

SEAL BEACH MUTUAL NO. ONE**Accounting and Fiscal****Impound Account Agreement**

THIS AGREEMENT entered into this 21st day of February 1974 between Seal Beach Mutual Corporations Nos. One through Eleven, (except Mutual No. Nine, effective 07-10-06) hereinafter called Trustors, and Western Mortgage Corporation, a division of Unionamerica, Inc., a Delaware corporation, hereinafter called Servicer.

1. WITNESSETH

- 1.1.** WHEREAS, Metropolitan Life Insurance Company, a New York corporation, hereinafter called the Beneficiary, now holds deed of trust notes secured by deeds of trust on properties in Seal Beach Leisure World owned by Trustors, which notes represent loans insured by the Federal Housing Administration, hereinafter called FHA, and
- 1.2.** WHEREAS, the Beneficiary has appointed Servicer as its correspondent and servicing agent to make collections and to fulfill the obligations of the Beneficiary in the servicing of FHA loans in accordance with the requirements of FHA, and
- 1.3.** WHEREAS, the Beneficiary has directed Servicer as its agent to pay interest to Trustors on impound accounts held on the subject FHA loans, and
- 1.4.** WHEREAS, the Beneficiary has directed Servicer as its agent to assume the administration of the Reserve Fund for Replacements to the mortgage properties, hereinafter called the Reserve Fund, which Reserve Fund is required by FHA to be maintained under the control of the Beneficiary, and
- 1.5.** WHEREAS, the Beneficiary has further directed Servicer to invest such Reserve Fund and pay earnings to the Trustors, and WHEREAS, the Beneficiary and FHA have agreed that Servicer may collect a reasonable fee from Trustors for the services to be provided under this Agreement, and
- 1.6.** NOW, THEREFORE, it is mutually agreed by and between the parties hereto as follows:
- 1.6.1.** The Trustors shall continue to make regular monthly payments in cash to the Servicer in accordance with the terms of the deed of trust notes. A portion of such regular monthly payments shall be held by Servicer in impound accounts in amounts as required for the payment of taxes, insurance and M.M.I., as set forth in the impound analysis delivered to Trustors during the first month of each year. Another portion of such regular monthly payments shall be held by Servicer in said reserve fund for replacements in amounts as required by the FHA and provided for in the Agreement for the Reserve Fund on such FHA

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43 loans.

44 **1.6.2.** On or before the 30th day of each month, Servicer agrees to deposit
 45 the monthly impound collections received through the 20th day of that
 46 month into regular savings accounts in an institution insured by an
 47 agency of the Federal Government yielding the highest available
 48 interest rate without the requirement of any fixed time period. Such
 49 savings accounts for the impounds shall be maintained as Trust or
 50 Custodial accounts in the name of Western Mortgage Corporation, as
 51 custodian for the Beneficiary. Servicer shall make withdrawals on such
 52 impound accounts as required for payments of taxes, insurance and
 53 M. M. I.

54 **1.6.3.** Servicer agrees to provide monthly accounting reports to Trustors and
 55 the Beneficiary on or before the fifth day of each month that will reflect
 56 all savings account transactions under this Agreement as of the 20th
 57 day of the preceding month. These reports will include a Cash Flow
 58 Statement reflecting for each loan account total impound collections
 59 for the month, deposits of impound funds into the custodial savings
 60 account, any authorized disbursement, and a reconciliation to the
 61 balance outstanding in such savings accounts as of the 20th day of
 62 each month.

63 **1.6.4.** Payments to the Trustors of interest earned on the savings accounts
 64 shall be made on a calendar quarterly basis, less 1/5th of the earned
 65 interest on such savings accounts. The parties hereto agree that such
 66 1/5th of the earned interest to be retained by Servicer is a reasonable
 67 charge for the services performed by Servicer in the investment of the
 68 impound funds and payment of earnings to Trustors.

69 **1.6.5.** Servicer agrees to assume the duties and responsibilities of the
 70 Beneficiary in the administration of the portfolio of United States
 71 Government Bonds in which the Reserve Fund has been invested
 72 under certain agreements between Trustors and Beneficiary. Provided
 73 the loan is not in default, at the end of each calendar quarter, the
 74 Servicer agrees to accept United States Government Bearer Bonds in
 75 substitution for the amounts accumulated in the Reserve Fund from
 76 collections during the preceding quarter, provided the accumulated
 77 amounts are not needed for repairs of payment or other items required
 78 under the Agreement for the Reserve Fund. It is understood that if, at
 79 any time, the market value of the Bonds falls below the equivalent
 80 amount of cash for which they were exchanged, the Servicer, at its
 81 option, may require the Trustors to make up the deficiency. It is
 82 understood that the Servicer and/or Beneficiary assumes no liability
 83 resulting from the fluctuation in the market value of the Bonds.

84 **1.6.6.** It is understood that the Trustors, after ascertaining the dollar amount

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85 for which Bonds may be substituted, will purchase the Bonds and
86 deliver them to the Servicer. The Servicer will then refund to the
87 Trustors an amount equal to the actual cost of the Bonds excluding
88 commissions or the par value of the Bonds, whichever is less, but in
89 no event in excess of the amount of the cash on hand. At the Trustors
90 request, Servicer or its agent will detach the interest coupons for
91 redemption and forward the proceeds to the Trustors.

92 **1.6.7.** Servicer will provide a calendar quarterly report to Trustors and the
93 Beneficiary on or before the 20th day of the month following each
94 quarter which will reflect any changes in the status of the Reserve
95 Fund and the portfolio of United States Government Bonds being
96 administered by Servicer for each Mutual corporation.

97 **1.6.8.** The Trustors agree to pay Servicer \$25.00 per transaction affecting
98 the portfolio of United States Government Bonds in which the Reserve
99 fund has been invested. "Transaction" for the purpose of such
100 compensation to Servicer includes the sale, purchase, maturity or
101 redemption of Bonds in the portfolio being maintained for coupons on
102 such Bonds. In addition, Trustors agree to pay Servicer \$25.00 per
103 calendar quarter for each Mutual corporation which has investments
104 included in the portfolio being administered by Servicer. The calendar
105 quarterly report on changes in the Bond portfolio submitted by Servicer
106 to Trustees and Beneficiary in accordance with the provisions of
107 paragraph 7 will be accompanied by a quarterly billing summarizing
108 the number of transactions and the amounts owing to Servicer which
109 shall be paid by Trustors within fifteen days of receipt; provided,
110 however, that the compensation payable by Trustors to Servicer for
111 the services provided in the administration of the bond portfolio shall
112 not, in the aggregate in any one year, be less than \$4,000, nor more
113 than \$10,000. The parties hereto agree that the compensation
114 provided for in this paragraph for the administration of the Reserve
115 Fund and the portfolio of United States Government Bonds in which
116 the Reserve Fund has been invested, is a reasonable charge for the
117 services performed by Servicer in connection therewith.

118 **1.6.9.** Servicer agrees to use due diligence in the performance of its duties
119 and the exercise of its fiduciary responsibilities under this Agreement,
120 and Trustors agree that Servicer and the Beneficiary shall not be
121 responsible for any loss or damage suffered by Trustors in the
122 execution of this Agreement that may be caused by circumstances
123 beyond Servicer's control.

124 **1.6.10.** The parties agree that this Agreement shall be for a term of three years
125 from the date of execution and will be automatically renewed on a
126 year-to-year basis except upon 90 days advance written notice of

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termination given by either party prior to the expiration of the original term or any renewal period. The parties further understand and agree that the execution and implementation of this Agreement will be subject to the approval of the Beneficiary and the FHA; that this Agreement to pay interest on impound accounts to Trustors on Seal Beach Leisure World FHA loans is entered into on a voluntary basis by the Beneficiary and Servicer, and is not presently required by any law or governmental regulation; and further that any subsequent agreement between the parties to modify, amend or replace this Agreement shall be subject to the approval of the Beneficiary and the FHA.

1.7. IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective officers, duly authorized the day and year first above written.

Document History

Adopted: March 2021

Keywords: Mutual One Impound Account

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