

**SEAL BEACH MUTUAL NO. FOUR**

**Accounting and Fiscal**

**Impound Account Agreement**

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28  
29  
30  
31  
32  
33  
34  
35  
36  
37  
38  
39  
40  
41

1. 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.

WITNESSETH

2. 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

3. 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

4. WHEREAS, the Beneficiary has directed Servicer as its agent to pay interest to Trustors on impound accounts held on the subject FHA loans, and

5. 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

6. WHEREAS, the Beneficiary has further directed Servicer to invest such Reserve Fund and pay earnings to the Trustors, and

7. 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

8. NOW, THEREFORE, it is mutually agreed by and between the parties hereto as follows:

8.1. 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 loans.

(Dec 2021)

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

- 42           **8.2.**     On or before the 30th day of each month, Servicer agrees to deposit the monthly  
43           impound collections received through the 20th day of that month into regular  
44           savings accounts in an institution insured by an agency of the Federal  
45           Government yielding the highest available interest rate with out the requirement  
46           of any fixed time period. Such savings accounts for the impounds shall be  
47           maintained as Trust or Custodial accounts in the name of Western Mortgage  
48           Corporation, as custodian for the Beneficiary. Servicer shall make withdrawals  
49           on such impound accounts as required for payments of taxes, insurance and M.  
50           M. I.
- 51           **8.3.**     Servicer agrees to provide monthly accounting reports to Trustors and the  
52           Beneficiary on or before the fifth day of each month that will reflect all savings  
53           account transactions under this Agreement as of the 20th day of the preceding  
54           month. These reports will include a Cash Flow Statement reflecting for each loan  
55           account total impound collections for the month, deposits of impound funds into  
56           the custodial savings account, any authorized disbursement, and a reconciliation  
57           to the balance outstanding in such savings accounts as of the 20th day of each  
58           month.
- 59           **8.4.**     Payments to the Trustors of interest earned on the savings accounts shall be  
60           made on a calendar quarterly basis, less 1/5th of the earned interest on such  
61           savings accounts. The parties hereto agree that such 1/5th of the earned interest  
62           to be retained by Servicer is a reasonable charge for the services performed by  
63           Servicer in the investment of the impound funds and payment of earnings to  
64           Trustors.
- 65           **8.5.**     Servicer agrees to assume the duties and responsibilities of the Beneficiary in  
66           the administration of the portfolio of United States Government Bonds in which  
67           the Reserve Fund has been invested under certain agreements between  
68           Trustors and Beneficiary. Provided the loan is not in default, at the end of each  
69           calendar quarter, the Servicer agrees to accept United States Government  
70           Bearer Bonds in substitution for the amounts accumulated in the Reserve Fund  
71           from collections during the preceding quarter, provided the accumulated  
72           amounts are not needed for repairs of payment or other items required under the  
73           Agreement for the Reserve Fund. It is understood that if, at any time, the market  
74           value of the Bonds falls below the equivalent amount of cash for which they were  
75           exchanged, the Servicer, at its option, may require the Trustors to make up the  
76           deficiency. It is understood that the Servicer and/or Beneficiary assumes no  
77           liability resulting from the fluctuation in the market value of the Bonds.
- 78           **8.6.**     It is understood that the Trustors, after ascertaining the dollar amount for which  
79           Bonds may be substituted, will purchase the Bonds and deliver them to the  
80           Servicer. The Servicer will then refund to the Trustors an amount equal to the  
81           actual cost of the Bonds excluding commissions or the par value of the Bonds,  
82           whichever is less, but in no event in excess of the amount of the cash on hand.  
83           At the Trustors request, Servicer or its agent will detach the interest coupons for

(Dec 2021)

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

84 redemption and forward the proceeds to the Trustors.

85 **8.7.** Servicer will provide a calendar quarterly report to Trustors and the Beneficiary  
86 on or before the 20th day of the month following each quarter which will reflect  
87 any changes in the status of the Reserve Fund and the portfolio of United States  
88 Government Bonds being administered by Servicer for each Mutual corporation

89 **8.8.** The Trustors agree to pay Servicer \$25.00 per transaction affecting the portfolio  
90 of United States Government Bonds in which the Reserve fund has been  
91 invested. "Transaction" for the purpose of such compensation to Servicer  
92 includes the sale, purchase, maturity or redemption of Bonds in the portfolio  
93 being maintained for coupons on such Bonds. In addition, Trustors agree to pay  
94 Servicer \$25.00 per calendar quarter for each Mutual corporation which has  
95 investments included in the portfolio being administered by Servicer. The  
96 calendar quarterly report on changes in the Bond portfolio submitted by Servicer  
97 to Trustees and Beneficiary in accordance with the provisions of paragraph 7 will  
98 be accompanied by a quarterly billing summarizing the number of transactions  
99 and the amounts owing to Servicer which shall be paid by Trustors within fifteen  
100 days of receipt; provided, however, that the compensation payable by Trustors  
101 to Servicer for the services provided in the administration of the bond portfolio  
102 shall not, in the aggregate in any one year, be less than \$4,000, nor more than  
103 \$10,000. The parties hereto agree that the compensation provided for in this  
104 paragraph for the administration of the Reserve Fund and the portfolio of United  
105 States Government Bonds in which the Reserve Fund has been invested, is a  
106 reasonable charge for the services performed by Servicer in connection  
107 therewith.

108 **8.9.** Servicer agrees to use due diligence in the performance of its duties and the  
109 exercise of its fiduciary responsibilities under this Agreement, and Trustors agree  
110 that Servicer and the Beneficiary shall not be responsible for any loss or damage  
111 suffered by Trustors in the execution of this Agreement that may be caused by  
112 circumstances beyond Servicer's control.

113 **8.10.** The parties agree that this Agreement shall be for a term of three years from the  
114 date of execution and will be automatically renewed on a year-to-year basis  
115 except upon 90 days advance written notice of termination given by either party  
116 prior to the expiration of the original term or any renewal period. The parties  
117 further understand and agree that the execution and implementation of this  
118 Agreement will be subject to the approval of the Beneficiary and the FHA; that  
119 this Agreement to pay interest on impound accounts to Trustors on Seal Beach  
120 Leisure World FHA loans is entered into on a voluntary basis by the Beneficiary  
121 and Servicer, and is not presently required by any law or governmental  
122 regulation; and further that any subsequent agreement between the parties to  
123 modify, amend or replace this Agreement shall be subject to the approval of the  
124 Beneficiary and the FHA.

125 **8.11.** IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be

(Dec 2021)

**SEAL BEACH MUTUAL NO. FOUR**

**Accounting and Fiscal**

**Impound Account Agreement**

126 executed by their respective officers, duly authorized the day and year first above  
127 written.  
128

**Document History**

Adopted: Feb 1974 Amended:  
:

**Keywords:** Mutual Four Impound Account Agreement

129