

ADDENDUM - Request for Proposals – Escrow and Reserve Banking Services

May 23, 2025

1. Who is the incumbent bank today providing services?
Bank of America – through their Escrow Services.
2. What is the rate you are receiving on your escrow account?
1.90% at 4/30/25, rate has been declining over the past year. BofA charges a \$50/month service fee for all their services.
3. What is the average balance of the master account?
We have around \$23 million in total funds. There are currently 96 borrower accounts.
4. Can you please clarify the reserve accounts? Are you today depositing into the escrow master/sub which is held under the borrower's name/ tax id? *We have 96 accounts held under our borrower's name and Tax ID, these accounts contain our borrower escrow and reserve deposits. Each month we collect the Escrow & Reserve deposits from our borrowers (similar to the escrows included with a mortgage payment) & we deposit the funds into the individual accounts. There are around 75 deposits a month, most collected in the first 10 days of each month. We also have about 20-25 disbursements a month. When we draw funds for disbursement, they are transferred to an MHP account. (We instruct BofA to move funds from the sub-accounts to a disbursement account.)*
5. When funds are disbursed out of the escrow, is it then transferred to the MHP Disbursement account? Or are there another 95 individual disbursement accounts? *This is something that can be negotiated. Each bank is different. Currently, with the BofA accounts, we transfer funds into a Disbursement account (lump transfer) & email BofA a detailed list of the deposit to each sub-account. For disbursements, we instruct them on how much to pull from the individual sub-accounts and transfer to the disbursement account, then MHP transfers the funds from BofA in total, to an MHP account. FYI - We have another bank we use for Reserves where we use their website to make trades directly from the individual accounts. Therefore, no need to send instructions to the bank because we are able to execute transactions ourselves. There are pros and cons to both methods.*

6. Can you share your standard escrow agreement with your borrowers? Are there variations in these agreements with your borrowers? Within MHP's loan agreement there is generic language that we will hold funds in a required reserve account.
7. Can you please provide more detail on the frequency and volume of transactions to these escrow accounts (weekly/monthly/quarterly and average monthly transactions from MHP account)? The funds that are deposited into these accounts are collected by MHP, similar to a regular monthly mortgage payment, during the first 10 days of every month. MHP then transfers the collected funds into the borrower sub-accounts shortly after collection. Last month we had 110 deposits that totaled around \$680k, that is a consistent number. The disbursements fluctuate each month, the payments are for replacement reserve payments and quarterly escrow payments. On average we make around 30- 40 disbursements a month.
8. As noted, only MHP will access these account transactions. The borrower does not have access to view these escrow accounts, correct? Correct – The borrower does not have access or ability to make any transactions. However, the accounts must be under the borrower's name & tax ID.
9. Is this current account structure at MHP's escrow bank? Would we mirror the set up reflected in current analysis statements or would we be constructing a preferred account structure? One primary reason we issued the RFP is because the reporting and transaction platform is from the 80's. We currently cannot review activity during the month and complete transactions by sending a lump sum amount and then instructing the financial institution, via an emailed PDF, a list of how much should be deposited to each sub-account. Same on the disbursement side, we send a PDF, then we initiate a lump sum wire using the bank's website. The ideal trading platform for us would include access to all 100 sub-accounts with the ability to place our own trades, review bank activity and get individual monthly bank statements for each account. We have reserves at another institution where MHP employees place trades for the incoming deposits, then we send a lump sum that is deposited into the individual sub-accounts. The MHP Treasury Manager believes this is the way to go because we do not want to send 100 transfers each month. For disbursements, we go into the sub-account and send a wire or ACH from the individual account. We will need to set up a "disbursement" account to at least collect the lump sum deposits.

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