

HOUSING FINANCE AUTHORITY OF
MANATEE COUNTY, FLORIDA

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MEMORANDUM

TO: Members of the Housing Finance Authority of Manatee County

FROM: Angela A. Abbott, Esquire

DATE: December 5, 2017

RE: 2012-2017 Single Family Loan/MCC Program
New Servicing Agreement with U.S. Bank

U. S. Bank is requesting that all Housing Finance Authorities execute its updated Servicing Agreement. The new agreement contains the following changes as compared to the existing agreement:

1. Clarifies the definition of “Programs” to include non-bond financing sources;
2. Expands the definition of mortgage backed securities to include Freddie Mac and Fannie Mae, in addition to GNMA;
3. Addresses the funding of DPA with grants, in addition to second mortgages;
4. Provides that the servicer may suspend lenders which breach the lender agreement or fail to meet eligibility standards; and,
5. Provides that the Issuer may be required to purchase loans that are warehoused for more than 30 days and become non-eligible for pooling because timely direction for pooling was not given.

A draft of the new Servicing Agreement was presented at the June 13, 2017 meeting, but the item was tabled so that certain changes could be made. The following requested changes were made to the Agreement:

1. Page 4, Section 1.02(f) – definition of “Custodian” – revised to say “means a neutral third party financial institution which facilitates on behalf of the Issuer the purchase of an MBS under this Servicing Agreement, but does not have a financial interest in such MBS.”
2. Page 5, definition of “Gift or Grant” – added “as funds for down payment and/or closing costs to close the borrower’s Mortgage Loan.”
3. Page 15, Section 2.14 – in the first sentence added “and hold the Issuer, its directors, officers, employees and agents harmless....”
4. Page 16, Section 3.01, 2nd paragraph – revised to “Issuer will use its best efforts to direct and limit.... And “The Issuer shall use its best efforts to cause the Lender to purchase from the Servicer....”
5. Page 18, Section 4.02 – added “or Custodian” after Trustee w/respect to submission of reports.