.00 in grant funds or more than \$150,000 in loan funds, Contractor shall submit to the City a Certification Regarding Lobbying and a Disclosure Form, if required, in accordance with 31 USC 1352. A copy of the Certificate is attached hereto as Exhibit C. No funds will be released to Contractor until the Certification is filed.
- (c) Contractor shall file a Disclosure Form at the end of each calendar quarter in which there occurs any event requiring disclosure or which materially affects the accuracy of any of the information contained in any Disclosure Form previously filed by Contractor. Contractor shall require that the language of this Certification be included in the award documents for all subawards at all tiers and that all subcontractors shall certify and disclose accordingly.

(5) Records Inspection

- (a) At any time during normal business hours and as often as the City, the U.S. Comptroller General and the Auditor General of the State of California may deem necessary, Contractor shall make available for examination all of its records with respect to all matters covered by this Agreement. The City, the U.S. Comptroller General and the Auditor General of the State of California shall have the authority to audit, examine and make excerpts or transcripts from records, including all Contractor's invoices, materials, payrolls, records of personnel, conditions of employment and other data relating to all matters covered by this Agreement.
- (b) Contractor agrees to provide any reports requested by the City regarding performance of the Agreement.

(6) Records Maintenance

- (a) Records, in their original form, or an electronic image thereof upon the approval of LAHD, shall be maintained in accordance with requirements prescribed by the City with respect to all matters covered on file for all documents specified in this Agreement. Original forms, or an electronic image thereof upon the approval of LAHD, are to be maintained on file for all documents specified in this agreement. Such records shall be retained for a period of five (5) years after termination of this Agreement and after final disposition of all pending matters. "Pending matters" include, but are not limited to, an audit, litigation or other actions involving records. The City may, at its discretion, take possession of, retain and audit said records. Records, in their original form, or an electronic image thereof upon the approval of LAHD, pertaining to matters covered by this Agreement, shall at all times be retained within the County of Los Angeles unless authorization to remove them is granted in writing by the City.

(7) Subcontracts and Procurement

- (a) Contractor shall comply with the federal and City standards in the award of any subcontracts. For purposes of this Agreement, subcontracts shall include but not be limited to purchase agreements, rental or lease agreements, third party agreements, consultant service contracts and construction subcontracts.
- (b) Contractor shall ensure that the terms of this Agreement with the City are incorporated into all Subcontractor Agreements. The Contractor shall submit all Subcontractor Agreements to the City for review prior to the release of any funds to the subcontractor. The Contractor shall withhold funds to any subcontractor agency that fails to comply with the terms and conditions of this Agreement and their respective Subcontractor Agreement.

(8) Labor

- (a) Contractor shall comply with the Intergovernmental Personnel Act of 1970 (42 U.S.C. §§4728-4763) relating to prescribed requirements for merit systems for programs funded under one of the 19 statutes or regulations specified in Appendix A of OPM's Standards for a Merit System Personnel Administration (5 C.F.R. 900, Subpart F).
- (b) Contractor shall comply, as applicable, with the provision of the Davis-Bacon Act (40 U.S.C. §§276a-276a-7), the Copeland Act (40 U.S.C. §276c and 18 U.S.C. §874), and the Contract Work Hours and Safety Standards Act (40 U.S.C. §§327-333), regarding labor standards for federally-assisted construction subagreements.
- (c) Contractor shall comply with the Federal Fair Labor Standards Act (29 USC §201) regarding wages and hours of employment.
- (d) None of the funds shall be used to promote or deter Union/labor organizing activities. CA Gov't Code Sec. 16645 *et seq.*
- (e) Contractor shall comply with the Hatch Act (5 USC §§1501-1508 and 7324-7328).

(9) Civil Rights

- (a) Contractor shall comply with all Federal statutes relating to nondiscrimination. These include but are not limited to: (a) Title VI of the Civil Rights Act of 1964 (P.L. 88-352) which prohibits discrimination on the basis of race, color or national origin; (b) Title IX of the Education Amendments of 1972, as amended (20 U.S.C. §§1681-1683, and 1685-1686), which prohibits discrimination on the basis of sex; (c) §504 of the Rehabilitation Act of 1973, as amended (29 U.S.C. §794), which prohibits discrimination on the basis of handicaps; (d) The Age Discrimination Act of 1975, as amended (42 U.S.C. §§6101-6107), which prohibits discrimination on the basis of age; (e) the Drug Abuse Office and Treatment Act of 1972 (P.L. 92-255), as amended, relating to nondiscrimination on the basis of drug abuse; (f) the Comprehensive Alcohol Abuse and Alcoholism Prevention, Treatment and Rehabilitation act of 1970 (P.L. 91-616) as amended, relating to nondiscrimination on the basis of alcohol abuse or alcoholism; (g) §§523 and 527 of the Public Health Service Act of 1912 (42 U.S.C. §§290 dd-3 and 290 ee 3), as amended, relating to confidentiality of alcohol and drug abuse patient records; (h) Title VIII of the Civil Rights Act of 1968 (42 U.S.C. §§3601 *et seq.*) as amended, relating to non-discrimination in the sale, rental or financing of housing; (i) any other nondiscrimination provisions in the specific statute(s) under which application for Federal assistance is being made; (j) the requirements of any other nondiscrimination statute(s) which may apply to the application; (k) P.L. 93-348 regarding the protection of human subjects involved in research, development, and related activities supported by this award of assistance; (l) Title VII of the Civil Rights Act of 1964, as amended by the Equal Employment Opportunity Act of 1972 (42 USC 2000e); (m)

the Americans with Disabilities Act, 42 USC §12101 *et seq.*, and the Americans with Disabilities Act Amendments Act, Pub.L.110-325; and (n) the Genetic Information Nondiscrimination Act of 2008 (GINA) P.L. 110-233.

(10) Environmental

- (a) Contractor shall comply, or has already complied, with the requirements of Titles II and III of the Uniform relocation Assistance and Real Property Acquisition Policies Act of 1970 (P.L. 91-646) which provide for fair and equitable treatment of persons displaced or whose property is acquired as a result of Federal or federally-assisted programs. These requirements apply to all interests in real property acquired for project purposes regardless of Federal participation in purchases.
- (b) Contractor shall comply with environmental standards which may be prescribed pursuant to the following: (a) institution of environmental quality control measures under the National Environmental Policy Act of 1969 (P.L. 91-190) and Executive Order (EO) 11514; (b) notification of violating facilities pursuant to EO 11738; (c) protection of wetlands pursuant to EO 11990; (d) evaluation of flood hazards in floodplains in accordance with EO 11988; (e) assurance of project consistency with the approved State management program developed under the Coastal Zone Management Act of 1972 (16 U.S.C. §§1451 *et seq.*); (f) conformity of Federal actions to State (Clean Air) Implementation Plans under Section 176(c) of the Clean Air Act of 1955, as amended (42 U.S.C. §§7401 *et seq.*); (g) protection of underground sources of drinking water under the Safe Drinking Water Act of 1974, as amended (P.L. 93-523); (h) protection of endangered species under the Endangered Species Act of 1973, as amended (P.L. 93-205); (i) Flood Disaster Protection Act of 1973 §102(a) (P.L. 93-234), and (j) §508 of the Clean Water Act (38 U.S.C. 1368).
- (c) Contractor shall comply with the Wild and Scenic Rivers Act of 1968 (16 U.S.C. §§1271 *et seq.*) related to protecting components or potential components of the national wild and scenic rivers system.
- (d) Contractor shall comply with the Lead-Based Paint Poisoning Prevention Act (42 U.S.C. §§4822 *et seq.*) which prohibits the use of lead-based paint in construction or rehabilitation of residence structures
- (e) Contractor shall comply with the Federal Water Pollution Control Act (33 U.S.C. § 1251 *et seq.*) which restores and maintains the chemical, physical and biological integrity of the Nation's waters.
- (f) Contractor shall ensure that the facilities under its ownership, lease or supervision which shall be utilized in the accomplishment of this project are not listed in the Environmental Protection Agency's (EPA) list of Violating Facilities and that it will notify the Federal Grantor agency of the receipt of any communication from the Director of the EPA Office of Federal Activities indicating that a facility to be used in the project is under consideration for listing by the EPA.
- (g) By signing this Agreement, Contractor ensures that it is in compliance with the California Environmental Quality Act (CEQA), Public Resources Code §21000 *et seq.* and is not impacting the environment negatively.

(11) Preservation.

- (a) Contractor shall comply with Section 106 of the National Historic Preservation Act of 1966, as amended (16 U.S.C. §470), EO 11593 (identification and protection of historic properties), and the Archaeological and Historic Preservation Act of 1974 (16 U.S.C. §§469a-1 *et seq.*).

(12) Suspension and Debarment

- (a) Contractor shall comply with Federal Register, Volume 68, Number 228, regarding Suspension and Debarment, and Contractor shall submit a Certification Regarding Debarment required by Executive Orders 12459 and 12689, and any amendment thereto. Said Certification shall be submitted to the City concurrent with the execution of this Agreement and shall certify that neither Contractor nor its principals are presently debarred, suspended, proposed for debarment, declared ineligible or voluntarily excluded from participation in this transaction by any federal department head or agency. Contractor shall require that the language of this Certification be included in the award documents for all sub-award at all tiers and that all subcontractors shall certify accordingly.

(13) Drug-Free Workplace

- (a) Contractor shall comply with the federal Drug-Free Workplace Act of 1988, 41 USC §701, 28 CFR Part 67; the California Drug-Free Workplace Act of 1990, CA Gov't Code §§ 8350-8357.

(14) Miscellaneous

- (a) Contractor shall comply with the Laboratory Animal Welfare Act of 1966, as amended (P.L. 89-544, 7 USC §§2131 *et seq.*)
- (b) Contractor shall assure, pursuant to the Consolidated Appropriations Act of 2008 (P.L. 110-161) grant funds must not be used in contravention of the federal buildings performance and reporting requirements of Executive Order No. 13123, part 3 of title V of the National Energy Conservation Policy Act (42 USC 8251 *et Seq.*) or subtitle A of title 1 of the Energy Policy Act of 2005 (including the amendments made thereby), nor shall grant funds be used in contravention of section 303 of the Energy Policy Act of 1992 (42 USC 13212).

(15) Faith Based Activities

- (a) Contractor shall comply with 24 CFR 570.200(j) regarding Faith Based Activities.

(16) Pro-Children Act of 1994

- (a) Contractor must comply with Public Law 103-227, Part C-Environmental Tobacco Smoke, also known as the Pro-Children Act of 1994 (Act). This Act requires that smoking not be permitted in any portion of any indoor facility owned or leased or contracted by an entity and used routinely or regularly for the provision of health, day care, education, or library services to children under the age of 18, if the services are funded by Federal programs either directly or through State and local governments. Federal programs include grants, cooperative agreements, loans or loan guarantees, and contracts. The law does not apply to children's services provided in private residences, facilities funded solely by Medicare or Medicaid funds, and portions of facilities used for inpatient drug and alcohol treatment.
- (b) Contractor further agrees that the above language will be included in any subcontracts that contain provisions for children's services and that all subcontractors shall certify compliance accordingly.

(17) American-Made Equipment/Products

- (a) Contractor shall assure, pursuant to Public Law 103-333, §507, to the extent practicable, that all equipment and products purchased with funds made available under this Agreement shall be American made.

- (18) Contractor shall administer this Agreement in accordance with OMB requirements contained in the following Circulars: Common Rule, Subpart C, for public agencies, or 2 CFR 215 for nonprofit organizations.

C. Additional Statutes and Regulations Applicable To The Grant Funding This Contract

1. Contractor shall comply with all applicable requirements of state and federal laws, executive orders, regulations, program and administrative requirements, policies and any other requirements governing this particular grant program. Contractor shall comply with new, amended, or revised laws, regulations, and/or procedures that apply to the performance of this Agreement. These requirements include, but are not limited to:

- a. The HOME Investment Partnerships Program Act 24 CFR Part 92 et seq.

- b. Disclosure Requirements

Contractor shall comply with the disclosure requirements and prohibitions of 31 USC 1352 and implementing regulations at 24 CFR Part 87, and the requirements for funding competitions established by the Department of Housing and Urban Development Reform Act of 1989 (42 USC 3531 et seq.).

- c. Additional Federal Regulations

Contract shall comply with the Fair Housing Act (42 USC 3601-19) and implementing regulations at 24 CFR Part 100 et seq.; Executive Order 11063, as amended by Executive Order 12559 (Equal Opportunity in Housing Programs) and implementing regulations at 24 CFR Part 107; §3 of the Housing and Urban Development Act of 1968 (12 USC 1701u) and implementing regulations at 24 CFR Part 135; Executive Order 11625, as amended by Executive Order 12007 (Minority Business Enterprises); Executive Order 12432 (Minority Business Enterprise Development); and Executive Order 12138, as amended by Executive Order 12608 (Women's Business Enterprise); the Residential Lead-Based Paint Hazard Reduction Act of 1992 (42 USC 4851-4856), and implementing regulations at Part 35, Subparts A, B, J, K, M and R of 24 CFR.

- d. Consultant Activities

No person providing consultant services in an employer-employee type relationship shall receive more than a reasonable rate of compensation for personal services paid with HOME funds. In no event, however, shall such compensation exceed the limits in effect under the provisions of any applicable statute (e.g., annual HUD appropriations acts which have set the limit at the equivalent of the daily rate paid for Level IV of the Executive Schedule, see the Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, 1997, Pub. L. 104-204 (September 26, 1996)). Such services shall be evidenced by written agreements between the parties which detail the responsibilities, standards, and compensation. Consultant services provided under an independent contractor relationship are not subject to the compensation limitation of Level IV of the Executive Schedule.

§416 Federal, State and Local Taxes

- A. Federal, State and local taxes shall be the responsibility of the Contractor as an independent Contractor and not as a City employee.

§417 Inventions, Patents and Copyrights

- A. Reporting Procedure for Inventions

1. If any project produces any invention or discovery (Invention) patentable or otherwise under Title 35 of the U.S. Code, including, without limitation, processes and business methods made in the course of work under this Agreement, the Contractor shall report the fact and disclose the Invention promptly and fully to the City. The City shall report the fact and disclose the Invention to the Grantor. Unless there is a prior agreement between the City and the Grantor, the Grantor shall determine whether to seek protection on

the Invention. The Grantor shall determine how the rights in the Invention, including rights under any patent issued thereon, will be allocated and administered in order to protect the public interest consistent with the policy ("Policy") embodied in the Federal Acquisition Regulations System which is based on Ch. 18 of title 35 U.S.C. Sections 200 *et seq.* (Pub. L. 95-517, Pub. L. 98-620, 37 CFR part 401); Presidential Memorandum on Government Patent Policy to the Heads of the Executive Departments and Agencies, dated 2/18/1983; and Executive Order 12591, 4/10/87, 52 FR 13414, 3 CFR, 1987 Comp, p. 220 (as amended by Executive Order 12618, 12/22/87, 52 FR 48661, 3 CFR, 1987 Comp., p. 262). Contractor hereby agrees to be bound by the Policy, and will contractually require its personnel to be bound by the Policy.

B. Right to Use Inventions

1. City shall have an unencumbered right, and a non-exclusive, irrevocable, royalty-free license, to use, manufacture, improve upon, and allow others to do so for all government purposes, any Invention developed under this Agreement.

C. Copyright Policy

1. Unless otherwise provided by the terms of the Grantor or of this Agreement, when copyrightable material (Material) is developed under this Agreement, the author or the City, at the City's discretion, may copyright the Material. If the City declines to copyright the Material, the City shall have an unencumbered right, and a non-exclusive, irrevocable, royalty-free license, to use, manufacture, improve upon, and allow others to do so for all government purposes, any Material developed under this Agreement.
2. The Grantor shall have an unencumbered right, and a non-exclusive, irrevocable, royalty-free license, to use, manufacture, improve upon, and allow others to do so for all government purposes, any Material developed under this Agreement or any Copyright purchased under this Agreement.
3. Contractor shall comply with 24 CFR 85.34.

D. Rights to Data

1. The Grantor and the City shall have unlimited rights or copyright license to any data first produced or delivered under this Agreement. "Unlimited rights" means the right to use, disclose, reproduce, prepare derivative works, distribute copies to the public, and perform and display publicly, or permit others to do so; as required by 48 CFR 27.401. Where the data are not first produced under this Agreement or are published copyrighted data with the notice of 17 U.S.C. Section 401 or 402, the Grantor acquires the data under a copyright license as set forth in 48 CFR 27.404(f)(2) instead of unlimited rights. (48 CFR 27.404(a)).

E. Obligations Binding on Subcontractors

1. Contractor shall require all subcontractors to comply with the obligations of this section by incorporating the terms of this section into all subcontracts.

§418 Living Wage Ordinance and Service Contractor Worker Retention Ordinance.

A. Unless otherwise exempt in accordance with the provisions of this Ordinance, this contract is subject to the applicable provisions of the Living Wage Ordinance (LWO), §10.37 *et seq.* of the Los Angeles Administrative Code, as amended from time to time, and the Service Contractor Worker Retention Ordinance (SCWRO), §10.36 *et seq.*, of the Los Angeles Administrative Code, as amended from time to time. The Ordinances require the following:

1. Contractor/Consultant assures payment of a minimum initial wage rate to employees as defined in the LWO and as may be adjusted each July 1 and provision of benefits as defined in the LWO;
2. Contractor/Consultant further pledges that it will comply with federal law proscribing retaliation for union organizing and will not retaliate for activities related to the LWO. Contractor/Consultant shall require each of its Subcontractors within the meaning of the LWO to pledge to comply with the terms of federal law

proscribing retaliation for union organizing. Contractor/Consultant shall deliver the executed pledges from each such subcontractor to the City within ninety (90) days of the execution of the Subcontract. Contractor's/Consultant's delivery of executed pledges from each such Subcontractor shall fully discharge the obligation of the Contractor/Consultant to comply with the provision in the LWO contained in §10.37.6(c) concerning compliance with such federal law.

3. The Contractor/Consultant, whether an employer, as defined in the LWO, or any other person employing individuals, shall not discharge, reduce in compensation, or otherwise discriminate against any employee for complaining to the City with regard to the employer's compliance or anticipated compliance with the LWO, for participating in proceedings related to the LWO, for seeking to enforce his or her rights under the LWO by any lawful means, or otherwise asserting rights under the LWO. Contractor/Consultant shall post the Notice of Prohibition Against Retaliation provided by the City.
 4. Any Subcontract entered into by the Contractor/Consultant relating to this Agreement, to the extent allowed hereunder, shall be subject to the provisions of LWO and the SCWRO, and shall incorporate the "Living Wage Ordinance and Service Contractor Worker Retention Ordinance" language.
 5. Contractor/Consultant shall comply with all rules, regulations and policies promulgated by the designated administrative agency, which may be amended from time to time.
- B. Under the provisions of §10.36.3(c) and §10.37.5(c) of the Los Angeles Administrative Code, the City shall have the authority, under appropriate circumstances, to terminate this contract and otherwise pursue legal remedies that may be available if the City determines that the subject Contractor/Consultant has violated provisions of the LWO and the SCWRO.
- C. Where under the LWO §10.37.6(d), the designated administrative agency has determined (a) that the Contractor/Consultant is in violation of the LWO in having failed to pay some or all of the living wage, and (b) that such violation has gone uncured, the awarding authority in such circumstances may impound monies otherwise due the Contractor/Consultant in accordance with the following procedures. Impoundment shall mean that from monies due the Contractor/Consultant, the awarding authority may deduct the amount determined to be due and owing by the Contractor/Consultant to its employees. Such monies shall be placed in the holding account referred to in LWO §10.37.6(d)(3) and disposed of under procedures there described through final and binding arbitration. Whether the Contractor/Consultant is to continue work following an impoundment shall remain in the unfettered discretion of the awarding authority. The Contractor/Consultant may not elect to discontinue work either because there has been an impoundment or because of the ultimate disposition of the impoundment by the arbitrator.

§419 Earned Income Tax Credit

- A. This Contract is subject to the provisions of §10.37.4 of the Los Angeles Administrative Code, requiring employers to inform employees making less than Twelve Dollars (\$12.00) per hour of their possible right to the federal Earned Income Tax Credit (EITC). Employers must further make available to employees the forms required to secure advance EITC payments from employers.

§420 Equal Benefits Ordinance

- A. Unless otherwise exempted in accordance with the provisions of the Equal Benefits Ordinance (EBO) §10.8.2.1 of the Los Angeles Administrative Code, this Contract is subject to the provisions of the EBO as amended from time to time.
- B. During the performance of the Contract, the Contractor/Consultant certifies and represents that the Contractor/Consultant will comply with the EBO. The Contractor/Consultant agrees to post the following statement in conspicuous places at its place of business, available to employees and applicants for employment:
 1. "During the performance of a Contract with the City of Los Angeles, the Contractor/Consultant will provide equal benefits to employees with spouses and its employees with domestic partners. Additional information about the City of Los Angeles' Equal Benefits Ordinance may be obtained from the

Department of Public Works, Bureau of Contract Administration, Office of Contract Compliance, Equal Employment Opportunities Enforcement Section at (213) 847-1922."

- C. The failure of the Contractor/Consultant to comply with the EBO will be deemed to be a material breach of the Contract by the Awarding Authority.
- D. If the Contractor/Consultant fails to comply with the EBO the Awarding Authority may cancel, terminate or suspend the Contract, in whole or in part, and all monies due or to become due under the Contract may be retained by the City. The City may also pursue any and all other remedies at law or in equity for any breach.
- E. Failure to comply with the EBO may be used as evidence against the Contractor/Consultant in actions taken pursuant to the provisions of Los Angeles Administrative Code §10.40 *et seq.*, Contractor Responsibility Ordinance.
- F. If the Office of Contract Compliance determines that a Contractor/Consultant has set up or used its Contracting entity for the purpose of evading the intent of the EBO, the Awarding Authority may terminate the Contract on behalf of the City. Violation of this provision may be used as evidence against the Contractor/Consultant in actions taken pursuant to the provisions of Los Angeles Administrative Code §10.40 *et seq.*, Contractor Responsibility Ordinance.

§421 Contractor Responsibility Ordinance

- A. Unless otherwise exempt in accordance with the provisions of the Ordinance, this Contract is subject to the provisions of the Contractor Responsibility Ordinance, §10.40 *et seq.*, of Article 14, Chapter 1 of Division 10 of the Los Angeles Administrative Code, which requires Contractor/Consultant to update its responses to the responsibility questionnaire within thirty calendar days after any change to the responses previously provided if such change would affect Contractor's/Consultant's fitness and ability to continue performing the contract. In accordance with the provisions of this Ordinance, by signing this Contract, Contractor/Consultant pledges, under penalty of perjury, to comply with all applicable federal, state and local laws in the performance of this contract, including but not limited to, laws regarding health and safety, labor and employment, wage and hours, and licensing laws which affect employees. The Contractor/Consultant further agrees to: (1) notify the awarding authority within thirty calendar days after receiving notification that any government agency has initiated an investigation which may result in a finding that the Contractor/Consultant is not in compliance with all applicable federal, state and local laws in performance of this contract; (2) notify the awarding authority within thirty calendar days of all findings by a government agency or court of competent jurisdiction that the Contractor/Consultant has violated the provisions of §10.40.3(a) of the Ordinance; (3) ensure that its subcontractor(s), as defined in the Ordinance, submit a Pledge of Compliance to awarding authorities; and (4) ensure that its subcontractor(s), as defined in the Ordinance, comply with the requirements of the Pledge of Compliance and the requirement to notify Awarding Authorities within thirty calendar days after any government agency or court of competent jurisdiction has initiated an investigation or has found that the subcontractor has violated §10.40.3(a) of the Ordinance in performance of the subcontract.

§422 Slavery Disclosure Ordinance

- A. This contract may be subject to the Slavery Disclosure Ordinance in the future. If so, Contractor will be notified of the applicability by the City.
- B. Unless otherwise exempt in accordance with the provisions of this Ordinance, this Contract is subject to the Slavery Disclosure Ordinance, §10.41 of the Los Angeles Administrative Code, as may be amended from time to time. Contractor/Consultant certifies that it has complied with the applicable provisions of this Ordinance. Failure to fully and accurately complete the affidavit may result in termination of this Agreement.

§423 Restriction on Disclosures

- A. Any reports, analysis, studies, drawings, information, or data generated as a result of this Agreement are to be considered as confidential. Such information shall not be made available to any individual, agency, or organization except as provided for in this Agreement or as provided by law.

§424 Child Support Assignment Orders

- A. This Contract is subject to §10.10 of the Los Angeles Administrative Code, Child Support Assignment Orders Ordinance. Pursuant to this Ordinance, Contractor/Consultant certifies that it will (1) fully comply with all State and Federal employment reporting requirements applicable to Child Support Assignment Orders; 2) that the principal owner(s) of Contractor/Consultant are in compliance with any Wage and Earnings Assignment Orders and Notices of Assignment applicable to them personally; (3) fully comply with all lawfully served Wage and Earnings Assignment Orders and Notices of Assignment in accordance with California Family Code §5230 *et seq.*; and (4) maintain such compliance throughout the term of this Contract. Pursuant to §10.10.b of the Los Angeles Administrative Code, failure of Contractor/Consultant to comply with all applicable reporting requirements or to implement lawfully served Wage and Earnings Assignment Orders and Notices of Assignment or the failure of any principal owner(s) of Contractor/Consultant to comply with any Wage and Earnings Assignment Orders and Notices of Assignment applicable to them personally shall constitute a default by the Contractor/Consultant under the terms of this Contract, subjecting this Contract to termination where such failure shall continue for more than ninety (90) days after notice of such failure to Contractor/Consultant by City. Any subcontract entered into by the Contractor/Consultant relating to this Contract, to the extent allowed hereunder, shall be subject to the provisions of this paragraph and shall incorporate the provisions of the Child Support Assignment Orders Ordinance. Failure of the Contractor/Consultant to obtain compliance of its subcontractors shall constitute a default by the Contractor/Consultant under the terms of this contract, subjecting this Contract to termination where such failure shall continue for more than ninety (90) days after notice of such failure to Contractor/Consultant by the City.
- B. Contractor/Consultant shall comply with the Child Support Compliance Act of 1998 of the State of California Employment Development Department. Contractor/Consultant assures that to the best of its knowledge it is fully complying with the earnings assignment orders of all employees, and is providing the names of all new employees to the New Hire Registry maintained by the Employment Development Department as set forth in subdivision (1) of the Public Contract Code 7110.

5. DEFAULTS, SUSPENSION, TERMINATION, AND AMENDMENTS

§501 Defaults

- A. Should the Contractor fail for any reason to comply with the contractual obligations of this Agreement within the time specified by this Agreement, the City reserves the right to:
1. Reduce the total budget;
 2. Make any changes in the general scope of this Agreement;
 3. Suspend project operations in accordance with §502 of this Agreement; or
 4. Terminate the Agreement.

§502 Suspension

- A. The City may suspend all or part of the project operations for failure by the Contractor to comply with the terms and conditions of this Agreement by giving written notice, which shall be effective upon receipt.
- B. Said notice shall set forth the specific conditions of noncompliance and the period provided for corrective action.
- C. Within five (5) working days the Contractor shall reply in writing setting forth the corrective actions which will be undertaken, subject to City approval in writing.
- D. Performance under this Agreement shall be automatically suspended without any notice from the City as of the date the Contractor is not fully insured in compliance with §413 (Insurance) herein. Performance shall not resume without the prior written approval of City.

§503 Termination

- A. Either party to this Agreement may terminate this Agreement or any part hereof upon giving the other party at least thirty (30) days written notice prior to the effective date of such termination, which date shall be specified in such notice.
- B. All property, documents, data, studies, reports and records purchased or prepared by the Contractor under this Agreement shall be disposed of according to City directives.
- C. In the event that the Contractor ceases to operate (i.e. dissolution of corporate status, declaration of bankruptcy, etc.) Contractor shall provide to the City copies of all records relating to this Agreement.
- D. Upon satisfactory completion of all termination activities, the City shall determine the total amount of compensation that shall be paid to the Contractor for any unreimbursed expenses reasonably and necessarily incurred in the satisfactory performance of this Agreement.
- E. The City may withhold any payments due to the Contractor until such time as the exact amount of any damages that may be due to the City from the Contractor is determined.
- F. The foregoing Subsection B, C, D, and E shall also apply to activities terminating upon the date specified in §201 or upon completion of the performance of this Agreement.

§504 Notices of Suspension or Termination

- A. In the event that this Agreement is suspended or terminated, the Contractor shall immediately notify all employees and participants and shall notify in writing all other parties contracted with under the terms of Agreement within five (5) working days of such suspension or termination.

§505 Amendments

- A. Any change in the terms of this Agreement, including changes in the services to be performed by the Contractor, and any increase or decrease in the amount of compensation which are agreed to by the City and the Contractor shall be incorporated into this Agreement by a written amendment properly executed and signed by the person authorized to bind the parties thereto.
- B. The Contractor agrees to comply with all future City Directives or any rules, amendments or requirements promulgated by the City affecting this Agreement.

6. ENTIRE AGREEMENT

§601 Complete Agreement

- A. This Agreement contains the full and complete Agreement between the two parties. No verbal agreement nor conversation with any officer or employee of either party shall affect or modify any of the terms and conditions of this Agreement.

§602 Number of Pages and Attachments

- A. This Agreement is executed in three (3) duplicate originals, each of which is deemed to be an original. This Agreement includes twenty (20) pages, and six (6) Exhibits which constitute the entire understanding and agreement of the parties.

7. SIGNATURE PAGE

IN WITNESS WHEREOF, the City of Los Angeles and the Contractor have caused this Agreement to be executed by their duly authorized representatives.

APPROVED AS TO FORM AND LEGALITY:

Executed this _____ day of _____, 2012

CARMEN A. TRUTANICH, City Attorney

By _____
Deputy/Assistant City Attorney

For: THE CITY OF LOS ANGELES

Date _____

RUSHMORE D. GERVANTES
Interim General Manager
Los Angeles Housing Department

ATTEST:

JUNE LAGMAY, City Clerk

By: _____
Helmi Hisserich
Assistant General Manager

By _____
Deputy City Clerk

Executed this _____ day of _____, 2012

Date _____

For: AMERINATIONAL COMMUNITY SERVICES, INC.

(Contractor's Corporate Seal)

By: _____
Print Name ADRIENNE THORSON
Title: Chief Executive Officer

By: _____
Print Name Michael Torres
Title: President and Chief Operating Officer

City Business License Number: 067771-1-5

Internal Revenue Service ID Number: 41-1951655

Council File Number: _____; Date of Approval: _____

Said Agreement is Number _____ of City Contracts

EXHIBIT A

Form Gen 146 (Rev. 9/06)

Required Insurance and Minimum Limits

Name: AmeriNational Community Services, Inc.

Date: May 1, 2012

Agreement/Reference: Los Angeles Housing Department Loan Servicing Contract

Evidence of coverages checked below, with the specified minimum limits, must be submitted and approved prior to occupancy/start of operations. Amounts shown are Combined Single Limits ("CSLs"). For Automobile Liability, split limits may be substituted for a CSL if the total per occurrence equals or exceeds the CSL amount.

		Limits
<input checked="" type="checkbox"/>	Workers' Compensation – Workers' Compensation (WC) and Employer's Liability (EL)	WC <u>Statutory</u> EL \$ <u>1,000,000</u>
<input type="checkbox"/>	Waiver of Subrogation in favor of City	
<input type="checkbox"/>	Longshore & Harbor Workers Jones Act	
<input checked="" type="checkbox"/>	General Liability	\$ <u>1,000,000</u>
<input checked="" type="checkbox"/>	Products/Completed Operations	
<input type="checkbox"/>	Sexual Misconduct	
<input type="checkbox"/>	Fire Legal Liability	
<input type="checkbox"/>	Automobile Liability (for any and all vehicles used for this contract, other than commuting to/from work)	\$ _____
<input checked="" type="checkbox"/>	Professional Liability (Errors and Omissions) Discovery Period <u>12 Months After Completion of Work or Date of Termination.</u>	\$ <u>1,000,000</u>
<input type="checkbox"/>	Property Insurance (to cover replacement cost of building - as determined by insurance company)	\$ _____
<input type="checkbox"/>	All Risk Coverage	
<input type="checkbox"/>	Flood	
<input type="checkbox"/>	Earthquake	
<input type="checkbox"/>	Boiler and Machinery	
<input type="checkbox"/>	Builder's Risk	
<input type="checkbox"/>	Pollution Liability	\$ _____
<input type="checkbox"/>		
<input type="checkbox"/>	Surety Bonds – Performance and Payment (Labor and Materials) Bonds	100% of the contract price
<input checked="" type="checkbox"/>	Crime Insurance	\$ _____

Other: General Notes:

- 1) Crime Insurance or Fidelity Bond - to address fiduciary responsibilities and amount dependant on City's financial exposure.
- 2) In the absence of imposed auto liability requirements, all contractors using vehicles during the course of their contract must adhere to the financial responsibility laws of the State of California

EXHIBIT A
CITY OF LOS ANGELES
INSTRUCTIONS AND INFORMATION
ON COMPLYING WITH CITY INSURANCE REQUIREMENTS
(Share this information with your insurance agent or broker.)

1. **Agreement/Reference** All evidence of insurance must identify the nature of your business with the CITY. Clearly show any assigned number of a bid, contract, lease, permit, etc. or give the project name and the job site or street address to ensure that your submission will be properly credited. Provide the **types of coverage and minimum dollar amounts** specified on the Required Insurance and Minimum Limits sheet (Form Gen. 146) included in your CITY documents.

2. **When to submit** Normally, no work may begin until a CITY insurance certificate approval number ("CA number") has been obtained, so insurance documents should be submitted as early as practicable. For **As-needed Contracts**, insurance need not be submitted until a specific job has been awarded. **Design Professionals** coverage for new construction work may be submitted simultaneously with final plans and drawings, but before construction commences.

3. **Acceptable Evidence and Approval** Electronic submission is the preferred method of submitting your documents. **Track4LA™** is the CITY's online insurance compliance system and is designed to make the experience of submitting and retrieving insurance information quick and easy. The system is designed to be used primarily by insurance brokers and agents as they submit client insurance certificates directly to the City. It uses the standard insurance industry form known as the **ACORD 25 Certificate of Liability Insurance** in electronic format. **Track4LA™** advantages include standardized, universally accepted forms, paperless approval transactions (24 hours, 7 days per week) and security checks and balances. The easiest and quickest way to obtain approval of your insurance is to have your insurance broker or agent access **Track4LA™** at <http://track4la.lacity.org> and follow the instructions to register and submit the appropriate proof of insurance on your behalf.

Insurance industry certificates other than the ACORD 25 may be accepted. **All** Certificates must provide a thirty (30) days' cancellation notice provision (ten (10) days for non-payment of premium) AND an Additional Insured Endorsement naming the CITY an additional insured completed by your insurance company or its designee. If the policy includes an automatic or blanket additional insured endorsement, the Certificate must state the CITY is an automatic or blanket additional insured. An endorsement naming the CITY an Additional Named Insured and Loss Payee as Its Interests May Appear is required on property policies. All evidence of insurance must be authorized by a person with authority to bind coverage, whether that is the authorized agent/broker or insurance underwriter.

Acceptable Alternatives to Acord Certificates and other Insurance Certificates:

A **copy of the full insurance policy** which contains a thirty (30) days' cancellation notice provision (ten (10) days for non-payment of premium) and additional insured and/or loss-payee status, when appropriate, for the CITY. **Binders and Cover Notes** are also acceptable as interim evidence for up to 90 days from date of approval. Additional Insured Endorsements **DO NOT** apply to the following:

- Indication of compliance with statute, such as Workers' Compensation Law.
- Professional Liability insurance.

Completed **Insurance Industry Certificates other than ACORD 25 Certificates** can be sent electronically (CAO.insurance.bonds@lacity.org) or faxed to the Office of the City Administrative Officer, Risk Management (213) 978-7616. Please note that submissions other than through **Track4LA** will delay the insurance approval process as documents will have to be manually processed.

Verification of approved insurance and bonds may be obtained by checking **Track4LA™**, the CITY's online insurance compliance system, at <http://track4la.lacity.org>.

4. **Renewal** When an existing policy is renewed, have your insurance broker or agent submit a new Acord 25 Certificate through **Track4LA™** at <http://track4la.lacity.org> or submit an Insurance Industry Certificate or a renewal endorsement as outlined in Section 3 above. If your policy number changes you must also submit a new Additional Insured Endorsement with an Insurance Industry Certificate.

5. **Alternative Programs/Self-Insurance** Risk financing mechanisms such as Risk Retention Groups, Risk Purchasing Groups, off-shore carriers, captive insurance programs and self-insurance programs are subject to separate approval after the CITY has reviewed the relevant audited financial statements. To initiate a review of your program, you should complete the Applicant's Declaration of Self Insurance form (<http://cao.lacity.org/risk/InsuranceForms.htm>) to the Office of the City Administrative Officer, Risk Management for consideration.

6. **General Liability** insurance covering your operations (and products, where applicable) is required whenever the CITY is at risk of third-party claims which may arise out of your work or your presence or special event on City premises. **Sexual Misconduct** coverage is a required coverage when the work performed involves minors. **Fire Legal Liability** is required for persons occupying a portion of CITY premises. (Information on two CITY insurance programs, the SPARTA program, an optional source of low-cost insurance which meets the most minimum requirements, and the Special Events Liability Insurance Program, which provides liability coverage for short-term special events on CITY premises or streets, is available at (www.2sparta.com), or by calling (800) 420-0555.)

7. **Automobile Liability** insurance is required only when vehicles are used in performing the work of your Contract or when they are driven off-road on CITY premises; it is not required for simple commuting unless CITY is paying mileage. However, compliance with California law requiring auto liability insurance is a contractual requirement.

8. **Errors and Omissions** coverage will be specified on a project-by-project basis if you are working as a licensed or other professional. The length of the claims discovery period required will vary with the circumstances of the individual job.

9. **Workers' Compensation and Employer's Liability** insurance are not required for single-person contractors. However, under state law these coverages (or a copy of the state's Consent To Self Insure) must be provided if you have any employees at any time during the period of this contract. Contractors with no employees must complete a Request for Waiver of Workers' Compensation Insurance Requirement (<http://cao.lacity.org/risk/InsuranceForms.htm>). A **Waiver of Subrogation** on the coverage is required only for jobs where your employees are working on CITY premises under hazardous conditions, e.g., uneven terrain, scaffolding, caustic chemicals, toxic materials, power tools, etc. The Waiver of Subrogation waives the insurer's right to recover (from the CITY) any workers' compensation paid to an injured employee of the contractor.

10. **Property Insurance** is required for persons having exclusive use of premises or equipment owned or controlled by the CITY. **Builder's Risk/Course of Construction** is required during construction projects and should include building materials in transit and stored at the project site.

11. **Surety** coverage may be required to guarantee performance of work and payment to vendors and suppliers. A **Crime Policy** may be required to handle CITY funds or securities, and under certain other conditions. **Specialty coverages** may be needed for certain operations. For assistance in obtaining the CITY required bid, performance and payment surety bonds, please see the City of Los Angeles Bond Assistance Program website address at <http://cao.lacity.org/risk/BondAssistanceProgram.pdf> or call (213) 258-3000 for more information.

EXHIBIT B
CERTIFICATION REGARDING
DEBARMENT, SUSPENSION, INELIGIBILITY AND VOLUNTARY EXCLUSION
LOWER TIER COVERED TRANSACTIONS

This certification is required by the regulations implementing Executive Orders 12459 and 12689, Debarment and Suspension, 24 CFR Part 24 Section 24.510, and 29 CFR Parts 97.35 and 98.510, Participants' responsibilities.

(READ ATTACHED INSTRUCTIONS FOR CERTIFICATION BEFORE COMPLETING)

1. The prospective recipient of Federal assistance funds certifies that neither it nor its principals are presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation in this transaction by any Federal department or agency.
2. Where the prospective recipient of Federal assistance funds is unable to certify to any of the statements in this certification, such prospective participant shall attach an explanation to this proposal.

AGREEMENT NUMBER _____

AmeriNational Community Services, Inc.
CONTRACTOR/BORROWER/AGENCY

NAME AND TITLE OF AUTHORIZED REPRESENTATIVE

SIGNATURE

DATE

Exhibit B (cont.)
INSTRUCTIONS FOR CERTIFICATION

1. By signing and submitting this document, the prospective recipient of Federal assistance funds is providing the certification as set out below.
2. The certification in this clause is a material representation of fact upon which reliance was placed when this transaction was entered into. If it is later determined that the prospective recipient of Federal assistance funds knowingly rendered an erroneous certification, in addition to other remedies available to the Federal Government, the department or agency with which this transaction originated may pursue available remedies, including suspension and/or debarment.
3. The prospective recipient of Federal assistance funds shall provide immediate written notice to the person to which this agreement is entered, if at any time the prospective recipient of Federal assistance funds learns that its certification was erroneous, when submitted or has become erroneous by reason of changed circumstances.
4. The terms "covered transaction," "debarred," "suspended," "ineligible," "lower tier covered transaction," "participant," "person," "primary covered transaction," "principal," "proposal," and "voluntarily excluded," as used in this clause, have the meanings set out in the Definitions and Coverage sections of rules implementing Executive Orders 12459 and 12689.
5. The prospective recipient of Federal assistance funds agrees by submitting this proposal that, should the proposed covered transaction be entered into, it shall not knowingly enter into any lower tier covered transaction with a person who is debarred, suspended, declared ineligible, or voluntarily excluded from participation in this covered transaction, unless authorized by the department or agency with which this transaction originated.
6. The prospective recipient of Federal assistance funds further agrees by submitting this proposal that it will include the clause titled "Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion - Lower Tier Covered Transactions," without modification, in all lower tier covered transactions and in all solicitations for lower tier covered transactions.
7. A participant in a covered transaction may rely upon a certification of a prospective participant in a lower tier covered transaction that it is not debarred, suspended, ineligible, or voluntarily excluded from the covered transaction, unless it knows that the certification is erroneous. A participant may decide the method and frequency by which it determines the eligibility of its principals. Each participant may, but is not required to, check the List of Parties Excluded from Procurement or Non-Procurement Programs.
8. Nothing contained in the foregoing shall be construed to require establishment of a system of records in order to render in good faith the certification required by this clause. The knowledge and information of a participant is not required to exceed that which is normally possessed by a prudent person in the ordinary course of business dealings.
9. Except for transactions authorized under Paragraph 5 of these instructions, if a participant in a covered transaction knowingly enters into a lower tier covered transaction with a person who is suspended, debarred, ineligible, or voluntarily excluded from participation in this transaction, in addition to other remedies available to the Federal Government, the department or agency with which this transaction originated may pursue available remedies, including suspension and/or debarment.

EXHIBIT C
CERTIFICATION REGARDING LOBBYING

Certification for Contracts, Grants, Loans
and Cooperative Agreements

The undersigned certifies, to the best of his or her knowledge and belief, that:

1. No Federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of an agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan or cooperative agreement.
2. If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, the undersigned shall complete and submit Standard Form-LLL "Disclosure Form to Report Lobbying" in accordance with its instructions.
3. The undersigned shall require that the language of this certification be included in the award documents for all subawards at all tiers (including subcontracts, subgrants, and contracts under grants, loans, and cooperative agreements) and that all subrecipients shall certify and disclose accordingly.
4. This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by Section 1352 Title 31, U.S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less that \$10,000 and not more than \$100,000 for each such failure.

AGREEMENT NUMBER _____

AmeriNational Community Services, Inc.
CONTRACTOR/BORROWER/AGENCY

NAME AND TITLE OF AUTHORIZED REPRESENTATIVE

SIGNATURE

DATE

EXHIBIT D
NOTICE OF PROHIBITION AGAINST RETALIATION

An employer subject to the Living Wage Ordinance shall post in a prominent place in an area frequented by employees a copy of the below notice to employees regarding the LWO prohibition against retaliation (also available in English at www.lacity.org/BCA/lwo_retaliation_English.pdf and in Spanish at www.lacity.org/BCA/lwo_retaliation_spanish.pdf. The retaliation notice must be posted by an employer even if the employer has been exempted from the LWO.

**NOTICE TO EMPLOYEES
WORKING ON CITY CONTRACTS
RE: LIVING WAGE ORDINANCE AND
PROHIBITION AGAINST RETALIATION**

"Section 10.37.5 Retaliation Prohibited" of the Living Wage Ordinance (LWO) provides that any employer that has a contractual relationship with the City may not discharge, reduce the pay of, or discriminate against his or her employees working under the City contract for any of the following reasons:

1. Complaining to the City if your employer is not complying with the Ordinance.
2. Opposing any practice prohibited by the Ordinance.
3. Participating in proceedings related to the Ordinance, such as serving as a witness and testifying in a hearing.
4. Seeking to enforce your rights under this Ordinance by any lawful means.
5. Asserting your rights under the Ordinance.

Also, you may not be fired, lose pay or be discriminated against for asking your employer questions about the Living Wage Ordinance, or asking the City about whether your employer is doing what is required under the LWO. If you are fired, lose pay, or discriminated against, you have the right to file a complaint with the Equal Employment Opportunities Enforcement Section, as well as file a claim in court.

For more information, or to obtain a complaint form, please call the Equal Employment Opportunities Enforcement Section at (213) 847-1922.

**CITY OF LOS ANGELES
Department of Public Works
Bureau of Contract Administration
Office of Contract Compliance
1149 S. Broadway Street, 3rd Floor
Los Angeles, CA 90015
Phone: (213) 847-1922 — Fax: (213) 847-2777**

Rev. 06/06

EXHIBIT E

LOAN SERVICING CONTRACT

SCOPE OF SERVICES

DRAFT

EXHIBIT E

**LOAN SERVICING SCOPE OF SERVICES
TABLE OF CONTENTS**

I.	GENERAL	1
II.	LOAN SETUP AND SERVICING START-UP	1
III.	FUNDS COLLECTION AND ACCOUNTING OF FUNDS	2
IV.	BORROWER CONTACT	2
V.	INSURANCE AND TAXES	3
VI.	SUBORDINATIONS	3
VII.	ASSUMPTIONS	4
VIII.	ASSIGNMENTS, RELEASES AND EXTENSIONS	5
IX.	COLLECTION AND DEFAULT MANAGEMENT	5
X.	FORECLOSURES	6
XI.	WORK-OUTS, MODIFICATIONS AND FORBEARANCE AGREEMENTS	8
XII.	REAL ESTATE OWNED (REO) SERVICING	9
XIII.	LOSS MITIGATION/NOTIFICATION	9
XIV.	INTERNAL REVENUE SERVICE (IRS) REPORTING	10
XV.	BANKRUPTCY, PROBATE AND RECEIVERSHIPS	10
XVI.	LEGAL SERVICES	11
XVII.	SPECIAL SERVICES	11
XVIII.	DELIVERABLES	11
XIX.	PORTFOLIO SERVICING REVIEWS	12
XX.	DOWNLOAD AND TRANSMISSION OF ELECTRONIC INFORMATION	13
XXI.	ELECTRONIC INFORMATION MANAGEMENT SYSTEM	13
XXII.	FINANCIAL AUDITS	13

EXHIBIT E

LOAN SERVICING SCOPE OF SERVICES

I. GENERAL

- A. Contractor may propose modifications to the stated Scope of Services by submitting them, in writing, along with the proposed original submittal. LAHD reserves the right to negotiate proposed modifications to the Scope of Services.

II. LOAN SETUP AND SERVICING START-UP

- A. Contractor shall provide loan servicing services for each loan, which at the sole discretion of LAHD is referred to Contractor.
- B. Contractor shall provide LAHD their data requirements including, but not limited to, a list of all data elements and their attributes, such as length and format.
- C. LAHD shall provide Contractor with data needed for Contractor's loan servicing software. Contractor recognizes that LAHD's loan servicing program is proprietary and may not contain the same data fields as Contractor's.
- D. LAHD shall notify borrowers whose loans will be serviced by Contractor. Contractor shall prepare and mail an introductory letter to the borrower for each referred loan notifying the borrower that Contractor will be the collection agent for the City. The letter shall comply in all respects with State and Federal notice requirements.
- E. A review of the setup information must be completed within thirty (30) days of each referral to determine the accuracy of the data and determine an action plan for the borrower and the property.
- F. Contractor shall report payment history on a monthly basis to at least one major credit bureau.
- G. Contractor shall bill borrowers with monthly statements or with coupon books.

III. FUNDS COLLECTION AND ACCOUNTING OF FUNDS

- A. Contractor will open an interest-bearing trust account ("Trust Account") for the benefit of the City. All payments will be deposited in the Trust Account. Contractor recognizes the Trust Account is for the benefit of, and the funds belong to, the City. Interest earned on the Trust Account shall accrue to the benefit of the City. If possible, Contractor shall allow read-only access to any on-line records for the Trust Account.
- B. Funds from the Trust Account will be remitted to LAHD the earlier of seven (7) days after receipt of the payment or upon clearance of check(s). Contractor will identify each payment and each borrower, in electronic form, with each remittance. Contractor shall provide City, a weekly reconciliation of the Trust Account.
- C. Not later than the tenth (10th) of each month Contractor shall forward Trust Account statements to LAHD along with the final month-end remittance, monthly account reconciliation, portfolio status, and delinquent aging report pertaining to the borrowers' loan accounts.
- D. Contractor shall provide sufficient resources to complete a monthly reconciliation to LAHD. Contractor shall provide City on-line access to each borrowers loan account.
- E. Contractor shall provide such other accounting related reports as requested by LAHD.
- F. Contractor shall complete beneficiary demands and reconveyances in compliance with applicable law. Contractor shall verify the accuracy of the payoff amount with LAHD and reconcile the account when necessary.

IV. BORROWER CONTACT

Contractor shall answer all incoming borrower calls, respond to all correspondence, up-date customer contact information, maintain loan history, and maintain customer contact logs.

- A. The Contractor shall maintain the following:
 - 1. A computerized Daily Action log to document all conversations and correspondence with borrowers and to record all actions taken on each account.

2. File copies of all Contractor correspondence received from and/or sent to borrowers.

V. INSURANCE AND TAXES

If requested in writing as an additional service, Contractor shall:

- A. Monitor insurance to ensure timely borrower payment and that proper insurance coverage is maintained as required in the loan documents. Report non-payment of insurance and make protective advances as requested by LAHD. Advances are to be made from the Contractor's account and not the Trust Account. Advances that remain uncollected from borrower after sixty (60) days shall be reimbursed by City within the next thirty (30) days. Annually at a minimum, report and document to LAHD the amounts and dates of advances.
- B. Monitor taxes to ensure timely borrower payment. Report non-payment of taxes to LAHD immediately. Recommend when protective advances are necessary and obtain LAHD approval thirty (30) days prior to making advances. Advances shall be made from Contractor's account and not the Trust Account. Advances that remain unpaid by borrower after sixty (60) days shall be reimbursed by City within thirty (30) days.

VI. SUBORDINATIONS

- A. On request from any borrower, Contractor shall forward a Subordination Request Package to the borrower (or borrower's agent) to be completed and returned to Contractor.
- B. Within five (5) business days of receipt, Contractor shall: (a) evaluate each package for completeness; (b) notify all relevant parties when a subordination package is materially incomplete, and (c) send to borrower a list of documents necessary to complete the subordination package as referenced in part (b).
- C. If the subordination package remains substantially incomplete for ten (10) business days following borrower notification of the document requirements for completion, Contractor shall notify the borrower that the request has been denied and that the borrower may reapply when a complete subordination package can be provided.
- D. Within five (5) business days of receiving a substantially completed subordination package, Contractor shall recommend whether the

subordination request should be approved, modified or denied based upon subordination guidelines and conditions established by LAHD.

- D. If Contractor recommends denial of the request for reasons other than incompleteness, Contractor shall forward the recommendation and application package to LAHD for review and response. If LAHD concurs, Contractor shall inform the requesting parties of the denial. If LAHD disagrees, LAHD shall provide further direction.
- E. If the Contractor recommends approval or modification of a borrower's request, Contractor shall forward the recommendation and application package to LAHD for review and response. If LAHD concurs, Contractor shall contact the borrower as well as prepare and submit LAHD's standard subordination documents for LAHD execution. Following LAHD execution, the subordination documents shall be returned to Contractor for further processing.
- F. After a subordination file has been closed, Contractor shall forward a complete set of documents in their file to LAHD.
- G. The Contractor recognizes time is of the essence in all subordination requests.

VII. ASSUMPTIONS

- A. On request from any Borrower, Contractor shall forward an Assumption Request Package to the Borrower (or borrower's agent) to be completed and returned to Contractor.
- B. Within five (5) business days of receiving a substantially completed assumption package, Contractor shall recommend whether the assumption request should be approved, for further processing or denied based upon assumption guidelines and conditions established by LAHD.
- C. If an assumption package is submitted incomplete, Contractor shall notify all relevant parties within five (5) business days of receipt and send a list of documents necessary to complete to the borrower within five (5) business days.
- D. If the assumption package remains substantially incomplete for ten (10) business days following borrower notification of the document requirements for completion, Contractor shall notify the borrower that the request has been

denied and that the borrower may reapply when a complete assumption package can be provided.

- E. For assumption packages ready for processing, Contractor shall investigate prospective assignee and subject property. Investigation shall include a credit report, financial analysis, and verification of payment of all taxes and fees, appraisal of subject property (including comparable properties), and verification of any code complaints.
- F. Contractor shall determine if the assumption request should be approved and forward the recommendation and supporting documentation to LAHD for review within fifteen (15) business days. If LAHD concurs, Contractor shall notify borrower and Contractor shall then prepare and submit LAHD's standard assumption documents to LAHD for signature.
- G. If Contractor determines that the request should be denied, Contractor shall forward recommendation to LAHD. If LAHD concurs, Contractor shall inform applicants. If LAHD disagrees, LAHD shall provide Contractor with further direction.
- H. A complete copy of the documents shall be forwarded to LAHD once the file has been closed.

VIII. ASSIGNMENTS, RELEASES AND EXTENSIONS

Contractor shall coordinate additional functions such as assignments, releases and extensions. These items will require LAHD approval. After the file has been closed, Contractor shall forward a complete set of the documents in their file to LAHD.

IX. COLLECTION AND DEFAULT MANAGEMENT

Contractor shall provide collection and default management including work-outs, amendments, modifications, forbearance agreements, foreclosure services, REO management, and the like.

- A. Contractor shall document all collection efforts. Documentation should include a daily action log of all communications and attempted communications to and from borrowers, dates that letters and notices are mailed, reasons for prior and current default (if available), and summaries of property inspections.
- B. Contractor shall adhere to the following guidelines:

15 to 30 days past due date – Contractor shall call early payment defaults and chronic delinquent accounts. Contractor shall also send first payment reminder notices.

30 to 60 days past due date – Contractor shall attempt to contact the borrower not less than every five (5) business days.

60 to 90 days past due date –

1. For non-owner occupied units, Notice of Intent to Foreclose shall be sent to the borrower and management company (if any) via regular and certified mail. Delinquency shall be reported to credit bureaus. Collection calls to continue not less than every three (3) to five (5) business days to determine the reason for delinquency and to determine if an oral agreement (3 month catch-up plan) may be appropriate.
2. For owner-occupied units, the sending of a Notice of Intent to Foreclose and credit reporting will require the prior approval of LAHD. Collection calls to continue every three (3) to five (5) business days.

90+ days past due date – Contractor requires the prior approval from LAHD to begin foreclosure process. Loans 90+ calendar days past due that are beginning the foreclosure process should be included on the monthly foreclosure report (see below).

X. FORECLOSURES

Contractor shall send to LAHD, a monthly report identifying properties eligible for foreclosure and the status of any pending foreclosures. Upon LAHD's request, Contractor shall provide additional foreclosure services as follows:

- A. Preparation of a property foreclosure analysis to determine the liquidation value of the property. The analysis should compare the liquidation value relative to LAHD's secured lien position and its accompanying loan balance including principal and interest and other senior debt and encumbrances recorded against the property. The liquidation value shall be based on an analysis of comparable sales, which are to include photographs of the selected comparable sales, which are to be submitted by Contractor. Contractor recommendations shall be accompanied with supporting documentation including any additional information reasonably used by lenders when

considering default and foreclosure options. The foreclosure analysis should begin with a preliminary analysis to include the following: verification of senior mortgages and encumbrances affecting the property; obtaining and reviewing borrower's credit report; inspecting the property (optional service); ensuring insurance is in compliance with LAHD guidelines (optional service); ensuring taxes and insurance premiums are paid (if requested); interviewing the borrower and attempted workout options (i.e. 3 month catch-up plan); recommend course of action such as loan modification, short-sale, or foreclosure.

- B. A foreclosure analysis including a recommended course of action is to be completed and submitted to LAHD by the time the account is ninety (90) days past due.
- C. When a loan file has been approved by LAHD for judicial or non-judicial foreclosure, Contractor shall: "code" or otherwise identify the account to ensure that only payments received for the total amount due are accepted; prepare a package to be sent to trustee or other agent or contractor to commence foreclosure proceedings; place the account in a foreclosure tracking system to ensure adherence to state laws to ensure that all actions are taken in a timely manner; report the status to the foreclosure process monthly to LAHD, and report the foreclosure to credit bureaus.
- D. Contractor shall act as the City's agent in property foreclosure proceedings.
- E. Contractor will be responsible for the payment of reasonable foreclosure fees, advances to bring senior loans current and outside costs including but not limited to receivership and related costs. Outside costs shall be paid from Contractor's account and not Trust Account. Advances to pay senior lenders must be approved in advance by LAHD.
- F. Contractor shall postpone or terminate the foreclosure process at the request of LAHD.
- G. Contractor shall complete the foreclosure sale and remit the proceeds to LAHD. Should the foreclosure be postponed for more than ninety (90) days, LAHD shall pay foreclosure fees, advances, and related costs to vendors and/or shall reimburse Contractor.

XI. WORK-OUTS, MODIFICATIONS AND FORBEARANCE AGREEMENTS

Contractor shall provide amendment/forbearance/modification services for borrowers who have indicated that they are unable to make payments as agreed and/or are unable to cure delinquencies over a three-month period.

- A. Upon borrower request, Contractor will forebear for a period not to exceed thirty (30) calendar days in order for the borrower to complete an amendment/forbearance/modification package. Contractor shall continue collection efforts at the expiration of the thirty (30) day period if the borrower has not completed the package. The thirty (30) day period will not extend the time to redeem under state law unless authorized by LAHD.
- B. The Contractor shall evaluate within five (5) business days of receipt each amendment package for completeness and notify the borrower if the submitted package is materially incomplete and that the amendment cannot go forward. If the package remains substantially incomplete for fifteen (15) calendar days, Contractor shall notify the borrower that the request has been denied.
- C. On receipt of a completed amendment package, Contractor shall evaluate the borrower's ability to repay and make a recommendation to LAHD within ten (10) business days.
- D. If LAHD concurs with the Contractor's recommendation to work-out the delinquency, Contractor shall immediately generate an agreement for LAHD review and approval. The Contractor shall provide one (1) set of original documents for archiving in the City's safekeeping system. Loan modifications/amendment/forbearance/ agreements shall be returned within five (5) business days of execution to LAHD for further servicing.
- E. If Contractor determines that the delinquency is not justified, Contractor shall advise the borrower and send a non-recorded preliminary notice of default in conformance with the loan documents and copy LAHD.
- F. If borrower does not satisfy the requirements of the non-recorded preliminary notice of default, the Contractor is to seek LAHD's approval to record a Notice of Default. The contractor is to record a Notice of Default only on direction from LAHD.
- G. If following the recordation of a LAHD authorized Notice of Sale and prior to the Trustee Sale, the Contractor is informed of the borrower's intent to resolve

the delinquent loan the Contractor shall immediately notify the City and seek further direction.

XII. REAL ESTATE OWNED (REO) SERVICING

- A. If requested by LAHD Contractor shall manage (directly or through an agent), property owned or controlled by LAHD and property acquired by Contractor on behalf of the City. Prior approval is not required in emergencies. Contractor shall obtain approval from LAHD and shall take necessary steps to maintain the property, recommend appropriate renovation and clean up activities, establish property security, and complete other duties as necessary.
- B. Contractor shall remit to LAHD all net revenue generated by the REO.
- C. Contractor shall obtain from a licensed Real Estate Agent a Broker Price Opinion (BPO) and submit to LAHD for approval, a seller's listing agreement.
- D. If requested, Contractor shall obtain appraisal from an appraiser qualified to do business with LAHD. Payment shall be made from Contractor's account and not Trust Account
- E. If required, Contractor shall establish hazard and/or liability insurance on each REO property to avoid casualty loss in amounts directed by LAHD.
- F. If requested, Contractor shall monitor property taxes due and shall advance property taxes on direction by LAHD.
- G. Broker fees and outside costs for property maintenance and insurance shall be paid from sales proceeds.
- H. If Contractor acts as broker, LAHD must approve any marketing plan.
- I. Contractor shall provide a detailed account summary of monies collected and expended on all REO properties on a monthly basis.

XIII. LOSS MITIGATION/NOTIFICATION

- A. LAHD will notify Contractor of any third-party action affecting the loan such as foreclosure by a senior or junior lender.
- B. Contractor shall immediately notify LAHD of any third-party action affecting any loan such as foreclosure by a senior or junior lien holder.

- C. Contractor shall make advances to bring senior loans current upon request by LAHD.

XIV. INTERNAL REVENUE SERVICE (IRS) REPORTING

The Contractor shall produce Internal Revenue Service (IRS) Mortgage Interest Statements (Form 1098) and other appropriate IRS forms in compliance with applicable Federal regulations.

XV. BANKRUPTCY, PROBATE AND RECEIVERSHIPS

A. Bankruptcy

Unless notified otherwise, all legal matters pertaining to the servicing and collection of LAHD loans are to be managed by the City Attorney's Office. Upon receiving notice that borrower has filed for bankruptcy protection, Contractor will immediately cease all collection activities, including but not limited to telephone calls, negotiations, amendments, foreclosures, modifications, etc. Contractor shall:

1. Advise LAHD and City Attorney upon being advised of borrower's intent to file bankruptcy;
2. Provide LAHD and City Attorney copies of all bankruptcy documents;
3. Verify status of other liens and encumbrances on property;
4. Obtain a credit report;
5. Visually inspect the property (if requested by LAHD);
6. Ensure all taxes and insurance premium are paid (if requested by LAHD); and
7. Provide a property value analysis (if requested by LAHD).

B. Probate

1. Contractor will immediately advise LAHD and the City Attorney upon notice of a borrower's death.

2. Upon written notice of the appointment of an administrator, executor or similar party, Contractor shall:

- a. Notify LAHD and the City Attorney; and
- b. Send billing statements to the appointee.

C. Receiverships

Upon being notified of the appointment, Contractor shall immediately notify LAHD and the City Attorney and send billing statements to receiver.

XVI. LEGAL SERVICES

- A. If requested, Contractor will recommend attorneys to represent Contractor in any legal proceedings.
- B. The selection of such outside legal counsel shall be at the sole discretion of the City Attorney.

XVII. SPECIAL SERVICES

Contractor shall provide other special services as requested by LAHD. Special services shall include but are not limited to:

- A. Preparation of loan amortization schedules;
- B. Title verification services;
- C. Residence verification;
- D. Insurance placement; and
- E. Document imaging.

XVIII. DELIVERABLES

Contractor shall provide the following reports and materials to LAHD, in hard copy, and electronic media where indicated:

- A. Monthly Portfolio Status Report*
- B. Monthly Reconciliation Report*
- C. Monthly Delinquent Aging*
- D. Payment Transmission Report*

- E. Monthly Payment Suspense Report*
- F. Monthly Payment Exception Report*
- G. Monthly Adjustment Report*
- H. Monthly Foreclosure Report
- I. Monthly Comments Log (upon individual request)*
- J. Copies of Correspondence (upon individual request)
- K. Foreclosure Analysis
- L. Preliminary Notice of Default
- M. Notice of Default and related materials
- N. Notice of Sale and related materials
- O. Completed Forbearance/Modification Agreements
- P. Executed Forbearance/Modification Agreements
- Q. Completed Subordination Packages
- R. Executed Subordination/Modification Agreements
- S. Other reports as requested by LAHD

* The reports noted may be modified by LAHD to conform with internal requirements.

XIX. PORTFOLIO SERVICING REVIEWS

- A. LAHD and Contractor shall meet at a minimum on a monthly basis to review issues in servicing LAHD's loan portfolio.
- B. LAHD and Contractor will schedule monthly status meetings for the duration of the contract. Status meeting agenda topics are to include but not limited to: Contractor invoicing; financial data reconciliation; Trust Account management; delinquent accounts; accounts in default and foreclosure; subordination and assumption transactions; pending demands and reconveyances; and REO management.
- C. LAHD will assign a relationship manager to coordinate with the Contractor's relationship manager.
- D. LAHD and Contractor will establish a log to document servicing issues to be discussed at monthly status meetings.
- E. LAHD and Contractor will resolve outstanding issues placed on the issues log within ninety (90) days.

XX. DOWNLOAD AND TRANSMISSION OF ELECTRONIC INFORMATION

- A. LAHD shall provide Contractor with data requirements for the download and transmission for electronic information.
- B. Contractor shall provide LAHD with an uploadable text file compatible with LAHD data request menus.
- C. Upon LAHD request, Contractor shall download specific loan information directly from software and transmit the same to LAHD without further manipulation.

XXI. ELECTRONIC INFORMATION MANAGEMENT SYSTEM

- A. Contractor shall provide LAHD internet access to Contractor's electronic information management system currently known as LoanLink. LAHD shall have access to borrower information including but not limited to payment status, payment history and contact logs.
- B. Upon LAHD request, Contractor shall provide training on LoanLink functionality to LAHD staff.

XXII. FINANCIAL AUDITS

LAHD staff and/or LAHD's external and internal auditing will be allowed at any time to complete an audit of Contractor's business records to determine compliance with this agreement. Contractor recognizes that time is of the essence and untimely performance may result in financial losses for LAHD. Contractor agrees that noncompliance with its obligations may result in the Contractor forfeiting fees.

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EXHIBIT F

Fee Schedule for Servicing Loans

Category/Service	Price Per Loan	Minimum Servicing Requirements (if any)
A. Monthly Loan Servicing	\$10.56	Per month per loan
B. Monthly REO Management		
One to Four Units (Vacant)	\$50.00	Per month plus third-party property management fees & repairs
Five to Ten Units (Vacant)	\$125.00	Per month plus third-party property management fees & repairs
Eleven Plus Units (Vacant)	\$200.00	Per month plus third-party property management fees & repairs
One to Four Units (Occupied)	\$75.00	Per month plus third-party property management fees & repairs
Five to Ten Units (Occupied)	\$150.00	Per month plus third-party property management fees & repairs
Eleven Plus Units (Occupied)	\$225.00	Per month plus third-party property management fees & repairs
C. Foreclosure Processing		
fee paid by borrower	\$300.00	If loan is reinstated (per occurrence) or paid off - plus advances and actual third party fees not exceeding the maximum California Statutory limits
fee paid by LAHD	\$300.00	At completion of foreclosure sale or not later than 90 days from initial scheduled foreclosure date - plus advances and actual third party fees not exceeding the maximum California Statutory limits
D. Amendment Fee		
1) Processing	\$300.00	Per occurrence plus outside costs. Fees paid by borrower.
2) Documentation	\$125.00	Per occurrence plus outside costs. Fees paid by borrower.
E. Assumption Fee		
1) Processing (Single Family Project)	\$300.00	Per occurrence
2) Documentation (Single Family Project)	\$155.00	Per occurrence
3) Processing (Multi-Family/Commercial Project)	\$500.00	Per occurrence
4) Documentation (Multi-Family/Commercial Project)	\$155.00	Per occurrence
F. Subordination Fee		
1) Processing	\$300.00	Per occurrence
2) Documentation	n/c	Included in processing fee
G. Bankruptcy Processing		
Probate	\$7.00	Per month per loan - in addition to Monthly Amortized Loan Servicing Fee
Receivership	\$12.50	Per month per loan - in addition to Monthly Amortized Loan Servicing Fee
H. Insurance Monitoring (Per annum)	n/c	No Charge

Category/Service	Price Per Loan	Minimum Servicing Requirements (if any)
I. Tax Monitoring (Per annum)	n/c	One-time outside vendor fee. Can be negotiated for pricing discount, based on volume.
J. Title Verification	\$22.50	Per occurrence
K. IRS Reporting	n/c	No Charge
L. Credit Agency Reporting	\$1.00	Per month for each active loan in the portfolio
M. Amortization Tables	n/c	No Charge
N. Site Visits	\$50.00	Per occurrence and per site
O. Development of Computer Communications	\$85.00	Per hour - subject to quote based on scope of development
P. Loan set-up fee		
Set-up Fees for existing loans ACS services	n/c	No Charge
Set-up Fees for new loans	\$30.00	One time per loan
Q. Loan close-out fee	n/c	All loan payoff quotations, satisfactions and reconveyances are paid by-borrower.

Fee Schedule for Other Services & Fees

Category/Service	Price Per Loan	Minimum Servicing Requirements (if any)
Foreclosure Analysis (Base Fee)	\$300.00	Per occurrence
Insurance Placement (Forced Place Insurance)	Varies	Outside cost is passed through from outside vendor
Residency Verification (Occupancy Affidavit Mailer)	\$12.50	Per occurrence, \$500 minimum per event
Loan Transferred to another Servicer prior to contract expiration	\$50.00	Per loan
Segregated Lockbox Processing	\$30.00	Per day
Consumer Credit Report (Single Bureau - Experian)	\$7.50	Per borrower
Portfolio Research, Analysis, & Specialized Reporting	\$100.00	Per hour - subject to quote based on scope of task
Loan Clean Up and Account Reconciliation	\$39.00	Per occurrence and per file
Document Imaging	Varies	Outside cost is passed through from outside vendors
Additional Services Paid by Borrower:		
Forbearance Agreement Preparation & Monitoring	\$300.00	Per occurrence
Reconveyance	\$45.00	Per occurrence, subject to statutory limits
Beneficiary Demand	\$30.00	Per occurrence if requested by borrower, subject to statutory limits
Beneficiary Demand Fax Fee	\$20.00	Per occurrence if requested by borrower, subject to statutory limits
NSF Check Changes - borrower checks	\$35.00	Per occurrence, subject to statutory limits