

DTLS LOAN SERVICING AGREEMENT

Revision #10.12.1

Loan No.: **72983**

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| *Borrower* |  | *Lender* |
| **Elizabeth Louis** |  | California Lending CorporationJim Smith, Signer |

This Loan Servicing Agreement (the “Agreement”) is dated **6/10/2015** and is between **Del Toro Loan Servicing, Inc.** a real estate broker licensed by the State of California (“Servicing Agent”) and the lender or lenders whose signatures appear below and in counterparts to this Agreement (together, the “Lender”). If the Loan is owned by multiple Lenders, the “Majority” in this Agreement are the Lenders who own more than 50% of the record beneficial interest in the Note evidencing the Loan (more than 50% of the undivided interests in the Note), exclusive of any interest of a licensed real estate broker that is the issuer or servicer of the Loan, or any affiliate of that licensed real estate broker.

The parties agree as follows:

1.0 Scope. Lender retains Broker as Lender’s agent to employ commercially reasonable and prudent practices to collect all scheduled payments on the Loan identified above (the “Loan”), including the protection of the security for the Loan. Broker shall consult with and follow instructions from Lender on non-routine collection matters. If the Loan is owned by multiple Lenders (a “Multi-Lender Loan”), Broker shall consult with all Lenders but shall only follow instructions from the Majority. A default upon any interest in the Note shall constitute a default upon all interests. The Majority may determine and direct the actions to be taken on behalf of all lenders in the event of default or with respect to other matters requiring the direction or approval of lenders, including but not limited to, designation of brokers, servicing agents or others acting on their behalf and the sale, encumbrance or lease of any real properties which may be owned by lenders as the result of foreclosure or receipt of a deed in lieu of foreclosure. In situations where Servicing Agent is required to collect a vote and act as power of attorney or trustee in the execution of the Majority’s request there will be, in most cases, a fee which may or may not be able to be passed on to your Borrower.

2.0 Term and Termination. This Agreement shall begin when the escrow for the Loan closes or the date set forth above, whichever is later. It shall terminate when any of these events occur: (a) payment in full of the Loan and reconveyance of the deed(s) of trust securing the Loan; (b) 30 days’ written notice by Servicing Agent to Lender and, unless Lender is in breach of this Agreement, the notice shall be accompanied by a written offer from another licensed and qualified real estate broker, or from another qualified loan servicer exempt from licensure as a real estate broker, to service the Loan for Lender under the terms of this Agreement; (c) 30 days’ written notice by Lender to Servicing Agent, in which case Lender shall immediately pay Servicing Agent the present value, assuming a rate of return of **0.000%**, of the sum of Servicing Agent’s servicing fee for the remaining term of the loan including any accrued but unpaid servicing fees, any advances made on Lender’s behalf made pursuant to paragraph 5.0, Servicing Agent’s percentage of late charges due from Borrower and a fee in the amount of $45 per loan terminated; or (d) unless paragraph 8.0 is checked, recordation of a trustee’s deed following a foreclosure of the Loan. Prior to the effectiveness of any termination, Servicing Agent shall deliver to Lender all of Lender’s funds, an appropriate accounting and all necessary documentation. At termination, Lender shall immediately reimburse Servicing Agent for any outstanding advances made pursuant to paragraph 5.0. Servicing Agent’s duties and responsibilities are not automatically considered terminated after the foreclosure of the Property. Notwithstanding anything in the preceding, the Majority or Lender shall not cancel this Agreement after the foreclosure of the Property has occurred and reverted back to the Lender until thirty (30) days have lapsed from the time the Property has been foreclosed on and so reverted.

3.0 Specific Loan Servicing Functions.

3.0.1 Servicing Agent shall: (a) issue payment coupons or monthly statements to the borrower directing Loan repayment to Servicing Agent; (b) issue payoff demands, beneficiary statements and mortgage ratings; (c) demand, receive and collect all Loan payments and payoffs which will be deposited immediately, by the next business day, into Servicing Agent’s trust account maintained in accordance with BPP 10238(k) within the provisions for trust accounts of licensed real estate brokers, and pay them to Lender within 30 days of receipt (within 25 days if the Loan is a Multi-Lender Loan) - **Servicing Agent’s policy is for funds to be released within 8 days, 2 days for wires and certified funds**; (d) issue annual income tax statements to the borrower and Lender; (e) answer borrower inquiries, demands and requests; (f) grant appropriate payment deferrals, but not of the maturity of the Loan unless approved by Lender or the Majority in the case of a Multi-Lender Loan; (g) monitor the continued effectiveness and claims on any property insurance as listed in the Loan escrow instructions (if so retained); (h) request and receive notices of default on senior liens; (i) receive notices of property tax delinquencies; and (if so retained), (j) with the consent of Lender or the Majority, as the case may be, submit reconveyances, partial or otherwise, substitute trustees pursuant to Civil Code Section 2934a, initiate and direct judicial or non-judicial foreclosure of the Loan, as Lender or the Majority deem appropriate, and with such consent, communicate to the trustee or sheriff the amount of any credit bid; and (k) promptly forward copies to each Lender (i) any notice of trustee sale filed on behalf of Lenders, (ii) Any request for reconveyance of the deed of trust to Lenders. Servicing Agent shall promptly communicate to Lender any material information about collection of the Loan and the source of non-borrower Loan payments. Servicing Agent shall furnish to Lender a list of names and addresses of all lenders holding an interest in the Note upon five (5) days written notice. Servicing Agent may produce a copy of this Agreement to third parties as evidence of its authority.

3.0.2 There are services that Servicing Agent will not perform, **without specific instructions** from Lender(s), these include but are not limited to: begin a foreclosure process, force place insurance, adjust interest rates to include a default interest penalty.

3.0.3 Servicing Agent shall not: (a) commingle Servicing Agent’s assets with Lender’s payments. All Lender and Borrower funds will be held in a segregated, monthly reconciled, quarterly audited, non-interest bearing trust account.

3.0.4 A broker or person who becomes the servicing agent for notes or interest sold pursuant to Business and Professions Code 10238, upon which payments due during any period of three consecutive months in the aggregate exceed one hundred twenty-five thousand dollars ($125,000) or the number of persons entitled to the payments exceeds 120, shall file the notice required by subdivision (a) with the commissioner within 30 days after becoming the servicing agent. Said Person is required to have all trust accounts audited by a CPA and those results forwarded to the Department of Real Estate.

4.0 Majority Rule Provision. The Majority may make all decisions with regard to the event of default under the loan for all items that the Majority needs to vote on as outlined in paragraph 1.0. If Servicing Agent has concerns as to who and what constitute the Majority, receives or becomes aware of any conflicting demands or claims with respect to this agreement, or with respect to the Borrower, Lender(s), or with respect to any money or property Servicing Agent is servicing, Servicing Agent will notify all parties and shall have the right to discontinue any and all of its required actions under this agreement until such conflict is resolved to the satisfaction of Servicing Agent. Lender agrees to be bound by majority rule and indemnify and hold Servicing Agent harmless for actions Servicing Agent has done on behalf of the Majority and pay all costs including but not limited to costs, fees, and reasonable attorneys’ fees. In situations where Servicing Agent is required to collect a vote and act as power of attorney or trustee in the execution of the Majority’s request there will be, in most cases, a fee which may or may not be able to be passed on to your Borrower.

5.0 Protective Advances. Lender shall make such advances as approved by the Majority or, if Lender is the only owner of the Loan, such advances that are necessary and prudent to protect and to collect Lender’s interest in the Loan. If the Loan is a Multi-Lender Loan, and Lender fails to make advances approved by the Majority, other owners of the Loan are authorized to advance the amount Lender failed to advance and to receive payment in full with interest at 10% per annum, (or note rate, whichever is greater) before any further payments to Lender and, if this box is checked 🗹 the non-defaulting Loan owners shall also have the option, exercisable within 30 days after Lender’s default, to purchase Lender’s interest in the Loan at **90.000%** of what is owed to Lender minus any amounts owed by Lender, payable within 15 days after the election to purchase is made. Servicing Agent, in its absolute discretion, may advance its own funds to protect the security of Lender’s Loan, including advances to cure senior liens, property insurance, foreclosure expenses, repair, advertising, litigation expenses and similar items, but not Loan payments. Servicing Agent shall be reimbursed such advances, with interest at 10% per annum, (or note rate, whichever is greater) from the first received Loan payments, or within 10 days after a written request to Lender. To secure Servicing Agent’s advances, Lender hereby irrevocably assigns to Servicing Agent, to the extent of advances owed to Servicing Agent, the Loan payments received after an advance is made.

6.0 Loan Documents. Servicing Agent can retain custody as agent for Lender of the original note and deed of trust for the Loan (or assignment thereof), if the Loan is a Multi-Lender Loan, the Loan owner with the largest percentage ownership can request possession (Disposition will be decided by majority vote). If Servicing Agent retains custody of the original note and deed of trust for the Loan (or assignment thereof), the deed of trust or assignment shall be recorded in accordance with Business and Professions Code Section 10233.2. Due care will be taken by Servicing Agent to protect and secure said documents. Should loan documents be lost or destroyed, for reasons other than gross negligence, lender agrees to hold Servicing Agent harmless for any costs or damages resulting from its loss.

7.0 Compensation. For its services, Servicing Agent shall be paid: an annual servicing fee equal **0.000%** of the principal Loan balance plus **$20.00**, or **$20.00**; per month, whichever is greater; all fees for beneficiary statements and demands; returned check charges, if applicable; **50.000%** of late charges and/or default rates; **10.000%** of all prepayment penalties paid. It is understood that Servicing Agent is owed a fee for services rendered, not based on Borrower’s payment performance. Should Borrower default on his/her obligation to Lender resulting in possession of collateral property, balances due Servicing Agent will need to be paid in full before the issuance Trustee’s Deed. A foreclosure of the collateral property resulting in Lender being “foreclosed out”, will cause balances due to become an unsecured debt by Lender.

Additional services outside the “normal scope of business” will be billed to Lenders on a “per job” basis, a list of these types of services and their respective costs 🗹 if this box is checked, are attached and **will require the approval of Lender, Lender’s Representative or the Majority prior to beginning work**. Fees and services can also be reviewed by accessing Company’s website: [www.DelToroLoanServicing.com](http://www.deltoroloanservicing.com/) and following the associated link.

Fees are subject to change upon 30 days written notice. Lender (or Majority if the Loan is a Multi-Lender Loan) may avoid changes in contract by terminating this Agreement in writing within the 30 day period.

Servicing Agent shall receive a set up fee at the time of submission. If said fee is absent from the set up package, Lender acknowledges that Servicing Agent will debit Lender proceeds, unless other arrangements are made, to recover amounts owed for this and any other services, earned by Servicing Agent.

8.0 Real Estate Owned. 🗹 If this box is checked, Servicing Agent is also Lender’s agent to liquidate any real estate acquired by Lender in foreclosure of the Loan. If Lender is the only Loan owner, Lender can take title to the Property. If this Loan is a Multi-Lender Loan (unless the Majority otherwise direct the Servicing Agent to appoint another licensed representative), Servicing Agent (or assignee) shall take title as custodial trustee for the Lender (the deed shall reflect on its face the lender name(s) and the Servicing Agent’s role as custodial trustee). Servicing Agent’s custodial trustee authority shall be limited as set forth in Civil Code Section 2941.9 to: (a) arranging appropriate property insurance coverage; (b) managing the Property, including arranging maintenance, repair and security, and tenant relations including negotiating rental or lease agreements; (c) arranging for the valuation and resale of the Property, including hiring a Realtor®, Realist, Real Estate Broker or Broker, at customary commission rates, to list, show and sell the Property; and (d) accepting reasonable offers on the Property on behalf of Lender at the price and terms approved by Lender (or the Majority on a Multi-Lender Loan); and, (e) subject to the approval of the title insurer and the lender (or the Majority on a Multi-Lender Loan), executing all necessary and appropriate documentation to sell the property and effect transfer of title to a buyer. Advances by Lender or Servicing Agent are subject to the terms of paragraph 5.0. Lender shall deposit with Servicing Agent, one thousand dollars ($1,000) within seven (7) days from the time the Property is foreclosed on for miscellaneous expenses, receipts to be provided. Listing fee will be a standard 6% plus any appropriate and approved expenses.

If a foreclosure has occurred and the Property has transferred to Lender, with Servicing Agent as Custodian, pursuant to 8.0, Servicing Agent shall be paid a fee for its services in addition to any subcontractors, vendors etc. These fees can include and may not be limited to: (1) an asset management fee equal to the greater of one percent (1%) of the Property’s value, $1,200.00 minimum and $2400.00 maximum, calculated annually and paid monthly, determined by the greater of (a) the credit bid at which Lender took the Property back, (b) the fair market value of the Property, or (c) the principal balance of the loan owing to Lender that the Property secured on the day prior to Lender foreclosing on the Property (the “Property’s Value”) or the current monthly servicing fee, whichever is greater; or (2) if the Property is leased, a property management fee equal to 50% of the 1st full month’s rent plus ten percent (10%) of the rents and 100% of any late fees collected from the Property’s tenant, out of which, subcontracted managers would be paid; and (3) an exit fee equal to one percent (1%) of the Property’s Value when the Property is sold (the “Exit Fee”) should Servicing Agent NOT be Lender’s Agent for said real estate transaction. If Servicing Agent is terminated prior to the sale of the Property, Servicing Agent shall be paid the Exit Fee (based on the greater of the valuation models above) within thirty (30) days of Servicing Agent’s termination by the Majority or Lender. \*With the exception of the one percent (1%) “Exit Fee”, fees and services listed in this section (8.0) are provided as an estimate - Servicing Agent will provide an REO Management Agreement specific to the property at the time of sale; said Agreement would take effect once the Majority have agreed.

Should Servicing Agent elect, it may, as attorney-in-fact, create a limited liability company (LLC) with Servicing Agent or Servicing Agent’s affiliate as manager and create an operating agreement (“Operating Agreement”) for the sole purpose of owning the Property. Lender shall own the LLC in the same proportions as it owned the Note or grant deed. If this is a Multi-Lender Loan, all Loan owners must appoint Servicing Agent as attorney-in-fact. Lender agrees to all terms and agrees to be bound by the Operating Agreement and to reimburse Servicing Agent for any costs incurred creating said entity.

9.0 Due Diligence. Servicing Agent does not make any claims as to the ability of your Borrower to repay your loan. Servicing Agent also does not endorse or validate any of the information provided to you in conjunction with this loan, including but not limited to the value of the Subject Property unless Company is specifically contracted to provide its opinion or provide said service. Servicing Agent is relying on Lender to perform due diligence in accordance with their own specific risk levels and objectives and to also be knowledgeable of all costs, responsibilities, liabilities and duties associated with being a Lender. Servicing Agent suggests legal counsel as well as financial guidance when purchasing/investing in Notes and Trust Deeds and/or foreclosing on any of these instruments.

10.0 Disbursement of Payments and Proceeds. Upon the receipt by Servicing Agent of any proceeds from borrowers, any other person or the Property following a default by a borrower under the note or deed of trust, whether such proceeds result from subsequent payments by borrower or a guarantor, loan enforcement efforts by Servicing Agent, the operations of the Property, or the sale or refinance of the Property, the net proceeds (after payment of reasonable and customary closing and transaction costs) shall be applied towards the payment of the following items and in the following order: (a) to Servicing Agent for payment of any amounts that may be due and payable to Servicing Agent pursuant to this Agreement or others, including without limitation, any unpaid monthly servicing fees, property management fees, or any unreimbursed advances by Servicing Agent with respect to the note and deed of trust, the Property or to any senior lien holder, plus all accrued interest thereon; (b) to Lender and, if applicable, any other Lenders, as reimbursement of any advances made by Lender (or lenders) pursuant to this Agreement; and (c) the remaining amount to Lender and, if applicable the other Lenders, the balance, if any, in proportion to Lender’s interest in the note.

11.0 Lender Representations and Warranties. Lender hereby represents and warrants to Servicing Agent and each other Lender the following: (a) If the loan to be serviced is a multi-lender loan, that: (i) the Multi-Lender loan is exempt from any applicable securities laws only when there is strict compliance with associated regulations; and (ii) Lender acknowledges that Servicing Agent will act with these guidelines in mind; (b) Lender assumes responsibility for their own education and compliance with applicable lending laws; (c) Servicing Agent has not and will never advise Lender on how to comply with mortgage lending laws; Servicing Agent acts merely in the capacity of servicing Lender’s loan; (d) Lender has received copies of information and documentation necessary to make an informed investment decision; (e) Lender further assures all parties to have read, understood and met the requirements set forth in U.S. Securities Laws to be an Accredited Investor; (f) Lender agrees that all communication regarding the Loan will flow through Servicing Agent; (g) Lender shall not redirect any proceeds of the Loan, including payments, payoffs, late fees, default interest, or any other proceeds while this Agreement is in effect to Lender or any other person except Servicing Agent; and (h) Lender shall immediately send to Servicing Agent any payments Lender receives from the underlying borrower of the Loan.

12.0 Release. Lender hereby releases Servicing Agent and its officers, directors, shareholders, employees and agents from any and all actions, liabilities, damages, claims, suits and demands of every kind, nature and description that the Lender may hereafter acquire against Servicing Agent and its officers, directors, shareholders, employees and agents arising out of any acts or omissions of such persons with respect to this Agreement so long as Servicing Agent has acted in good faith under this Agreement. It is the intention of Lender, together with its successors, assigns, directors, officers, employees, agents and representatives that the above release shall be effective as a full and final release of each and every matter specifically and generally referred to in this paragraph and Lender acknowledges and represents that it has been advised by independent legal counsel with respect to the agreements contained herein and with respect to the provisions of California Civil Code Section 1542, which provides as follows: “A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM MUST HAVE MATERIALLY AFFECTED THE SETTLEMENT WITH THE DEBTOR.” Lender, together with its respective successors, assigns, directors, officers, employees, agents and representatives, being aware of said code section, expressly waives any and all rights it may have thereunder, as well as under any other statute or common law principle of similar effect, with respect to any of the matters released herein. This Agreement shall act as a release of all included claims, rights and causes of action, whether such claims are currently known, unknown, foreseen or unforeseen and regardless of any present lack of knowledge as to such claims and each of them understands and acknowledges the significance and consequence of this waiver of California Civil Code 1542, and hereby assumes full responsibility for any injuries, damages, losses or liabilities released herein.

13.0 Indemnification. Lender hereby agrees to indemnify, defend and hold Servicing Agent and its officers, directors, shareholders, employees and agents harmless from and against any and all losses, claims, liabilities, costs and expenses threatened against or incurred by Servicing Agent or its officers, directors, shareholders, employees and agents under this Agreement, so long as the indemnified party has acted in good faith, is not grossly negligent and has not engaged in willful misconduct.

14.0. Cooperation. Servicing Agent’s performance and effectiveness is dependent upon Lender’s compliance and cooperation with our policies and procedures as well as those of governing agencies. Servicing Agent will perform our duties on best efforts. Where outside influences effect our ability to perform our duties, Servicing Agent will notify Lender in a timely manner as to our inability to accomplish Servicing Agent’s contracted for services and will require you to correct and/or eliminate the outside influence before resuming the contracted for services that were interfering with Servicing Agent’s ability to perform.

15.0 Governing Law; Jurisdiction. California law governs the construction and application of the terms of this Agreement. Jurisdiction and venue for any dispute, claim or controversy arising out of or relating to this Agreement or the breach, termination, enforcement, interpretation or validity thereof, or any other interaction between Servicing Agent and Lender, shall be in San Diego, California, and any party making a claim against Servicing Agent in whatever form hereby submits to personal jurisdiction in that forum for any and all purposes.

16.0 Attorney Fees. If either Lender or Servicing Agent institute arbitration under paragraph 17.0 to enforce this Agreement, the prevailing party shall be awarded reasonable costs, expenses, and attorney fees paid or incurred in connection with enforcing the terms of this Agreement.

17.0 No Additional Obligations of Servicing Agent. Lender acknowledges that Servicing Agent has no obligation to make any payment (other than the forwarding of a borrower's payment) to or on behalf of Lender, to senior liens or to otherwise protect or enforce the Lender's security or rights hereunder.  In the event any payment collected for the benefit of Lender is returned NSF or uncollectable in Servicing Agent's Trust Account, Lender will immediately upon notification from Servicing Agent, return Servicing Agent's uncashed Trust Check, or immediately reimburse Servicing Agent's Trust Account the full amount received from Servicing Agent's Trust Check.  In no event is Servicing Agent obligated to cover or make good Borrower's shortages in Servicing Agent's Trust Account.  Servicing Agent is hereby authorized to place a "Stop Payment" on Lender's Trust check from Servicing Agent, whenever the representing funds are returned NSF or uncollectable in Servicing Agent's Trust Account.  Servicing Agent may deduct such amounts from any proceeds due Lenders.  Servicing Agent is not liable for any losses related to loan adjustments from variable rate, HELOC, or other similar type loans unless notified in writing by the Lender of the adjustment.  Changes shall become effective no sooner than two weeks after this notification is received by Servicing Agent.

18.0 Arbitration. All irreconcilable disputes between the parties and/or the borrower, and their respective officers, directors, agents, employees and assignees, arising out of this Agreement or relating to the Loan, including, the arranging and servicing of the Loan and any services in connection with Property acquired, shall be determined by binding arbitration under the applicable rules of the American Arbitration Association or Judicial Arbitration and Mediation Services, Inc. (“JAMS”), at the election of the party initiating arbitration. Judgment on the arbitrators’ award may be entered in any court having jurisdiction. Lender acknowledges that by agreeing to arbitration, Lender is waiving Lender’s right to have the dispute litigated in a court or jury trial, with rights of discovery, application of the rules of evidence and appeal. Both parties agree to hold a hearing at the earlier of (a) JAMS’ or AAA’s convenience or (b) eight (8) weeks from the date the arbitration is initiated with JAMS or AAA.

NOTICE: BY INITIALING below you are agreeing to have any dispute arising out of the matters included in the ‘Arbitration of Disputes’ provision decided by a neutral arbitration as provided by California law and you are giving up YOUR right to have the dispute litigated in a court or jury trial. you are ALSO giving up your judicial rights to discovery and appeal. Your agreement to this arbitration provision is voluntary. notwithstanding your election to arbitrate, you have the right to contact APPROPRIATE regulatory agencies to register a complaint about the company or this transaction.

We have read and understand the foregoing and agree to submit disputes arising out of the matters included in the ‘Arbitration of Disputes’ provision to neutral arbitration.

***LENDER: INITIAL ONLY IF YOU AGREE TO ARBITRATION:***

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| *Initial* |  | *initial* |  | *initial* |  | *initial* |

Servicing Agent: **Del Toro Loan Servicing, Inc.**

BY:

## Drew Louis, Authorized Representative Date

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| Lender | ***California Lending Corporation***  ***Jim Smith, Signer*** | Date |  | Lender |  | Date |

LENDER:

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| --- | --- |
| Lender’s Vesting | **California Lending Corporation**  **Jim Smith, Signer** |
| Lender’s Address | **750 B St**  **Ste. 750 San Diego CA 92101** |
| Lender’s Percentage Ownership of Loan | **126.667%** |
| Send Payments to | **750 B St**  **Ste. 750**  **San Diego, CA 92101** |
| Account Number | **SAMPLE** |

**No modification of this contract, made by Lender, will be binding unless the changes are approved in writing by an authorized representative of Del Toro Loan Servicing**