

SEAL BEACH MUTUAL NO. ONE**Mutual Operations – Impound Account Agreement**

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

1. WITNESSETH

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- 7 **1.1.** WHEREAS, Metropolitan Life Insurance Company, a New York corporation,
 8 hereinafter called the Beneficiary, now holds deed of trust notes secured by
 9 deeds of trust on properties in Seal Beach Leisure World owned by Trustors,
 10 which notes represent loans insured by the Federal Housing Administration,
 11 hereinafter called FHA, and
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- 13 **1.2.** WHEREAS, the Beneficiary has appointed Servicer as its correspondent and
 14 servicing agent to make collections and to fulfill the obligations of the
 15 Beneficiary in the servicing of FHA loans in accordance with the requirements
 16 of FHA, and
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- 18 **1.3.** WHEREAS, the Beneficiary has directed Servicer as its agent to pay interest to
 19 Trustors on impound accounts held on the subject FHA loans, and
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- 21 **1.4.** WHEREAS, the Beneficiary has directed Servicer as its agent to assume the
 22 administration of the Reserve Fund for Replacements to the mortgage
 23 properties, hereinafter called the Reserve Fund, which Reserve Fund is
 24 required by FHA to be maintained under the control of the Beneficiary, and
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- 26 **1.5.** WHEREAS, the Beneficiary has further directed Servicer to invest such
 27 Reserve Fund and pay earnings to the Trustors, and WHEREAS, the
 28 Beneficiary and FHA have agreed that Servicer may collect a reasonable fee
 29 from Trustors for the services to be provided under this Agreement, and
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- 31 **1.6.** NOW, THEREFORE, it is mutually agreed by and between the parties hereto
 32 as follows:
- 33 **1.6.1.** The Trustors shall continue to make regular monthly payments in
 34 cash to the Servicer in accordance with the terms of the deed of trust
 35 notes. A portion of such regular monthly payments shall be held by
 36 Servicer in impound accounts in amounts as required for the
 37 payment of taxes, insurance and M.M.I., as set forth in the impound
 38 analysis delivered to Trustors during the first month of each year.
 39 Another portion of such regular monthly payments shall be held by
 40 Servicer in said reserve fund for replacements in amounts as
 41 required by the FHA and provided for in the Agreement for the
 42 Reserve Fund on such FHA loans.
- 43 **1.6.2.** On or before the 30th day of each month, Servicer agrees to deposit

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- 44 the monthly impound collections received through the 20th day of
 45 that month into regular savings accounts in an institution insured by
 46 an agency of the Federal Government yielding the highest available
 47 interest rate without the requirement of any fixed time period. Such
 48 savings accounts for the impounds shall be maintained as Trust or
 49 Custodial accounts in the name of Western Mortgage Corporation,
 50 as custodian for the Beneficiary. Servicer shall make withdrawals on
 51 such impound accounts as required for payments of taxes, insurance
 52 and M. M. I.
- 53 **1.6.3.** Servicer agrees to provide monthly accounting reports to Trustors
 54 and the Beneficiary on or before the fifth day of each month that will
 55 reflect all savings account transactions under this Agreement as of
 56 the 20th day of the preceding month. These reports will include a
 57 Cash Flow Statement reflecting for each loan account total impound
 58 collections for the month, deposits of impound funds into the
 59 custodial savings account, any authorized disbursement, and a
 60 reconciliation to the balance outstanding in such savings accounts as
 61 of the 20th day of each month.
- 62 **1.6.4.** Payments to the Trustors of interest earned on the savings accounts
 63 shall be made on a calendar quarterly basis, less 1/5th of the earned
 64 interest on such savings accounts. The parties hereto agree that
 65 such 1/5th of the earned interest to be retained by Servicer is a
 66 reasonable charge for the services performed by Servicer in the
 67 investment of the impound funds and payment of earnings to
 68 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.
 73 Provided the loan is not in default, at the end of each calendar
 74 quarter, the Servicer agrees to accept United States Government
 75 Bearer Bonds in substitution for the amounts accumulated in the
 76 Reserve Fund from collections during the preceding quarter,
 77 provided the accumulated amounts are not needed for repairs of
 78 payment or other items required under the Agreement for the
 79 Reserve Fund. It is understood that if, at any time, the market value
 80 of the Bonds falls below the equivalent amount of cash for which
 81 they were exchanged, the Servicer, at its option, may require the
 82 Trustors to make up the deficiency. It is understood that the Servicer
 83 and/or Beneficiary assumes no liability resulting from the fluctuation
 84 in the market value of the Bonds.
- 85 **1.6.6.** It is understood that the Trustors, after ascertaining the dollar

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- 86 amount for which Bonds may be substituted, will purchase the Bonds
 87 and deliver them to the Servicer. The Servicer will then refund to the
 88 Trustors an amount equal to the actual cost of the Bonds excluding
 89 commissions or the par value of the Bonds, whichever is less, but in
 90 no event in excess of the amount of the cash on hand. At the
 91 Trustors request, Servicer or its agent will detach the interest
 92 coupons for redemption and forward the proceeds to the Trustors.
- 93 **1.6.7.** Servicer will provide a calendar quarterly report to Trustors and the
 94 Beneficiary on or before the 20th day of the month following each
 95 quarter which will reflect any changes in the status of the Reserve
 96 Fund and the portfolio of United States Government Bonds being
 97 administered by Servicer for each Mutual corporation.
- 98 **1.6.8.** The Trustors agree to pay Servicer \$25.00 per transaction affecting
 99 the portfolio of United States Government Bonds in which the
 100 Reserve fund has been invested. "Transaction" for the purpose of
 101 such compensation to Servicer includes the sale, purchase, maturity
 102 or redemption of Bonds in the portfolio being maintained for coupons
 103 on such Bonds. In addition, Trustors agree to pay Servicer \$25.00
 104 per calendar quarter for each Mutual corporation which has
 105 investments included in the portfolio being administered by Servicer.
 106 The calendar quarterly report on changes in the Bond portfolio
 107 submitted by Servicer to Trustees and Beneficiary in accordance
 108 with the provisions of paragraph 7 will be accompanied by a
 109 quarterly billing summarizing the number of transactions and the
 110 amounts owing to Servicer which shall be paid by Trustors within
 111 fifteen days of receipt; provided, however, that the compensation
 112 payable by Trustors to Servicer for the services provided in the
 113 administration of the bond portfolio shall not, in the aggregate in any
 114 one year, be less than \$4,000, nor more than \$10,000. The parties
 115 hereto agree that the compensation provided for in this paragraph for
 116 the administration of the Reserve Fund and the portfolio of United
 117 States Government Bonds in which the Reserve Fund has been
 118 invested, is a reasonable charge for the services performed by
 119 Servicer in connection therewith.
- 120 **1.6.9.** Servicer agrees to use due diligence in the performance of its duties
 121 and the exercise of its fiduciary responsibilities under this
 122 Agreement, and Trustors agree that Servicer and the Beneficiary
 123 shall not be responsible for any loss or damage suffered by Trustors
 124 in the execution of this Agreement that may be caused by
 125 circumstances beyond Servicer's control.
- 126 **1.6.10.** The parties agree that this Agreement shall be for a term of three
 127 years from the date of execution and will be automatically renewed

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on a year-to-year basis except upon 90 days advance written notice of 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

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