

Loan Servicing Procedures Guide

NEWMARK

Multifamily Capital Markets

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LOAN SERVICING GUIDE

Newmark provides post-closing services to you for your loan. Your entire relationship is overseen by your Portfolio Manager.

As a borrower, you have promised to fulfill many obligations stipulated in your loan documents. Those obligations include, but are not limited to, repayment of the loan and the preservation and protection of the underlying collateral, the property. As a servicer, we have promised to ensure the borrower's compliance with the various covenants in their Loan Documents. In many ways we will need to work together to accomplish our joint objectives. It is hoped that this Guide will provide you with a more comprehensive understanding of our respective roles and responsibilities.

Newmark promises to work diligently to give you, our valued customer, the best customer service possible. We appreciate the opportunity to work with you.

You may call our toll-free telephone number (877) 526-3562 between the hours of 8:45 a.m. and 5:30 p.m. Eastern Standard Time – your call will be directed to your Portfolio Manager or the appropriate individual.

Written communication should be addressed, as follows:

**Newmark
Multifamily Capital Markets
8 Spring House Innovation Park
Suite 200
Lower Gwynedd, PA 19002**

Please remember to always include the loan number on any correspondence.

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Loan Number

The loan has been assigned a unique number. Referencing the loan number when you contact us will enable us to expeditiously process your request. The loan number can be found on your monthly billing statement.

It is particularly important that you furnish this loan number to others that may be contacting us on your behalf such as your insurance agent or independent auditor.

Loan Payments

Loan payments are due monthly. We generate monthly billing statements 15 days before the payment due date and post them to [Borrower Insight](#). The payment is due monthly on the date specified in your loan documents and on your monthly billing statement – it is considered late if received after that date.

If you have already completed and returned the **Auto Payment Authorization Form** to us, your payment will be automatically debited from the account that you designated via the Automated Clearing House program.

If you have not yet returned the Auto Payment Authorization Form, you should send us your payment according to the Loan Payment Remittance Instructions outlined later in the Guide. However, please return the form to us as soon as possible so that you can enjoy the advantages of **Auto Payment**. This free service allows us to draft your assigned bank account for the scheduled monthly payment on your loan, and offers you a more efficient way to make your scheduled monthly payments. **Auto Payment** provides you with the following benefits:

- You can count on worry-free, accurate, and automatic payments, every month.
- You will continue to receive a regular monthly statement on your loan balance unless you are enrolled in paperless billing.
- You can request to receive Reserve Disbursements via ACH
- You'll avoid unnecessary late charges, wire fees and overnight mailing expenses!

Signing up for **Auto Payment** is quick and easy: simply email your request to MF-Servicing.Requests@nmrk.com.

Payments via Check

Prior to returning your Auto Payment Authorization Form, you may find it necessary to send us your payments via check. These payments are handled by our bank's lockbox processing center. There are several ways in which you may remit the payment. On page 4 of this Guide, you will find the remittance instructions. Please note that the lockbox address is only for loan payment. Correspondence should be sent to our Lower Gwynedd, PA office, at the address given on page 2 of this Guide. In the event that a check that has been submitted for payment is returned to us for non-sufficient funds, or that an ACH payment is rejected for non-sufficient funds, a \$50 fee will be assessed.

Late Charges

Should the grace period on the loan end on a weekend or a national holiday, the payment must be received in our lockbox processing center the following business day in order to avoid assessment of a late charge. Late charges will not be waived due to unforeseen delays caused by the postal service. You are urged to mail the payment to allow sufficient time for delivery prior to the due date. Late charges are reflected on the monthly billing and must be paid with the regular loan payment.

LOAN PAYMENT REMITTANCE INSTRUCTIONS

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REGULAR MAIL:

Berkeley Point Capital d/b/a Newmark
Lockbox # 773194
3194 Solutions Center
Chicago, IL 60677-3001

OVERNIGHT DELIVERY:

Berkeley Point Capital d/b/a Newmark
Highpoint Business Center
Lockbox # Box 773194
350 East Devon Avenue
Itasca, IL 60143

Note: When remitting loan payments via overnight delivery, the above address must include the "Lockbox #773194" and specify "Delivery prior to 10:30 a. m. EST" to ensure proper and timely credit.

WIRING INSTRUCTIONS – Wiring instructions can be obtained from your Portfolio Manager noted in your Welcome Letter. These are also available on our [Borrower Insight](#) Portal under "Payment – Customer Remittance Instructions".

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Encrypted E-mails

During the life of your loan, Newmark in certain situations, may send encrypted e-mails. Encrypted e-mails are required when sensitive personal information is being transmitted, such as a Tax ID or wiring instructions.

Real Estate Taxes

Tax Payments

Newmark utilizes a tax service provider to obtain the real estate tax amounts due for the property. Taxes will be paid prior to the due date from the property tax reserve account. Please note that we do not reserve or pay personal property taxes, therefore, payment of those bills would be your responsibility.

Supplemental Tax

Please note Newmark does not receive supplemental bills or additional bills based on changes in assessed value from the tax collector and Newmark will not be responsible for payment of the same. If you receive an invoice from the taxing jurisdiction for an additional charge, please pay this invoice directly.

PILOT Bills

If you receive an invoice for PILOT bills, this invoice must be forwarded to our office immediately. We will pay these invoices when presented to our office in a timely manner, providing that your account has adequate funds. Newmark will not be responsible for any penalties assessed unless we received the invoice in a timely manner and failed to pay the amount due.

Tax and Insurance Escrow Deficiencies

We will contact you if there are insufficient funds to pay the real estate taxes or insurance invoice(s). The deficiency is due upon receipt of the notification to avoid incurring any penalty charges as a result of a delayed payment to the appropriate tax authority.

Insurance

An original or duplicate policy stamped "true and certified duplicate copy" signed by an officer or authorized representative of the insurer must be sent to the Loan Servicing Department. The coverage must conform to the insurance requirements specified in your loan documents. Changes in carriers or coverage must meet investor requirements at all times and must be approved in advance by Newmark.

If Insurance is escrowed, your insurance premiums will be paid out of your insurance escrow upon receipt of an invoice from your insurance agent.

Please ensure that your Insurance Agent provides accurate and timely insurance coverage information at the time of annual policy renewal. All information should be sent to the attention of the Insurance Team at MF-Insurance.Processing@nrmk.com.

Tax and Insurance Analysis

To ensure that sufficient tax and insurance funds are on deposit to pay the invoices as they become due, we will analyze the reserve accounts annually. The analysis will occur in the month following payment of your real estate tax bill, and again following the payment of your annual insurance premium.

The monthly payment will then be adjusted – either increased or decreased based on the amount of the last paid tax and insurance bills. You should review the analysis upon receipt and ensure that the projections are accurate.

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Please remember that the projections are only estimates and, if you have reason to believe that we are not escrowing the correct amount, you should contact us to discuss your assumptions.

Year End Loan Statements

We will mail a year end statement to you each year by January 31st. This Statement will provide you with the loan and reserve balances as well as the amount of real estate taxes paid from the reserve account during the year. Year End Statements may also be found on [Borrower Insight](#) under Documents, View Documents. Statements are added approximately 2-5 days after generated.

Year-End Loan Statements will be provided to your independent auditor(s) only after we receive a written request signed by you authorizing us to release the information. Please ensure that this authorization includes the loan number.

Payoffs

Please refer to the advance notification requirements in the Loan Documents if you are contemplating a prepayment in full of your loan prior to the maturity date.

Replacement Reserve Escrow

Multifamily Loans –

Per Section III, paragraph 10 of the Regulatory Agreement, a Replacement Reserve Escrow account may have been established and funded at the closing of your loan. Funds from this account are to be used for reimbursement of capital items as outlined in the Chapter 4 of the HUD handbook 4350.1. Routine requests for release should be submitted directly to your designated HUD Account Executive who will then issue authorization for the release of funds to you. The following items should be included in your request to your Account Executive:

- HUD Form 9250
- Copies of Invoices
- Proof of Payment, if applicable

Upon receipt of HUD's approval, a copy should be emailed to MF-RR.Servicing@nrmk.com or can be sent in hard copy to the Lower Gwynedd address given on page 2 of this Guide.

Healthcare Loans –

A replacement reserve account may have been established and funded at the closing of your loan. Funds from this account are to be used for reimbursement of capital items as outlined in Chapter 4 of the HUD handbook 4350.1. Routine requests for release should be submitted directly to your Newmark Portfolio Manager for approval and submission to HUD. The following items should be included with your request to your portfolio manager:

- HUD Form 9250 ORCF and HUD Form 9250 ORCF A
- Copies of Invoices
- Proof of Payment, if applicable

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No n-Critical Repair Escrow

A non-critical repair escrow may have been established and funded at closing. These funds will be used to correct the items identified during the engineer's inspection of the property and will be identified in the Non-Critical Repair Escrow Agreement. In cases where funds are not escrowed you will still be required to complete the repairs and provide evidence of completion by the specified due date.

As work is completed, you can request release of escrowed funds by providing the following information:

- Appropriate HUD form
- Copies of invoices from vendors or contractors providing materials or labor.
- Copies of cancelled checks showing payment for these invoices.
- Lien waivers are required for any line item whose cost exceeds \$10,000
- A title date-down or Mechanic's Lien Guaranty may be required. Generally, a title date down will only be required at the time of the final draw and should have an effective date not more than thirty days prior to the date of the final draw.

Annual Inspection

In compliance with HUD requirements, a physical inspection of the property will be conducted as required by HUD. The first inspection will typically take place two years from final endorsement. Newmark employs a third party inspection firm to conduct all REAC inspections. You or your designated representative will be contacted at least thirty days before the requested inspection date to confirm a date and time. Upon confirmation, the inspector will typically send out a pre-inspection packet explaining the inspection process and requesting information which should be returned to them prior to the inspection date.

Financial Statements

In order to assess the financial condition of the property, certain financial information will be required. Pursuant to Section III, paragraph 18 of the Regulatory Agreement, annual audited financial statements are to be submitted electronically through HUD's FASS system within 90 days after the property's fiscal year-end. In addition, within 120 days after the fiscal year end, the following is required to be submitted to Newmark: statement of income and expenses, a statement of changes in financial position of the borrower relating to the Mortgaged Property, a balance sheet and rent roll. We also request that you submit financial statements, balance sheets and rent rolls on a quarterly basis. For Healthcare loans, quarterly financials are required and should be sent to your Newmark Portfolio Manager. These will be reviewed and submitted through the HUD portal.

Casualty Losses

Any damage to the property should be considered a casualty loss and reported to Newmark. Your loan documents require that you provide immediate written notice to Newmark via e-mail at MF-Insurance.Claims@nmrk.com and to your insurance carrier. When notifying Newmark, we ask that the following information should be included in your written notification:

- Date that the casualty loss occurred;
- Scope of the damage and its effect on the property (e.g. impact on the habitability of the building(s), safety of the residents, project occupancy, and project income and expenses;
- Your plan for securing and restoring the damaged portion of the property and a summary of progress toward implementing that plan;
- Description of any environmental problems associated with the damage and plans for addressing those problems;
- Description of insurance coverage and status of any claim filed;

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- Pictures of the damaged building(s)
- Any other relevant information.

All loss drafts must be payable to the insured and include the lenders name as stated in your insurance policy under the "Lender's Loss Payable Clause". If the payee information is incorrect, the investor will likely require return of the loss draft to the insurer for correction. This will delay the availability of funds for restoration of the property.

While your Loan Documents allow for application of insurance proceeds to the loan balance under certain circumstances, proceeds are normally used for the restoration of the property. Typically, an Insurance Loss escrow is established from the insurance proceeds.

As work is completed, you can request release of escrowed funds by providing the following documentation:

- Borrower's written request for such release
- Borrower's certification as to the completion of work in a good and workmanlike manner. The necessary format is enclosed in Exhibit 1 of the packet;
- The most current operating statements and balance sheet for the property;
- Copies of performance and materials payment bond as it applies to the general contractor; if applicable; and
- Copies of the building permit(s) and certificates of occupancy, if applicable; and

For the final draw, you must include an endorsement to the title insurance policy showing no liens on the property with an effective date extending that insurance to a date within five days of final disbursement.

Modifications to Management Agreement

If you intend to change your management agent or management agreement, discuss your plans with your portfolio manager. He or she will explain the type of documentation needed to gain approval for such changes. Your Loan Documents state that you must provide for professional management satisfactory to HUD and Newmark under a contract approved by HUD and Newmark in writing.

Condemnation and Easements

Your Loan Documents require you to notify BPC of any action or proceedings relating to any condemnation or other taking, requires payment of proceeds to us, and authorize us to apply those amounts to restoration or repair of the property or to payment of amounts due under the note. Additionally, BPC is required to obtain HUD's approval of these actions. The actual application of the proceeds will depend on the amount of proceeds and the total unpaid principal balance of the loan. Your portfolio manager can provide additional information for specific cases.

Transfers of Mortgaged Property or Interests in Borrower

Your loan documents require that you obtain prior written approval from HUD and BPC when a transfer of the Mortgaged Property or any interest in the Borrower is being considered.

Stop Payments

In the event that you misplace a check sent to you for reserves or refunds, you may place a stop payment on the check and request for the check to be replaced. A fee of \$50 per item will be assessed. Please contact your portfolio manager.

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We would like to take this opportunity to remind you that we now offer on-line access to your loan information through our [Borrower Insight](#) web site. Experience the ease and convenience of accessing your information 24 hours a day.

- View your account transaction history
- Verify your account balances
- Verify your tax and insurance information
- View your monthly billing statements
- View your year-end statements

To register, you can click this link: [Register Here](#)

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Borrower Insight – Borrower On-Line Loan Services | Getting Started and Frequently Asked Questions

What is Borrower Insight?

Borrower Insight is our on-line account information application. Loan information is available for eligible loans. Information is updated daily and is as-of the end of the prior business day.

How do I get access?

Access is granted through the registration process at our website. Contact your Portfolio Manager for logon details.

Where do I get my User ID and password?

User ID and password are determined by the User. When you register you will enter the User ID and password of your choice. Both fields are alpha-numeric fields, 5-8 characters long, AND are case sensitive.

What if I forget my password?

When you access the login page, there is a link for the Hint you provided at registration. The Hint should jar your memory for what you entered as a password. If all else fails, passwords may be re-set by contacting Customer Service at MF-Borrower.Insight@nmrk.com.

Do I need to register AGAIN if I have more than one loan?

No. Borrower Insight is designed to allow a single user to access information to multiple loans through a single User identity. If you have already been active on Borrower Insight, you can register additional loans by selecting the "Add/Remove Loans" option at the top of the screen.

Can I use Borrower Insight to change my address?

You may update some information by selecting the "User Profile" option at the top of the Borrower Insight screen. However, if you need to update your mailing address, please email Customer Service at MF-Borrower.Insight@nmrk.com. You can also use the "Contact Us" option to forward this information.

Can I get my billing information?

For most loans that are indicated to receive billing statements, this information is available on Borrower Insight at the same time as billing statements are generated (normally 15 days prior to due date). You can print the screen, but it will not look exactly like the billing statement that is mailed.

Where do I send my payment?

Remittance addresses are listed on the Customer Instruction screen on Borrower Insight. Please note the SEPARATE payment and correspondence addresses.

Can I make my payment through Borrower Insight?

Not currently.

Can I get the balances on my loan?

Yes, Borrower Insight contains the current balance information.

Can I see detail of my payment?

From the Transaction History screen, you can expand the detail of each payment by clicking on the 'transaction date' at the left of the screen. If you need to see detail of more than one payment, you have the option of a Transaction History Report by selecting the link in the middle of the Transaction History page.

What do I do if I don't have all of the information required for registration of each loan?

You need to have the correct nine-digit loan number for registration. You may use your best judgment for the five-number zip code, borrowing entity name, and last four digits of the tax ID number.