

Rules Advisory Committee

Bond Residential Loan Program, Servicing Manuals

Date/Time: August 28th at 2 p.m. to 3:30 p.m.

Location: [TEAM Webinar – Registration is required](#)

Participants: Committee Members (listed on second page)
+ Open to public for observation

Meeting Objectives

- Conduct Rules Advisory Committee with a diverse group of individuals who are directly impacted by the Bond Residential Loan Program Servicing.
- To create space to uncover different perspectives that can inform the adopting of the Loan Servicing Manual and gather feedback about the potential impacts as required by state rules development process.

Agenda

Welcome & Introductions

- *Be prepared to share:* name, pronouns, work affiliation and position, and what lens or unique perspective do you bring to today's discussion on the Bond Residential Loan Program?

Background on the mission of OHCS and a look at the Loan Servicing Manual & RAC Responsibility

Opportunity to Review & Improve the Drafted Economic and Fiscal Impact Statements

- How will this rule remove barriers and/or otherwise improve access for the communities that you serve?
- Do you see opportunities to adjust the rule to better serve those communities?
- Once this rule is adopted, what will your organization need to support this change?

Impact Assessment

- State RAC procedures require assessment of impact in the following areas:
 - fiscal impact on state agencies, local government, or the public
 - potential of significant adverse impact on small businesses
 - reporting and other administrative activities required for compliance

Next Steps & Closing

- Review comments and feedback collected during the meeting
- Announce future engagement opportunities & public comment period

Hearing Officer's contact information:
Jaci Davis; Jaci.Davis@hcs.oregon.gov

Rules Advisory Committee

Bond Residential Loan Program, Servicing Manuals

Rules Advisory Committee Members

1. OHCS Rules Lead and RAC Facilitator: Jaci Davis
2. Lisa Reich, Banner Bank
3. Aimee Kesterson, U.S. Bank
4. Suzanne Wells, Umpqua Bank
5. Andrew Ashmore, Wells Fargo

Process Agreements from Rules Advisory Committee

This is intended to be a creative, brave space where we can think about how best to serve Oregonian with this rule change to remove barrier to access housing resources. To accomplish this, participants are asked to respect the following process agreements:

- **Seek common ground & understand divergence:** Practice “Yes, And” to affirm shared values while building on and expanding ideas. Be clear, yet constructive where you have differing experiences and opinions.
- **Share airtime:** Everyone deserves to be heard, and everyone has a piece of the truth. Challenge yourself to engage in ways that honor the voices and thinking space of others. Practice “W.A.I.T”: ask yourself, *Why am I talking? Or Why aren't I talking?*
- **Active virtual participation:** To respect the topic, each other, and to make the most of our time together, please practice active virtual participation to the maximum extent able. This includes making sure your zoom name is accurate, keeping your video on, using chat and Q&A functions, raising your hand to engage in open dialogue, responding to polls, engaging in virtual activities, and minimizing multi-tasking.
- **Take care of yourself:** We strive to facilitate high impact RACs where we use our limited time to the fullest, please do what you need to take care of yourself so you can participate fully and do your best thinking.



CAPITAL MARKETS DEBT MANAGEMENT UNIT

LOAN SERVICING GUIDE

Update July 2025

Acknowledgments

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Introduction

Oregon Housing and Community Services (OHCS) is the state's housing finance agency. OHCS's mission is to provide stable and affordable housing and engage leaders to develop integrated statewide policy that addresses poverty and provides opportunities for Oregonians. One of the ways OHCS carries out its mission is through the Residential Bond Loan Program (Program), which provides mortgage financing at below-market interest rates, primarily to first-time homebuyers.

Purpose and Scope

This Servicing Guide establishes the operating procedures for approved servicers (Servicers Statement of Services – Appendix A of the Contract for Residential Servicing). The procedures implement the Oregon Administrative Rules (Rules) established for the Program and provide instructions for the performance of the written agreements of OHCS with its servicers.

Delivery Method

Loans are delivered to OHCS for purchase from OHCS approved originators that may or may not be servicing the loans being originated. Those originators that are not servicing loans on behalf of OHCS will release these loans to one of our servicers for servicing in compliance with the service-release agreement that was negotiated between the originator and servicer. OHCS does not establish the service release premium or other specific terms of the service release agreement.

Loans purchased by OHCS may be insured by the Federal Housing Administration (FHA), guaranteed by Rural Development (RD), Veterans Administration (VA), or conventional (insured or uninsured) loans. Loans purchased and held in the portfolio are owned by OHCS.

Amendments to the Guide

OHCS reserves the right to alter or waive any of the requirements of this Guide, to impose other additional requirements, and to rescind or amend all material set forth in this Guide.

Revisions of supplements to this Servicing Guide may be made from time to time. OHCS will provide servicers with revisions or updates along with the instructions for insertion into this Servicing Guide.

Section I – Definitions

Acquired Property/REO (Real Estate Owned): A single-family residence financed under the Program that has been acquired by OHCS through the foreclosure process.

Act: Oregon Revised Statutes, 456.515 through 456.720, as amended.

Borrower: Any person/mortgagor who met the criteria under OHCS's Residential Bond Loan Program.

Consumer Financial Protection Bureau (CFPB): A regulatory agency charged with overseeing financial products and services that are offered to consumers. The Consumer Financial Protection Bureau is divided into several units, including research, community affairs, consumer complaints, the Office of Fair Lending and the Office of Financial Opportunity. These units work together to protect and educate consumers about the various types of financial products and services that are available.

Conventional Loan: A loan which is not insured by FHA, guaranteed by Rural Development, or Veterans Administration. This type of loan may be uninsured or insured by a private mortgage insurance company.

Escrow Payments: Payments made by the Borrower to a servicer and placed in an impound account for the payment of property taxes, assessments, hazard and mortgage insurance premiums, or other charges.

Fannie Mae: The Federal National Mortgage Association and any successor thereto.

FHA: The Federal Housing Administration, and any successor thereto.

Freddie Mac: The Federal Home Loan Mortgage Corporation, and any successor thereto.

Homeowners Protection Act of 1998: This Act affects private mortgage insurance requirements for mortgages on residences of one unit which are the borrower's primary residences.

HUD: The United States Department of Housing and Urban Development, and any successor thereto.

HUD-FHA, RD, VA Loan: A Program loan which is insured by HUD-FHA, RD, or VA and any successor thereto.

IRS: Internal Revenue Service

Mortgage Forbearance: A mortgage forbearance plan is an agreement between the mortgage servicer and the homeowner to pause or reduce monthly mortgage payments for a certain period, allowing homeowners to resolve their short-term hardship.

Mortgage Loan: Any instrument which pledges an interest in a single-family residence as security for payment of the debt. A Deed of Trust is the instrument used for Program loans.

Ownership: An interest held in property by any means, whether outright or partial, including property subject to a mortgage or other security interest. Includes, but is not limited to, a fee simple ownership interest, a joint ownership interest by joint tenancy, tenancy in common, or tenancy by the entirety, an interest of a tenant-shareholder in a cooperative, an ownership interest in trust, a life estate, and purchase by land sale contract.

Pool Insurance: One or more policies of insurance issued by a Qualified Mortgage Insurance Company insuring against loss sustained by OHCS by reason of default by the Borrower in addition to primary mortgage insurance.

*Please note - Some of our older loans do have Pool Insurance. As of April 2025, Pool Insurance is not an option.

Principal Residence: The location where a borrower resides as their primary residence.

Private Mortgage Insurance (PMI) Company: A qualified Mortgage Insurer which is not the FHA, RD, VA.

Program: The Residential Bond Loan Program of the State of Oregon.

Program Loan: An insured or uninsured loan financed through OHCS's Residential Bond Loan Program.

Residential Servicing Contract: An agreement between OHCS and a servicer providing for the servicing of Program Loans.

Property Value: The value of a single-family residence determined in an appraisal or broker's opinion of value acceptable to OHCS.

Qualified Mortgage Insurer (MI): FHA, RD, or VA or any other person or entity approved by OHCS to ensure or guarantee payment of Program Loans for single-family residences.

RD: Rural Development

Recapture: An income tax surcharge that may be imposed on a borrower and any person who assumes a Program Loan

RESPA: The Real Estate Procedures Act of 1974.

Rules: The Oregon Administrative Rules 813-020-0000 through 813-020-0120, established for

the Program.

Servicer: A servicer contracted by OHCS to service Program Loans.

Single-Family Residence: A housing unit intended and used for the occupancy by one household, and the property on which it is located. This shall be real property located in Oregon. This may include a site built detached single-family residence, a condominium unit; a detached manufactured home on a permanent foundation; a dwelling in a planned unit development community; or one unit in an attached structure.

Section II – Approved Servicers

A. Servicer Compensation

- **Servicing Fees:** A servicer retains a servicing fee for any loan originated under OHCS's Residential Bond Loan Program.
- **Late Charges:** The servicer is authorized to collect and retain, as part of its servicing compensation, any late charges provided under the terms of the Note.
- **Acquired Properties:** OHCS pays service fees on program loans acquired through the foreclosure process. The service fee will be calculated from the interest paid-to-date to the date OHCS acquired.
- **Foreclosure Expense Reimbursement:** OHCS will reimburse the servicer for foreclosure expenses related to an acquired property provided the Servicer has submitted the necessary documentation required by OHCS within 60 days from the disposition of the property. Instructions for submitting a request for reimbursement are described in Acquired Properties section of this Guide.
- **Modifications and Short Sales:** Servicer is not entitled to a service fee on this type of loss mitigation efforts.

B. Fidelity Bond and Errors & Omissions Coverage

The servicer shall maintain, at the servicer's expense, Fidelity Bond and Errors & Omissions policies that meet current Fannie Mae guidelines. No provision of this section requiring the servicer to maintain bond or insurance coverage shall operate to diminish, restrict or otherwise limit the Servicer's responsibilities and obligations as set forth in the Residential Servicing Contract. .

Each Fidelity Bond and Errors & Omissions insurance policy must include the following provisions (whenever they can be obtained):

- OHCS must be named as a "loss payee" on drafts the insurer issues to pay for covered losses that OHCS incurs; and
- OHCS must have the right to file a claim directly with the insurer if the servicer fails to file a claim for a covered loss that we incur; and
- OHCS must be notified at least 30 days before the insurer cancels, reduces, declines to renew or imposes a restrictive modification to the servicer's coverage for any reason other than a partial or full exhaustion of the insurer's limit of liability under the policy. The insurer must also agree to notify OHCS within 10 days after it receives a servicer's request to cancel or reduce any coverage.

Fidelity Coverage or Direct Surety Bond: The Fidelity Bond coverage must meet current Fannie Mae requirements.

Errors & Omissions Coverage: The Errors & Omissions policy must meet current Fannie Mae requirements.

The servicer must report certain events within 10 business days after they occur. Specific events include:

- Any single Fidelity Bond and Errors & Omissions loss that exceeds \$100,000, even when no claim will be filed or OHCS's interest is not affected.

Embezzlement, Fraud and Claim Against Underwriter or Surety: Even if OHCS funds are not involved, the servicer shall report to OHCS all cases of embezzlement, fraud, criminal, or dishonest acts related to its loan servicing activities by any employee, officer or agent of the servicer even if no loss has been incurred. The servicer's report should indicate the total amount of any loss regardless of whether a claim was filed with an insurer.

C. Oregon Depository Requirements

The servicer must comply with ORS 295, as revised, effective July 1, 2008. Completion of documents to become a Qualified Public Depository can be found at <http://www.oregon.gov/treasury/Divisions/Finance/FinancialInstitutions>. Principal and interest payments, taxes and escrow accounts are held in separate accounts by the servicer. The title of the accounts should be entitled "servicer name, as trustee for Oregon Housing and Community Services."

D. Compliance with Insurer / Guarantor Requirements

Servicers must comply with all requirements that FHA, RD, VA, or Private Mortgage Insurers have for loans that they insure or guarantee. The servicer must not take any action that might prevent OHCS from recovering the full amount due under the guaranty or the insurance contract. The servicer shall provide FHA and Private Mortgage Insurance claim proceeds to OHCS within five working days of receipt along with the advice of payment. If interest is curtailed due to the servicer's inability to meet their requirements, OHCS will request interest that was curtailed. In the event the servicer fails to send the insurance proceeds within the time period above, OHCS may assess a penalty for our investment loss plus two percent.

E. Maintaining Eligibility

To maintain its eligibility to service loans on behalf of OHCS, the servicer must comply with the terms of the Servicing Agreement and provisions of this Guide. Failure to comply with OHCS's guidelines may result in termination of the servicing agreement.

OHCS relies on the servicer to protect our investment in the loans that it services for OHCS by performing its functions in a business-like manner. This section addresses specific responsibilities and business obligations that are considered in the conduct of the servicer's related operations.

1. **Audit and Control Systems:** The servicer must maintain internal audit and management control systems to ensure that the loans are serviced in accordance with sound mortgage banking and accounting principles. The servicer must maintain records of any activity under its internal systems. Upon request, the servicer must make these records available for OHCS review.

OHCS requires that the servicer's management control systems provide at least the following:

- An investor reporting system
 - A delinquent loan servicing system
 - A system to control and monitor loans in bankruptcy
 - A foreclosure monitoring system
2. **Net Worth Requirements:** The servicer shall maintain an acceptable net worth as defined by Fannie Mae: All approved sellers/servicers must have and maintain a Lender Adjusted Net Worth of at least \$2.5 million, plus a dollar amount that represents 0.25% of the UPB of the seller/servicer's total portfolio of mortgage loans serviced. OHCS does not recognize or authorize any servicer to pledge servicing rights as collateral under any circumstances without the prior approval of OHCS.
 3. **Number of OHCS Loans Serviced:** The servicer shall maintain in their portfolio no fewer than 100 loans serviced on behalf of OHCS. If the servicer is no longer participating in the Residential Loan Program and the number of loans serviced falls below 100, OHCS may request the loans be transferred to another servicer and the servicing agreement be terminated.
 4. **Annual OHCS Review:** OHCS annually reviews the performance and financial activities of each servicer. The servicer is expected to comply with OHCS' requirements along with providing documentation requested by OHCS.

The servicer will be requested to provide the following:

- Fidelity Bond and Errors & Omissions Coverage: Provide Certificate of Insurance that it has the required Fidelity Bond and Errors & Omissions coverage and that none of its principal officers has been removed from coverage.

Each year OHCS requests the following documentation to be provided by the servicer:

- Financial Statements: The servicer's financial statements must be prepared under generally accepted accounting principles and must include the opinion of an independent public accountant. They must be comparative with the previous year's report. If the financial statements are consolidated with its parent or holding company, they must contain sufficient detail that enables OHCS to review the servicer's financial information separately from that of the other companies. The financial statements must include a balance sheet, income statement, and statement of retained earnings, additional paid-in capital, changes in financial position and all related notes such as:

- **Changes in Ownership:** Auditor notification if there have been any basic or major changes in its organization, status, ownership, business activities or financial position.
- **Servicing Approvals:** Auditors notation that it continues to be approved by HUD, FHA, VA, Fannie Mae, Freddie Mac, and RD.
- **Adverse Changes:** Auditor notation that it has disclosed any pending actions, claims, investigations, suits, etc., that are threatened against the servicer.
- **Jurisdictional Requirements:** Auditor notation that it continues to be properly licensed to service loans in each of the jurisdictions in which it does business.

F. Conflicts of Interest / Confidentiality

Servicers may obtain privileged information concerning Borrowers and single-family residences. Such privileged information may not be used by the servicer or anyone connected with the servicer (or be passed on to a third party for their use) in any way that may be viewed as a conflict of interest, breach of confidentiality, or the gaining of an unfair advantage to the user. The servicer may disclose information about a mortgagor's payment history to a third party if the mortgagor submits written authorization for the servicer to do so. All such information shall be used in a manner consistent with any applicable laws or regulations regarding disclosure of credit information. The servicer may not acquire any property that secures a program loan without OHCS's prior written approval.

G. Accepting Assignment of Servicing from OHCS Lenders

OHCS may require an originator in the Residential Loan Program to assign the servicing of the originated loans to one of OHCS's servicers. The assignment of servicing is documented by a separate contract between the originator and the servicer. The loan transfer shall take place in accordance with OHCS's and Fannie Mae's requirements.

The servicer that is accepting assigned loans agrees to service the loans in accordance with OHCS's requirements and assumes responsibility for all the originator's contractual obligations related to the loans. An assignment of servicing does not release the originator from any liabilities to OHCS with respect to the loans or the servicing of them prior to the assignment.

H. Servicer Transfer / Ownership Change

OHCS must approve a servicer's transfer or change in ownership. OHCS does not recognize unauthorized transfers. Any such action will be the basis for terminating the servicing agreement. The servicer must notify OHCS 90 days prior to the transfer, merger, or ownership change. The servicer must select a servicer on OHCS's Approved Servicer List.

- **Notifying Borrowers:** Borrower notification by both parties shall comply with Fannie Mae guidelines and standard banking practices to ensure a smooth transition. Forty-five days prior to the transfer, the transferor servicer must notify OHCS of the scheduled transfer date. OHCS will provide both parties with trial balances upon request.

- **Borrower Inquiries:** The transferor and transferee must respond to the borrower's inquiries during the transfer period. During the transfer period, reasonable efforts must be made to resolve disputes to the Borrower's satisfaction when related to the instructions on the notice of transfer of servicing. Late charges must be waived and, if applicable, adjustments made to payment and credit records for misapplied or unapplied payments.
- **Notices to Third Parties:** The transferor must obtain approvals and provide notices to applicable third parties to ensure uninterrupted loan servicing. Third parties include but are not limited to mortgage insurers, FHA, RD, VA, property insurers, mortgage life and/or accident and health insurers, etc.
- **Transfer of Files and Funds:** The transferor must comply with Fannie Mae guidelines relating to the transfer of the individual mortgage files. Within one day of receipt, the transferor must deliver to the transferee any funds, or correspondence regarding any of the transferred loans and REO received on or after the effective date of the transfer.

I. Termination of Servicing

Per the contract for Residential Bond Loan Servicing, OHCS may terminate loan servicing with or without just cause. Just cause is determined using the following evaluation criteria:

- Failure to maintain the eligibility requirements.
- Delinquency rate is excessive.
- The servicer's inability to follow OHCS's Servicing Guide, as amended.
- The number of valid customer complaints received by OHCS concerning the servicer's activities.
- A poor audit review by OHCS.
- Servicer's failure to meet reporting requirements of FHA, RD, VA, or private and pool insurers of OHCS's loans resulting in continued curtailed mortgage insurance claims.
- Failure to meet the Oregon Depository Requirements, ORS 295.

Section III – Insurance Requirements

A. Mortgage Insurance

FHA, RD, VA, or primary/pool mortgage insurance issued by an OHCS-approved private mortgage insurance company is required on all program loans originated prior to July 29, 1999, that have a loan-to-value ratio which exceeds 75 percent based on the lesser of the original appraised value or the purchase price. For those loans originated on or after July 29, 1999, mortgage insurance is required on all loans with a loan-to-value ratio exceeding 80 percent, based upon the original appraised value or the sales price, whichever is less.

The servicer shall comply with the Homeowners Protection Act and all applicable requirements of the FHA, RD, private mortgage and/or pool insurance companies, and OHCS.

1. **Homeowners Protection Act of 1998:** The servicer annually discloses in writing to the Borrower, their rights to cancellation or termination of private mortgage insurance. The act provides for termination of private mortgage insurance for certain loans closed on or after July 29, 1999.
2. **Termination of Mortgage Insurance for Conventionally Insured Loans:** The servicer must certify that the following guidelines have been met when terminating mortgage insurance.
 - **Loans Originated on or after July 29, 1999:** Upon receipt of a borrower's written request, the servicer is authorized to cancel mortgage insurance for all OHCS loans when the loan reaches 80 percent of the original sales price or original appraisal amount, whichever is less, the loan is current with no late payments in the past 12 months and no late payments of 60 days or more in the past 24 months, and the property is owner occupied.

A borrower may also initiate cancellation of their mortgage insurance **based on current value** once the loan balance reaches **1) 80 percent of the current value** if the loan is greater than five years, or **2) 75 percent of the current property value** if the loan is between two and five years. Generally, cancellation is not permitted unless the loan is at least two years old. The 75 percent requirement may be waived if the borrower is the original borrower on the mortgage at the sole discretion of OHCS. The servicer must obtain a new appraisal that is based on an inspection of both the interior and exterior of the property. Servicer warrants they have reviewed the appraisal, Broker's Opinion of Value, or Tax Statement and are satisfied that the opinion of value is both reasonable and adequately supported by market data.

The appraisal cannot be more than six months old. The servicer may charge the borrower for the cost of the appraisal. The loan must be current with no late payments in the past 12 months and must have had no late payments of 60 days or more in the past 24 months. The property must be owner occupied.

- Loans Originated prior to July 29, 1999: For all conventionally insured loans, the servicer is authorized to cancel private primary mortgage insurance once the loan to value reaches 75 percent of the original sales price or original appraisal amount, whichever is less; the loan is current, and the property is owner occupied, unless Borrower initiates cancellation as described above.
- FHA-Insured Loans Originated on or after January 1, 2001: In accordance with HUD guidelines, OHCS authorizes the servicer to discontinue payment of the mortgagor's insurance payment obligations after five years from origination, once the loan to value reaches 78 percent with a good payment history during the last 12 months. The Borrower must also meet all terms of the loan, including owner occupancy. Any change to HUD guidelines for loans originated after January 1, 2001, the servicer will be responsible for meeting those guidelines.
- Servicer Reporting: The servicer notifies OHCS in writing upon cancellation of mortgage insurance.

B. Hazard and Flood Insurance

The servicer shall follow Fannie Mae's guidelines for hazard and flood insurance on first mortgages. OHCS requires escrow collection for hazard insurance premiums on all loans originated under the Residential Bond Loan Program. There are no waivers of this requirement. In the event the funds in the escrow account are insufficient to cover the hazard and flood insurance premiums, the servicer shall advance funds to cover the expense. The servicer shall indemnify OHCS for any loss suffered by OHCS because of its failure to maintain such insurance.

- Maintenance of Policies: The servicer may carry insurance meeting Fannie Mae guidelines providing protection against the risks of not maintaining hazard insurance policies and endorsements.
- Hazard and Flood Insurance Loss Settlements: The servicer shall follow Fannie Mae guidelines for insurance loss settlements. They shall employ procedures for handling insurance losses in a manner that protects OHCS's interests. The servicer must apply the insurance proceeds for the restoration and repair of the damaged property. They are responsible for making the decisions on the disposition of the insurance proceeds if the property is occupied and it has not suffered a significant loss that makes restoration infeasible or lessens OHCS's security. If the loan is in foreclosure or has become an acquired property through foreclosure, the servicer must contact OHCS with a recommended course of action.

The servicer is not required to submit a report to OHCS on the disposition of proceeds of losses \$10,000 or less, unless the servicer recommends application of the proceeds against the program loan debt. The servicer should disburse insurance proceeds to the borrower or the contractor when repairs have been completed and inspected by the servicer.

The servicer shall immediately submit a report to OHCS concerning any loss more than \$10,000. The report shall include the nature of loss, bids for repairs and the hazard insurance company's report of the loss.

If the property has suffered a total or nearly total loss, the servicer must contact OHCS. OHCS may require the servicer to pay off OHCS's loan and release any excess funds to the borrower.

The servicer shall adhere to all applicable laws regarding application of insurance proceeds, all FHA, RD, VA or private and/or pool mortgage insurance requirements, and prudent practices concerning notification, inspection, and approval. The servicer shall take any action necessary to protect the priority of the Deed of Trust, including but not limited to, obtaining waivers of material or mechanics liens.

Section IV – Other Servicing Responsibilities

A. Property Inspections and Repairs

Vacant or Abandoned Properties: Regardless of the loan status, when a servicer discovers or suspects that the property has been abandoned, the servicer should attempt to locate the borrower to determine the reason for the vacancy. If the borrower is unresponsive, the servicer must inspect the property to determine its condition. If the servicer determines that the property has been abandoned, to the extent that local laws will allow such action, the servicer must take immediate steps to protect the property from vandalism and the weather. Such action may include changing the locks, winterization, boarding windows, etc. Servicer shall post the property as to the contact person for entry into the property. The hazard insurance carrier should be notified of the vacancy to ensure that appropriate insurance coverage is being maintained.

Chronic Delinquent Loans: If the borrower is a chronic delinquent - one who establishes a schedule of skipping a payment or two and then bringing the loan current - the servicer should inspect the property as necessary to protect OHCS's interests. However, the servicer should inspect the property at least once in each six-month period that this payment pattern continues.

Foreclosure: The servicer must inspect the property each month during the foreclosure process.

Properties Acquired Through Foreclosure: The servicer must meet all FHA, RD, VA and primary mortgage insurers' inspection requirements. If the loan is conventionally insured, RD, or VA insured, the servicer must also comply with OHCS's requests concerning inspections.

Owner Occupancy Determination: When the servicer cannot determine whether the borrower is occupying the property as their primary residence as outlined in Other Servicing Responsibilities, the servicer may inspect the property to determine occupancy status.

Inspection Format: The inspection should indicate occupancy status, property condition, photographs of the property and area, estimate of market value, and location of the keys to the property, if appropriate.

Need for Repairs: If emergency repairs are required to protect OHCS's security and the borrower is unresponsive, the servicer must contact OHCS prior to advancing funds necessary to pay for the repairs. The servicer should arrange for the borrower to repay this advance, either in installments or as part of the full amount required to reinstate the loan if the loan is in foreclosure. If the loan is foreclosed and the borrower has not repaid the advance, OHCS will reimburse the servicer for those expenses as part of the acquired property process.

B. Transfer of Ownership - Adding Spouse/Family Members to title does not require OHCS approval:

- **Illegal Sale:** When the servicer discovers that the borrower has divested themselves of ownership interest by transferring title to the property without the approval of OHCS, the servicer shall:
 - Contact OHCS immediately and provide information related to the illegal sale;
 - Send a 30-day demand letter to the borrower requesting the program loan be paid in full or that the new owner make application for a Substitution of Liability within 30 days; and
 - If the 30-day demand letter expires with no response from the Borrower, send OHCS a foreclosure recommendation per OHCS guidelines.

Trust Agreements: The Borrower may transfer interest in the property to a Trust Agreement. The servicer must verify that the following requirements have been met:

- The trust was validly created and duly exists under applicable law.
- The trust is revocable.
- The Borrower is the settler of the trust and the beneficiary of the trust.
- The trust assets may be used as collateral for a loan.
- The Trustee is duly qualified under applicable law to serve as the Trustee; is the Borrower; and is fully authorized under the trust documents and applicable law to pledge or otherwise encumber the trust assets.

C. Partial Releases

The servicer follows Fannie Mae, FHA, RD, VA, and private mortgage insurance procedures when considering a partial release. The servicer shall provide appropriate documentation related to the partial release for OHCS review and execution of the release documents once they have received approval from the mortgage insurer.

D. Easements

Third-party rights under any easement of record or the granting of any new easement must not interfere with the use of or adversely affect the value of the property, OHCS must explicitly approve of any easements. Contact OHCS for procedural information.

E. Owner Occupancy Requirements

All OHCS loans are underwritten for owner occupancy and have a due-on-sale clause included in the loan documents. The Addendum to the Trust Deed states that the borrower must occupy the property as his/her primary residence. OHCS requires that the servicer enforce the due-on-sale provision along with the owner occupancy provision.

It is the servicer's responsibility to ensure that the borrower is occupying the property as his/her primary residence and the servicer shall develop a system to monitor owner occupancy.

F. Recapture Provisions

All OHCS loans closed after January 1, 1991, are subject to the Recapture Provisions outlined in the loan documents. Borrowers should have received and signed a copy of the Recapture Provision at the time the loan was closed. The tax would apply only if there is a profit (“gain” for tax purposes) over the Acquisition Cost and only to dispositions occurring in the first nine (9) years from the Program Loan closing date (or assumption). Certain Borrowers qualify for a reduction or waiver of the “recapture” tax if their “modified adjusted gross income” is less than the amount identified on the Notice to Borrowers Regarding Application of Recapture Provision (SFMP 25) in effect at the closing date of the single-family residence. Program Loans closed prior to January 1, 1991, are not subject to recapture provisions.

G. Soldiers’ and Sailors’ Civil Relief Act

Under the Soldiers’ and Sailors’ Civil Relief Act, a Borrower who was a civilian when he or she became obligated under the mortgage and who is subsequently placed in active military status may have the mortgage interest rate reduced to six percent during the term of his or her active-duty status.

If the loan is delinquent at the time the borrower is told to report for duty, the past due payments will bear interest at the rate applicable on the date they became due. Any payments coming due after the borrower’s entry into active duty will be at the six percent rate. Once the Borrower’s active duty ends, the new interest rate will be the rate per the Note.

Servicer is to notify OHCS of the Borrower’s request for rate reduction and the new level payment amount prior to the effective date of the interest rate reduction. The servicer must provide a copy of the military orders for active duty.

H. Records and Reports

The servicer is responsible for maintaining accurate accounting of borrower payments, and foreclosure records. OHCS has the right to examine all records that pertain to OHCS loans.

Custody Documents: Custody documents are the legal documents for a loan that include the Note, Trust Deed, Addendum to the Trust Deed, Assignment, Addendum to the Loan Application and the mortgage insurance certificate. The original custody documents are maintained at OHCS.

Loan Files and Accounting Records: The servicer must hold all other mortgage documents that are not designated as custody documents in the individual loan file for each loan it services for OHCS. Loan files and records include the loan files, permanent loan account records, and accounting system reports that are sent to OHCS. The accounting records must be maintained in accordance with sound and generally accepted accounting principles and in such a manner as will permit OHCS representatives to examine and audit such records.

The servicer must maintain permanent mortgage account records for each loan it services for OHCS. The records must be identified by OHCS loan number. The servicer's accounting system must be able to produce detailed information on transactions that affect the loan balance and how the payment was applied, overdrafts in the escrow deposit account, and the financial status of the loan.

Record Retention: The servicer may destroy any original records after a period of two years from the date of the record provided that such records have been electronically saved or by other means where permitted by law. Electronic records may be destroyed after a period of six years from the date of termination of the loan, unless a greater period is customary in the jurisdiction in which the subject property is located.

In the absence of electronic records, the servicer may destroy any original records after a period of six years from the date of termination of the loan, unless a greater period is customary in the jurisdiction in which the subject property is located.

I. Fiscal Responsibilities:

The fiscal responsibilities of a servicer include accounting for and remitting to OHCS the principal and interest portions of monthly installment payments, and any other sums paid by borrowers which OHCS may require to be remitted. See Accounts Held for OHCS and Investor Reporting for servicer fiscal requirements.

Section V – Delinquencies/Loss Mitigation

The servicer shall comply with FHA, RD, and VA requirements when servicing a delinquent loan. It is OHCS's expectation that servicers will take the steps necessary in working with the borrowers to assist them in avoiding foreclosure.

Late Charges: The servicer shall collect and retain late charges as additional servicing compensation per the promissory note. Late charges are not charged to the borrower's escrow account, deducted from regular monthly payments or added to the outstanding principal balance. The servicer may waive late charges to bring a delinquent program loan current.

Collection Procedures: The servicer shall comply with the FHA, RD, VA and private mortgage insurer's collection procedures.

Loss Mitigation: Servicers must comply with all federal laws, rules, regulations and guidelines, keeping track of timelines and informing OHCS of any changes to the guidelines, and changes or updates in the state of the borrower's application for mitigation.

Mortgage Forbearance: OHCS must review and approve all forbearance plans and extensions from servicers prior to execution.

The following requirements must be met for a mortgage forbearance plan

- The property securing the mortgage must be the Borrower's primary residence; it must not be used as a rental, vacant, or condemned.
- A completed Fannie Mae form 710 (or equivalent) and verification documents must be submitted with the request for approval.
- 12 monthly payments must be made since the origination of the loan or
- 12 monthly payments must be made since the last partial claim or modification.
- A stated plan to bring the loan current once the forbearance period has expired must be submitted with the request for approval.
- OHCS reserves the right to deny for any reason.

Partial Claims: OHCS must review and approve all partial claims from servicers prior to execution.

The following requirements must be met for a partial claim

- 12 monthly payments must be made since the origination of the loan or
- 12 monthly payments must be made since the last partial claim or modification.
- A completed Fannie Mae form 710 (or equivalent) and verification documents must be submitted with the request for approval.
- The partial claim request must include all previous partial claims, loan

modifications, and any other loan balances, including dates and amounts.

- The partial claim amount, including any previous partial claim, suspense amounts, and any other unpaid loan balances, cannot exceed the original purchase price.
- If, after OHCS's review OHCS deems it necessary, OHCS will request verification of property condition and valuation for partial claims that exceeds the greater of 100% of the original purchase price or 97% of the original appraised value.
- OHCS reserves the right to request income verification when the financial fitness of the borrower is in question.
- OHCS reserves the right to deny a partial claim for any reason.

Loan Modification: OHCS must review and approve loan modifications from servicers prior to execution. Modifications, subject to approval, may include capitalization of delinquent interest and extension of the loan terms. Escrow payments, attorney fees, and other charges may not be capitalized, and the servicer cannot enter a repayment plan with the borrower. A loan modification agreement may be recommended by the servicer upon the borrower's completion of a trial plan special forbearance agreement of an amount equal to the modified PITI payment.

The following requirements must be met for the loan to be modified:

- The property securing the mortgage must be the Borrower's primary residence; it must not be used as a rental, vacant, or condemned.
- For all mortgages that are modified, the servicer must ensure that the modified mortgage loan retains its first lien position.
- Changes to the Note rate are not allowed.
- If the modification extends the term of the loan, it cannot exceed 30 years.
- A loan modification is contingent on the servicers' s ability to ensure continuation of mortgage insurance coverage and terms must be acceptable to FHA, RD, and VA.
- The servicer is required to assess the borrower's financial condition to determine the borrower's ability to support the monthly modified payment amount. Income verification for all borrowers must be attached to all loan modifications regardless of the reason for the modification.
- If, after OHCS's review, OHCS deems it necessary, OHCS will request a verification of property condition and valuation for partial claims that exceed the greater of 100% of the original purchase price or 97% of the original appraised value. For Conventional loans, the modification cannot exceed 100% of the original purchase price or 80% of the original appraised value.
- 12 monthly payments must have been received since the origination of the loan or
- 12 monthly payments must have been received since the last modification or partial claim.
- A completed Fannie Mae form 710 (or equivalent) and verification documents must be submitted with the request for approval.
- OHCS reserves the right to deny a loan modification for any reason.

Loan Modification documentation: Servicers are reminded that OHCS is the beneficiary of record, and **all modifications must be prepared for Oregon Housing's signature**. Upon receipt of the signed modification agreement from the borrower, the signed modification agreement must be presented to OHCS for signature, this must include a letter containing the new modification terms and a prepaid envelope provided by the servicer. After servicer

receives the signed modification agreement, it must be recorded. Once recorded, the servicer will return the original recorded modification to OHCS.

Modifications are not complete until executed by OHCS. Loan payments will not be accepted until the modification agreement is fully executed. **Modification agreements can only be executed by OHCS staff.** Modification agreements not executed by OHCS will be void and payments will not be accepted on the loan.

Deed-in-Lieu of Foreclosure (DIL): The servicer shall notify OHCS when a deed-in-lieu is being considered. DIL's must be approved by OHCS. Prior to approval, the servicer must inspect the property and take interior and exterior pictures and submit to OHCS for approval. If the Program requires a full appraisal, one must be completed and a copy provided to OHCS before the sale occurs. The servicer shall arrange to have the locks changed and property secured. OHCS must receive notification of when the DIL is complete and must receive final documents.

Short Sale: When the sale of a delinquent loan does not result in a full payoff of the loan, the servicer shall contact FHA, RD, VA, or the primary insurer to determine if they will approve a short sale. If the results of the mortgage insurer's or RD's participation do not result in complete payoff of the loan, the servicer shall contact OHCS for approval. As the investor, OHCS will expect full payoff.

If the servicer will be filing a claim for loss with FHA, the primary mortgage insurer, RD, or VA to cover the short sale, the servicer shall advance funds to pay off OHCS's loan so the original loan documents can be released for reconveyance. If 100% proceeds cannot be sent with the sale proceeds the servicer must contact OHCS for further direction. The servicer is responsible for collecting from FHA, the primary mortgage insurer or RD any shortages related to the payoff.

Liens, Bankruptcy and Death of the Borrower:

- **Liens:** The servicer shall notify OHCS of any lien recorded prior to the trust deed securing the program loan.
- **Bankruptcy:** If the borrower has filed bankruptcy, the servicer shall request the property be released from bankruptcy. If a repayment plan is developed, the servicer shall notify OHCS of the status.
- **Death of the Borrower:** Upon the knowledge of the death of a borrower, OHCS must be notified immediately. The servicer must contact the representative, or co-borrower, if applicable, of the property to document the intended disposition of the property and notify OHCS of the intended disposition. All Fannie/Freddie, FHA, RD, VA, and Program guidelines must be followed regarding death of a borrower. OHCS must be contacted and approval given prior to any transfers.

Delinquency Reporting: The servicer provides OHCS with a monthly report for loans that are over 90 days delinquent documenting the actions taken to avoid foreclosure. The report also includes loans currently in foreclosure. The report will be reviewed monthly by OHCS, and discrepancies will be sent to the servicer for additional information.

The report should contain:

- Servicer Loan Number
- OHCS Loan Number
- Borrower Name
- Property Address
- Unpaid Balance
- Paid to date
- Bankruptcy Status (if applicable)
- Mortgage Status (example: resolution conference scheduled with date, modification with status, trial plan with date)
- Foreclosure Status (if applicable) with dates (judgement, mediation, sale date)
- Any additional comments that will explain the status of the loan, steps to bring the loan current or action being taken to acquire the property.

Section VI - Foreclosures

A. Initiation of Foreclosure: Foreclosure proceedings must only be handled by attorneys that have been appointed as a Special Assistant Attorney General (SAAG) by the Oregon Department of Justice. Foreclosure shall be the last option in the collection process. The servicer's recommendation for foreclosure shall be requested of OHCS when the loan is three months delinquent with the accompanying documentation:

- Completed the Foreclosure/Deed-in-Lieu Approval Request for Residential Program Loans (exhibit 1).
- A brief history of servicer's contact with the Borrower to avoid foreclosure.
- Property inspection report indicating occupancy status.

Once OHCS completes its review, OHCS will e-mail a letter to the servicer with the results of the review. Loans will stay in foreclosure status until OHCS is notified of the cure for the delinquent payments.

The servicer shall notify OHCS when the property has been acquired and when a foreclosure sale date has been established.

The servicer shall ensure adequate hazard and mortgage insurance coverage is maintained during the delinquency. The servicer shall advance funds for payment of the escrow expenses when due as well as expenses related to the foreclosure if necessary. Such advances are a reimbursable expense in the event of a foreclosure.

B. Property Maintenance During Foreclosure: The servicer must comply with the FHA, RD, and VA, private mortgage insurance/pool, reporting, inspection and property maintenance requirements while the loan is in foreclosure.

If property is abandoned or vacant, the servicer shall take steps necessary to ensure that the property is maintained and not subject to city or county nuisance notices and liens against the property for unpaid utilities. The servicer may contact OHCS to determine what actions are appropriate. In the event the servicer fails to monitor and/or maintain the vacant or abandoned property resulting in losses to OHCS, the servicer shall reimburse OHCS.

C. Offer of Payment During Foreclosure / Work Out Plans: If the borrower offers to bring the loan current, payment must also include expenses associated with the foreclosure processing. The servicer may waive late fees to cure the delinquency.

D. Reinstatement of the Loan: The servicer shall notify OHCS in the event the loan has been reinstated. If the property was vacant or abandoned prior to reinstatement, the

servicer must make sure the reinstatement includes any costs related to property maintenance while the property was vacant or abandoned. The home must have been owner occupied prior and will be owner occupied after accepting reinstatement of the loan.

- E. Sales Offer During Foreclosure / Short Sales:** The servicer shall contact OHCS and the mortgage insurer if the Borrower receives an earnest money offer on the property. If the sale of the property will not pay the loan in full, the Servicer may request that the loan insurer provide the funds necessary to pay the remaining balance to cover the payoff. The Servicer pays off the loan through the normal payoff process and then files the claim with the insurer for reimbursement of foreclosure expenses and any interest shortage.
- F. Foreclosure Sale Bidding Instructions:** The servicer shall comply with the insurer's requirements by issuing bidding instructions to their attorney for the foreclosure sale. In the event the loan is uninsured, the minimum bid will be the total debt including property preservation costs, inspection fees, legal fees, and late charges associated with the foreclosure. OHCS may elect to bid less than total debt to minimize losses. Contact OHCS for bidding instructions on uninsured loans.
- G. Deed Recording After the Foreclosure Sale or Deed-in-Lieu of Foreclosure:** When preparing the Trustee's Deed, OHCS must be in title to the property upon recording. Below is the procedure in the event the property is occupied, and an eviction is necessary:
- **FHA-Insured Loans:** If the property is occupied at the time of the foreclosure sale and the "cash for keys" option is unsuccessful, the servicer shall send OHCS a Quit Claim Deed or a Special Warranty Deed transferring the property from OHCS to the servicer. Once signed by OHCS and recorded by the servicer, the servicer will then proceed with the eviction and transfer title of the property to HUD.
 - **RD, VA, Conventional and Uninsured Loans:** If the property is occupied at the time of foreclosure and the insurer's policy, if available, of "cash for keys" is unsuccessful, the servicer shall send OHCS a Quit Claim Deed or a Special Warranty Deed transferring the property from OHCS to the servicer. The servicer shall complete the eviction process once the deed is signed by OHCS and recorded by the servicer. The servicer will transfer title of the property back to OHCS after the property has been vacated. OHCS will then market the property for sale.

The servicer shall notify the taxing district that the property is now in the ownership of the State of Oregon, Department of Housing and Community Services. As a state-owned property, OHCS may be exempt from the payment of property taxes. If OHCS acquires title prior to July 1, and still remains in title after July 1, the property taxes are exempt. However, the taxing districts need to be informed of the ownership change in order to waive the payment of property taxes. The servicer may wish to contact OHCS concerning loans that may qualify for property tax waivers. The servicer may be responsible for the property taxes if they failed to transfer title to OHCS in a timely manner that resulted in the property being assessed for property taxes for the tax year beginning July 1.

Section VII – Acquired Properties

Servicers must notify OHCS of the sale results. Upon recording the Trustee's Deed or Sheriff's Certificate of Sale for Judicial Foreclosures, the servicer shall immediately notify OHCS and provide the following information: OHCS loan number, Borrower's name and address, date acquired, and occupancy status.

If the loan acquired is conventionally insured, uninsured, RD, or VA insured loan and is vacant at the time of the foreclosure sale, the servicer shall contact OHCS prior to having the property rekeyed.

A. Information Requirements: The servicer shall forward the following items to OHCS within 30 days:

- A copy of the recorded deed conveying title to OHCS.
- A copy of the recorded Notice of Default and Election to Sell (for RD insured loans).
- A copy of the mortgage insurance claim or FHA claim filed by the Servicer.
- An invoice detailing all foreclosure expenses.
- Mortgage Insurance or HUD Part A and B claim funds along with the advice of payment within five working days of receipt.

B. Occupied Property / Eviction: If the property is occupied and an eviction is necessary, the servicer shall send OHCS a Quit Claim Deed to sign transferring title of the property from OHCS to the servicer or OHCS assigns First Deed of Trust prior to recording the Trustee's Deed. Once the deed is executed, the servicer takes whatever legal steps are necessary to remove the occupants from the property. For FHA insured loans, once vacant, the servicer transfers the property directly to FHA. If the property is conventional, RD, VA, or uninsured loan, the servicer transfers the title of the vacant property to OHCS. For Judicial Foreclosures, servicer proceeds with eviction after recording of the Sheriff's Certificate of Sale if the foreclosure was in servicer's name or OHCS will assign the Sheriff's Certificate to the servicer so the eviction can be completed. Once the 180-redemption period on a judicial foreclosure has expired and the property is vacant, the servicer needs to obtain a recorded Sheriff's Deed so OHCS may market the property.

C. Property Preservation:

- **FHA-Insured:** The servicer must comply with property preservation and winterization requirements necessary to convey the property to HUD.
- Once title is transferred to OHCS, the servicer will be contacted and given information regarding the marketing of the property.
- OHCS will work with a third party to facilitate needed preservations, repairs, and maintenance for the property. The servicer will be responsible for paying bills related to the preservation, repairs, and maintenance of the property on behalf of

OHCS. All bills or invoices received by the servicers must be reviewed and approved by OHCS. Only OHCS approved invoices and bills will be reimbursed.

- D. Marketing Acquired Properties:** OHCS determines the marketing strategy for acquired properties using only Oregon licensed realtors. The servicer will be responsible for paying all expenses incurred during the marketing of the acquired property. Only OHCS approved expenses will be reimbursed.
- E. Hazard and Liability Insurance:** Servicer is responsible for maintaining hazard and liability insurance. Once the property has been acquired by OHCS and the property is unoccupied, the servicer shall discontinue hazard and liability coverage and OHCS will self-insure for any loss.
- F. Mortgage Insurance / FHA Claims:** The servicer shall provide a copy of the FHA and mortgage insurance claim to OHCS within 60 days of the claim on mortgage insured loans.
- G. Pool Insured Loans:** It is the servicer's responsibility to comply with the regulations of the primary mortgage insurer concerning loan servicing so OHCS's pool coverage is not jeopardized during the foreclosure process and after the acquiring of the property, if applicable.
- H. Reimbursement of Foreclosure Expenses:** The servicer may request reimbursement of foreclosure and related expenses when the net claim exceeds \$500 or it is the final claim for reimbursement. The final claim for reimbursement must be submitted to OHCS within 45 days of the sale of the acquired property. Any claims that are missing documentation or received after the 45-day deadline may not be paid. OHCS will notify a servicer when the acquired property has been sold and what additional information is needed to close the file.

All reimbursement claims must be submitted using the Statement of Foreclosure Expenses (exhibit 2, refer to exhibit 3 for completion instructions). Any claims that do not comply with the instructions will be returned or will be adjusted according to the documentation provided.

Examples of allowable expenses:

- Securing the property, winterization and repairs done on the property while the loan was delinquent, vacant or abandoned.
- Legal fees associated with foreclosure, bankruptcy, and eviction proceedings.
- Property inspections done by contractors, real estate agents, approved servicers or representatives.
- Expenses authorized by OHCS once the property is acquired.

Examples of expenses that are not allowed:

- Plumbing repairs associated with pipe freeze caused by no weatherization or insufficient weatherization when the servicer was responsible for the property during foreclosure.
- Interest or late penalties because the servicer neglected to pay bills on time.
- Repairs authorized by the servicer without OHCS approval.
- Mechanics liens as a result of the servicer's failure to ensure the contractor(s) have been paid.
- A claim for reimbursement submitted more than 45 days after the sale of the acquired property.

Section VIII – Accounts Held for OHCS

A. Custodial Accounting

Account Eligibility / Oregon Depository: All custodial accounts (and clearing accounts) must be established in an eligible depository meeting the Oregon Depository requirements mentioned in the section labeled Approved Servicers, section C. The servicer must establish and maintain separate custodial accounts for principal and interest (P&I) and taxes and insurance (T&I) that meet our requirements for the deposit of funds related to the Oregon Housing and Community Services loans.

All custodial accounts, whether established for P&I funds or T&I funds may be interest bearing accounts. However, all funds in a custodial account must be immediately available on demand, without the servicer or OHCS having to provide advance notice of intent to withdraw funds. Funds in a custodial account may not be invested in time deposits or in any other vehicle that limits OHCS's immediate access to the funds, requires advance notice of withdrawal or requires the payment of a withdrawal penalty. Interest-bearing accounts must meet all federal, state and local laws and government regulations.

Clearing Accounts: If deposits and disbursements cannot be made directly to or from the custodial accounts, the servicer may use clearing accounts. When clearing accounts are used, separate accounts must be established for collections and disbursements.

Servicers may not use their general ledger accounts or internal operating accounts as clearing accounts. Instead, they must establish clearing accounts in depository institutions that meet our requirements mentioned in the section labeled Approved Servicers. The titles of the accounts must reflect that they are custodial in nature and the depository in which the accounts are maintained is informed that they are custodial accounts. The servicer's records must be able to clearly identify OHCS's interest in any funds deposited in a clearing account.

Collections deposited to the collection clearing account must be credited to the custodial account by the first business day after receipt. (If the servicer uses a lockbox agent to collect the payments, the payments must be deposited into the collection clearing account no later than the first business day after they were received by the lockbox agent. This means that funds must be deposited into the applicable custodial account no later than the second business day after the servicer's lockbox agent receives them.)

Adequate records and audit must be maintained to support all credits to, and debits from, the borrower's payment records and the clearing accounts.

Reconciliation of Custodial Accounts: Each month the servicer must reconcile its cash account to the custodial accounts.

Principal and Interest Account:

Responsibilities of the servicer include accounting for and remitting to OHCS the principal and interest portions of monthly installment payments. Although we require a separate custodial account for principal and interest funds collected, the servicer may combine remittance types (program codes) in one custodial account. However, they must maintain detailed accounting records for each remittance type (program code). Each “Payments Account” should be designated as follows:

“(Name of Depositor), trustee for the Oregon Housing and Community Services, State of Oregon.”

All funds related to principal and interest payments that are received for a loan must be credited to the P&I custodial account by the next business day after they are received. The servicer must maintain records identifying each Borrower, OHCS’s loan number, the program code and the amount of each Borrower’s loan payment and the custodial account where each payment is deposited.

The servicer may withdraw funds from the P&I custodial account for the following purposes:

- To remit the funds due to OHCS.
- To remove amounts that have been deposited in error.
- To remove fees, charges and other amounts that are deposited on a temporary basis.
- To clear and terminate the account.

Tax and Insurance Account: The servicer shall collect T&I payments for all OHCS loans and to the extent permitted by the Real Estate Settlement Procedures Act, as amended, along with the monthly installment of principal and interest. The servicer shall establish an Oregon Housing and Community Services “escrow account.” Each “escrow account” should be designated as follows: “(Name of Depositor), Agent for the Oregon Housing and Community Services, State of Oregon.”

Funds in the T&I custodial account should relate to the escrow deposits collected for the payment of the borrower’s taxes, hazard insurance and mortgage insurance premiums, advances the servicer made to cover payment of foreclosure-related expenses and payments that are being held as unapplied pending determination of their proper application (such as partial payments, payment overages, insurance loss drafts, rent receipts, etc.). The servicer shall obtain bills for all such items and pay for such items prior to any penalties, interest charges or termination of the insurance. The servicer shall annually compute the required escrow payments based on assessments and reasonable estimates of escrow payments.

If the servicer fails to pay taxes and insurance premiums and other escrow expenses when due and has incurred a penalty, late charge or not received a tax payment discount, those charges must be absorbed by the servicer and not passed on to OHCS or the Borrower. This also applies when servicing delinquent loans or loans in foreclosure.

All funds held for the account of OHCS are deposited in the T&I custodial account no later than the first business day following receipt.

Upon purchase of a program loan by OHCS, all installments and escrow funds on hand shall be promptly deposited in the P&I and T&I custodial accounts.

The servicer shall maintain records that reflect the vested ascertainable interests of OHCS in such funds. Annually, at the end of the servicer's fiscal year, the servicer may be requested to provide copies of bank statements reflecting OHCS's P&I and T&I accounts.

Escrow Shortage: When escrow payments collected from the borrower are insufficient to pay taxes, hazard insurance premiums or other escrow expenses when due, the servicer should take one of the following steps to collect the shortage:

- Request full payment of the shortage from the borrower before the latest due date on the tax and/or insurance premiums prior to the interest penalty or policy termination.
- Advance funds necessary to pay the escrow bill before penalty is imposed and debit the Borrower's escrow account reflecting the shortage. The servicer shall then set up a repayment plan with the borrower to repay the shortage, usually done by increasing the PITI payment.

Interest on Escrow Accounts: ORS 86.245(4) exempts OHCS from being required to pay the Borrower's interest on funds held in their escrow payments accounts. Therefore, servicers that pay interest on borrower's escrow accounts are doing so at their own expense.

B. Tax Deferral or Abatement Projects

Where the borrower can furnish evidence of approval of the tax deferral, the servicer shall refund excess property tax reserves. The servicer shall cease collection of property tax reserves in future monthly escrow payments upon approval of the qualified mortgage insurer and pool insurer where applicable. This deferral is not applicable for FHA-insured loans.

Section IX – Investor Reporting

A. Introduction

The Loan Information Processing System (LIPS) is OHCS's database designed to manage OHCS's loans through their life cycle – from purchase through reporting, to payoff or disposition. The servicers report to OHCS based on an actual/actual reporting system. The servicer's investment reporting system must meet OHCS's LIPS payment data format requirements and specifications (exhibit 4).

Prior to servicing OHCS loans, the servicer completes the Authorization Agreement for Reoccurring Direct Deposits (ACH debits). Once executed and set up, OHCS debits the servicers custodial accounts for the principal and interest remittances and payoff remittances (exhibit 5).

B. Definitions

FTA: Funds Transmittal Advice form (FTA). The FTA is OHCS's spreadsheet used by the servicer that identifies the funds being remitted for each program code. It is the summary of the transactions by program that are reported on the loan activity data report.

Overage: An amount overpaid by the servicer by program on the FTA. This overage may be due to the servicer's correcting a cash difference with OHCS. The overage may also occur when OHCS rejects or adjusts payments received from the servicer to reconcile the loan's principal balance and/or interest paid to date. This overage is indicated in the over/short column of the FTA and added to the remittance of P&I, less service fee.

Payment Data Text File: Payment Data is submitted to OHCS by email in a ASCII text file format. The text file will include loan number, interest paid to date, principal amount, interest amount, service fee amount and unpaid principal balance.

Program Code: The code assigned by OHCS to identify each bond sale that has occurred. Loans are purchased utilizing bond funds. Each program code is treated as a separate bank account to enable OHCS to pay debt service on the bonds. OHCS loans are identified by program code and loan number. The FTA spreadsheet used to remit payments indicates each program code associated with the loans that have made payments during the remittance period.

Shortage: A reduction in the amount owed OHCS in that program code. This reduction is indicated in the over/short column of the FTA. This reduction can be the result of the servicer correcting a prior overpayment or shortage. It can also result in calculation differences after applying the Servicer's payments to OHCS loans.

C. Loan Set-Up and Remittance

1. **Loan Purchases:** When OHCS purchases a loan from the originator, OHCS notifies both, who may also be the servicer, and the servicer, if different. This information is uploaded via Procorem to the contact provided by the originator and servicer. This purchase advice form identifies the loans purchased, the interest paid to date, unpaid principal balance purchased, borrower's name and, most importantly, OHCS's loan number and program code where the loan will reside. The servicer is responsible to begin reporting the new loan's payments in the correct program code.

Payment Application: LIPS calculates the monthly principal, interest, and service fee based on the rate, loan amount, and term, which is entered during the initial setup in LIPS. When monthly payments are processed, the payment data text file received from the servicers is uploaded into LIPS. If the principal, interest, service fee, paid to date, or unpaid principal balance does not agree with the LIPS system, an exception report will be generated. If the difference is significant, the servicer will be contacted to resolve the issue.

- **Level Payment:** The current level payment is a monthly P&I payment for the latest reporting period. Partial payments are not accepted. Partial payments should be placed in the borrower's escrow or suspense account until enough funds are collected to make a full level payment. When applying the level payment, the servicer will advance the interest paid to date after the level payment has been applied.

The servicer posts the payment indicating OHCS's loan number, paid to date after the payment was applied, principal, gross interest, service fee and the principal balance after the principal was applied.

- **Curtailments:** A curtailment represents additional funds that the borrower either sent with the regular level payment or sent after the level payment was made to apply directly to the principal balance. These payments must be reported separately from the level payment. The interest paid to date does not change and reflects the pay-to date of the last level payment that was applied. The curtailment date is not the date the curtailment was made, but rather the interest paid to date on the loan at the time the curtailment was applied. The principal balance also reflects the application of the curtailment.
- **Prepayments:** Prepayment is a level P&I payment paid in advance of the scheduled due date on the loan and advances the interest paid to date. Prepayments are not to be confused with curtailments which are amounts collected above the normal level payment to reduce the principal balance of a loan.

All prepayments must be in whole multiples of the regular level payments. Prepayments and the regular level payment may be combined on one line in the data text file that is submitted to OHCS.

- **Reversals:** If the servicer needs to reverse a payment for any reason, the servicer must reverse the level payment that was previously applied. If a curtailment was also involved, the servicer must reverse the payments in the order of when they were applied, adjusting the paid to date as well.

If the servicer discovers that a large curtailment made months before was to be applied as a level payment, they must reverse all payments made after the curtailment, reverse the curtailment, and then reapply the curtailment as a level payment and then all of the reversed payments. If this is not done, the amortization of the reversals and reapplications will not be correct.

- **Recasting:** If a Borrower makes a substantial additional principal payment and requests that his loan is re-amortized and the level payment reduced, the servicer is to send the request to OHCS for approval. The borrower must be occupying the property as their primary residence and meet qualifications for waiving FHA or mortgage insurance premiums, if appropriate. OHCS will execute the modification of the note and adjust OHCS's accounting records to reduce the P&I payment. The servicer will return the original note modification to OHCS.

2. **Service Fees:** The service fee is the fee paid to the servicer for loan servicing functions per the Residential Servicing Contract. The service fee is deducted from the P&I remitted to OHCS for each remittance cycle.

The service fee calculation is interest collected x .00375 divided by the interest rate of the loan. This can also be referred to as the interest collected x "service Fee Factor." An alternate calculation would be to take the principal balance x .00375/12 = service fee.

3. **Payment Reporting Periods:**

- **Interim Remittance:** Payments received by the servicer from the 21st of the previous month through the 5th of the current month. Remittances and corresponding payment data are due to OHCS via e-mail no later than two working days after the 5th.
- **Final Remittance:** Payments received from the 6th of the current month through the 20th of the current month. Remittances and corresponding payment data are due to OHCS via e-mail no later than two working days after the 20th.

4. **Payment Remittance Process:**

- **Interim and Final Remittance:** The servicer remits the Fund Transmittal Advice (FTA) (exhibit 6) via e-mail to hcs_dl_hcs_cashiering@hcs.oregon.gov within two business days from the 5th and the 20th of each month. The payment data that corresponds with the remittances can also be included in the e-mail.
- **Quarterly Final Remittance:** At the end of each quarter and with the 20th of the month Funds Transmittal Advice (Exhibit 6), the servicer is required to complete the total number of loans and total principal balance per program code on the FTA. This information is used for OHCS's quarterly loan balance and loan count reconciliation with the servicer.

D. Payoff Reporting

Paid in Full Statements (exhibit 6) are sent to OHCS via e-mail within three days of the servicer's receipt of the payoff. Once the funds are debited, OHCS's payoff staff will be notified to reconvey the documents and forward them to the servicer. It is critical that the Paid in Full Statements have the servicer's name and address of where to send the original loan documents for reconveyance.

E. Penalties

Failure to send timely remittances and/or payoffs or the payment data within the time frames specified may result in a penalty. The penalty shall be a daily interest penalty based on the annualized note rate plus two percent.

F. Reconciliations with the Servicer

- **Quarterly Loan Count and Loan Balance Reconciliation:** Each quarter, OHCS reconciles loan counts and total principal balances by program code by servicer to ensure that payoffs and payments owed have been received and the servicer has set up new loans purchased. Any differences in principal balance differences on loans are also addressed during this process.
- **Cash Reconciliations:** On an on-going basis, differences in payments posted by OHCS related directly to the cash the servicer sent to OHCS is reviewed and the servicers are notified to correct any differences by adjusting the over/short column on the Funds Transmittal Advice.
- **Penalty:** Failure of a servicer to resolve loan balance issues or cash reconciliation issues will be considered when reviewing the servicer's annual performance with OHCS. If the situation continues, the servicer may be requested to transfer servicing to another servicer.



To: Loan Servicing Specialist

Phone: 503-986-2037

Fax: 503-986-0996

E-Mail: chris.knight@hcs.oregon.gov
cheryl.l.lyons@hcs.oregon.gov

From: Servicer Name:

Date:

Address:

Contact Name:

Phone:

E-mail:

Foreclosure / Deed-in-Lieu Approval Request for Residential Program Loans

Borrower Name:

OHCS #

Property Address:

SERVICER #

Paid-to-date of Loan

Occupancy Status (check one): Owner Non-Owner Vacant

Last Property Inspection Date: (Attach Inspection Report)

Explain Borrower's reason for default and your efforts to cure the delinquency:
(You may attach your contact log with the borrower.)

Unable to successfully reach borrower to establish reason for default

Exhibit 2

OREGON HOUSING AND COMMUNITY SERVICES DEPARTMENT STATE OF OREGON

Date: _____

Mortgagor: _____
Property Address: _____
City, State, Zip: _____

SERVICER

Oregon Loan Number: _____
Servicer Loan Number: _____

Telephone: _____

~~~~~

### STATEMENT OF FORECLOSURE EXPENSES

|       |                                                                                                                        | TOTAL      |  |
|-------|------------------------------------------------------------------------------------------------------------------------|------------|--|
| 1     | Foreclosure expenses (i.e attorney's fees, foreclosure report, title policy, recording, etc.).....                     | \$ 0.00    |  |
| 2     | Appraisal.....                                                                                                         | \$ 0.00    |  |
| 3     | Property maintenance (i.e. lock change, utilities, inspections, yard care, Initial clean-up, repairs under \$500)..... | \$ 0.00    |  |
| 4     | Weatherization.....                                                                                                    | \$ 0.00    |  |
| 5     | Major repairs (repairs over \$500)                                                                                     | \$ 0.00    |  |
| 6     | Real estate taxes                                                                                                      | \$ 0.00    |  |
| 7     | Advance for FHA or PMI insurance                                                                                       | \$ 0.00    |  |
| 8     | Advance for hazard insurance                                                                                           | \$ 0.00    |  |
| 9     | Other: (itemize) _____                                                                                                 | \$ 0.00    |  |
|       | Subtotal .....                                                                                                         | \$ 0.00    |  |
| LESS: |                                                                                                                        |            |  |
| 10    | Escrow balance (including escrow interest)                                                                             | (\$ 0.00 ) |  |
| 11    | Hazard insurance refund                                                                                                | (\$ 0.00 ) |  |
| 12    | Other: (itemize) _____                                                                                                 | (\$ 0.00 ) |  |
|       | Less Subtotal                                                                                                          | (\$ 0.00 ) |  |
|       | TOTAL DUE.....                                                                                                         | \$ 0.00    |  |

I hereby certify that the information contained herein is true to the best of my knowledge and belief. Supporting receipts and bills are attached.

\_\_\_\_\_  
Authorized Signature

## INSTRUCTIONS FOR COMPLETION

The 'Statement of Foreclosure Expenses' shall be sent to the Oregon Housing and Community Services Department along with the appropriate documentation as described herein. A servicer may send in a request when the total due is over \$500, or it is the final reimbursement claim for that property. The final reimbursement claims are due to the Department with 60 days of disposition of the property. This also includes FHA properties. Any claims received after the 60-day deadline is subject to denial. Please refer to the Single-Family Mortgage Procedural Guide for further information.

1. Lines 1 through 5

Must be documented by copies of bills noting the date paid and check number or a copy of the billing and a cancelled check. If property inspections are being claimed, evidence of the cost and a copy of the inspection report need to be supplied. Property inspections will be reimbursed up to the point the Department assigned a realtor to monitor the property. Major repairs are repairs made to the property to improve its value. Maintenance items are not included in this category. Major repair bills and evidence of payment must be accompanied with a completed authorization form signed by Oregon Housing and Community Services and the assigned realtor. This guarantees that the work was completed in a satisfactory manner.

2. Lines 6 through 8

Must be documented by an underline and noted on the loan history statement or other appropriate evidence. If payment evidence is not included on the loan history statement or the tax payment was made after the November 15 deadline, copies of paid tax statements must be submitted. Hazard insurance will be reimbursed up to the date of acquisition.

3. Line 9 – Other

Must be documented by a billing and a copy of a check or paid stamp with date paid and a check number.

4. Line 10 – Escrow Balance

The escrow balance at the time THE LAST MORTGAGE PAYMENT WAS MADE must be entered on line 10 and deducted from the subtotal. We will reimburse you for your documented expenses paid after that time. Documentation of this item should be underlined and noted on the loan history statement showing the last mortgage payment made by the mortgagor and the escrow balance at that time. Include escrow interest in the escrow balance figure.

5. Line 11 – Hazard Insurance Refund

Must be documented by an underline and noted on the loan history statement or a copy of the check received from the insurance company.

6. Line 12 – Other

Must be documented by an underline and noted on the loan history statement or other appropriate evidence.



|           |
|-----------|
| Exhibit 4 |
|-----------|

## Payment Data Text File Specifications

Mortgage payment data submitted regularly to Oregon Housing and Community Services by its Servicers must have the following format:

- The data must be in ASCII text form
- Each line contains the following information at the corresponding columns

| Element                                           | Position | Size | Description                                                                                                            |
|---------------------------------------------------|----------|------|------------------------------------------------------------------------------------------------------------------------|
| Loan Number                                       | 1 – 7    | 7    | Alphanumeric                                                                                                           |
| Blank                                             | 8 – 12   | 5    | Always blank                                                                                                           |
| Interest paid to date / Date to apply curtailment | 13 – 20  | 8    | Numeric MMDDYYYY                                                                                                       |
| Principal                                         | 21 – 30  | 10   | Numeric – may be a zero (0). The right-most position (30) is reserved for the sign. Two decimal positions are assumed. |
| Interest                                          | 31 – 40  | 10   | Numeric – may be a zero (0). The right-most position (30) is reserved for the sign. Two decimal positions are assumed. |
| Service Fee                                       | 41 – 50  | 10   | Numeric – may be a zero (0). The right-most position (30) is reserved for the sign. Two decimal positions are assumed. |
| Unpaid Principal Balance                          | 51 – 61  | 11   | Numeric. Two decimal positions are assumed.                                                                            |

**AUTHORIZATION AGREEMENT FOR DIRECT DEPOSITS  
(ACH CREDITS)**

State Agency Receiving ACH from External Sources

**PAYEE/STATE AGENCY INFORMATION**NAME: \_\_\_\_\_  
ADDRESS: \_\_\_\_\_  
\_\_\_\_\_

We hereby authorize the Sending Company indicated below to initiate **CREDIT ENTRIES ONLY** to our checking account at the financial institution indicated below. We acknowledge that the origination of ACH transactions to our account must comply with the provisions of U.S. law.

CONTACT: \_\_\_\_\_ TELEPHONE NUMBER: \_\_\_\_\_  
FAX NUMBER: \_\_\_\_\_**SENDING COMPANY INFORMATION**NAME: OREGON HOUSING AND COMMUNITY SERVICES DEPARTMENT  
ADDRESS: 725 Summer Street NE, Suite B, Salem, OR 97301CONTACT: [hcs\\_dl\\_hcs\\_cashiering@hcs.oregon.gov](mailto:hcs_dl_hcs_cashiering@hcs.oregon.gov)**FINANCIAL INSTITUTION INFORMATION**NAME: \_\_\_\_\_  
ADDRESS: \_\_\_\_\_  
\_\_\_\_\_BANK CONTACT NAME:  
TELEPHONE NUMBER:

NINE-DIGIT ROUTING TRANSIT NUMBER: \_ \_ \_ \_ \_

DEPOSITOR ACCOUNT TITLE: \_\_\_\_\_

DEPOSITOR ACCOUNT NUMBER: \_\_\_\_\_

TYPE OF ACCOUNT: **Checking**

This authorization is to remain in full force and effect until the Sending Company indicated above has received written notification from us of its termination in such time and such manner as to afford the Sending Company and Financial Institution a reasonable opportunity to act on it.

SIGNATURE AND TITLE OF REPRESENTATIVE: \_\_\_\_\_ TELEPHONE NUMBER: \_\_\_\_\_ DATE: \_\_\_\_\_  
\_\_\_\_\_

# Exhibit 6 – Paid In Full Statement

| OREGON HOUSING AND COMMUNITY SERVICES<br>RESIDENTIAL LOAN PROGRAM<br>LOAN PAID IN FULL STATEMENT                                                                         |                     |                       |                                                                                                        |                  |           |          |                                                                                                                                                            |                      |       |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|-----------------------|--------------------------------------------------------------------------------------------------------|------------------|-----------|----------|------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|-------|
| E-MAIL THE REPORT TO: <a href="mailto:hcs_dl_HCS_cashiering@hcs.oregon.gov">hcs_dl_HCS_cashiering@hcs.oregon.gov</a><br>WITHIN TWO WORKING DAYS OF RECEIPT OF THE PAYOFF |                     |                       |                                                                                                        |                  |           |          |                                                                                                                                                            |                      |       |
| OHCS D SERVICER #                                                                                                                                                        |                     |                       | SERVICER CONTACT:                                                                                      |                  |           |          | For OHCS D use only                                                                                                                                        |                      |       |
| servicer name & address (for release of original documents)                                                                                                              |                     |                       | Name:                                                                                                  |                  |           |          | Date Received:<br>Entered into Key Nav by:<br>Date entered in Key Nav:<br>Key Nav Approved by/date:<br>Treasury Effective Date:<br>LIPS entry by:<br>Date: |                      |       |
|                                                                                                                                                                          |                     |                       | Phone                                                                                                  |                  |           |          |                                                                                                                                                            |                      |       |
|                                                                                                                                                                          |                     |                       | Fax:                                                                                                   |                  |           |          |                                                                                                                                                            |                      |       |
|                                                                                                                                                                          |                     |                       | e-mail:                                                                                                |                  |           |          |                                                                                                                                                            |                      |       |
|                                                                                                                                                                          |                     |                       | OHCS D CONTACT:                                                                                        |                  |           |          |                                                                                                                                                            |                      |       |
|                                                                                                                                                                          |                     |                       | Name: Kathie Connor                                                                                    |                  |           |          |                                                                                                                                                            |                      |       |
|                                                                                                                                                                          |                     |                       | e-mail: <a href="mailto:hcs_dl_hcs_cashiering@hcs.oregon.gov">hcs_dl_hcs_cashiering@hcs.oregon.gov</a> |                  |           |          |                                                                                                                                                            |                      |       |
|                                                                                                                                                                          |                     |                       | <a href="mailto:kathie.connor@hcs.oregon.gov">kathie.connor@hcs.oregon.gov</a>                         |                  |           |          |                                                                                                                                                            |                      |       |
| OHCS D<br>Program<br>Code                                                                                                                                                | OHCS D<br>Loan<br># | Servicer<br>Loan<br># | Borrower Name<br>Property<br>Address                                                                   | Payoff<br>Date * | Principal | Interest | Less<br>Service<br>Fee                                                                                                                                     | Overage/<br>Shortage | Total |
|                                                                                                                                                                          |                     |                       |                                                                                                        |                  |           |          |                                                                                                                                                            |                      | 0.00  |
|                                                                                                                                                                          |                     |                       |                                                                                                        |                  |           |          |                                                                                                                                                            |                      | 0.00  |
|                                                                                                                                                                          |                     |                       |                                                                                                        |                  |           |          |                                                                                                                                                            |                      | 0.00  |
|                                                                                                                                                                          |                     |                       |                                                                                                        |                  |           |          |                                                                                                                                                            |                      | 0.00  |
| TOTAL ACH                                                                                                                                                                |                     |                       |                                                                                                        |                  | 0.00      | 0.00     | 0.00                                                                                                                                                       | 0.00                 | 0.00  |
| Use the date to which you calculated interest on the payoff. *                                                                                                           |                     |                       |                                                                                                        |                  |           |          |                                                                                                                                                            |                      |       |
| ACHPOSF-RFV, July 2025                                                                                                                                                   |                     |                       |                                                                                                        |                  |           |          |                                                                                                                                                            |                      |       |
| Actual Payoff Date                                                                                                                                                       |                     |                       |                                                                                                        |                  |           |          |                                                                                                                                                            |                      |       |

Exhibit 6 – Funds Transmittal Advice (FTA) Interim 21<sup>st</sup> – 5th

| <b>OREGON HOUSING AND COMMUNITY SERVICES</b><br><b>ACH INTERIM INVESTOR REPORTING FUNDS TRANSMITTAL ADVICE FORM</b>                                                          |                                                                                                                                                                                                                                                                                                                                                      |                   |                       |                                                                                                                                                                                                                                                                                                                                                                       |                                       |                                         |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|-----------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------|-----------------------------------------|
| <i>E-MAIL THE REPORT TO: <a href="mailto:hcs_dl_HCS_cashiering@hcs.oregon.gov">hcs_dl_HCS_cashiering@hcs.oregon.gov</a> WITHIN 2 WORKING DAYS OF THE 5TH REMITTANCE DATE</i> |                                                                                                                                                                                                                                                                                                                                                      |                   |                       |                                                                                                                                                                                                                                                                                                                                                                       |                                       |                                         |
| <b>Servicer Name and Address</b><br><div style="border: 1px solid black; height: 40px; width: 100%;"></div>                                                                  |                                                                                                                                                                                                                                                                                                                                                      |                   |                       | <b>Contact Name</b><br><div style="border: 1px solid black; height: 20px; width: 100%;"></div> <b>Phone</b><br><div style="border: 1px solid black; height: 20px; width: 100%;"></div> <b>Fax</b><br><div style="border: 1px solid black; height: 20px; width: 100%;"></div> <b>E-Mail</b><br><div style="border: 1px solid black; height: 20px; width: 100%;"></div> |                                       |                                         |
| <b>Servicer Number:</b>                                                                                                                                                      |                                                                                                                                                                                                                                                                                                                                                      |                   |                       |                                                                                                                                                                                                                                                                                                                                                                       |                                       |                                         |
| <b>OHCS Contacts</b>                                                                                                                                                         | <a href="mailto:hcs_dl_hcs_cashiering@hcs.oregon.gov">hcs_dl_hcs_cashiering@hcs.oregon.gov</a><br><a href="mailto:kathie.connor@hcs.oregon.gov">kathie.connor@hcs.oregon.gov</a><br><a href="mailto:chris.knight@hcs.oregon.gov">chris.knight@hcs.oregon.gov</a><br><a href="mailto:cheryl.l.lyons@hcs.oregon.gov">cheryl.l.lyons@hcs.oregon.gov</a> |                   |                       |                                                                                                                                                                                                                                                                                                                                                                       |                                       |                                         |
| <b>Payments Received 21st of previous month through the 5th</b>                                                                                                              |                                                                                                                                                                                                                                                                                                                                                      |                   |                       |                                                                                                                                                                                                                                                                                                                                                                       | <b>Total<br/>Monthly<br/>Payments</b> | <b>Servicer<br/>Investor<br/>Number</b> |
| OHCS<br>Program                                                                                                                                                              | Principal                                                                                                                                                                                                                                                                                                                                            | Gross<br>Interest | (less)<br>Service Fee | Overage/<br>Shortage                                                                                                                                                                                                                                                                                                                                                  |                                       |                                         |
| 1033                                                                                                                                                                         |                                                                                                                                                                                                                                                                                                                                                      |                   |                       |                                                                                                                                                                                                                                                                                                                                                                       |                                       |                                         |
| 1034                                                                                                                                                                         |                                                                                                                                                                                                                                                                                                                                                      |                   |                       |                                                                                                                                                                                                                                                                                                                                                                       |                                       |                                         |
| 1035                                                                                                                                                                         |                                                                                                                                                                                                                                                                                                                                                      |                   |                       |                                                                                                                                                                                                                                                                                                                                                                       |                                       |                                         |
| 1036                                                                                                                                                                         |                                                                                                                                                                                                                                                                                                                                                      |                   |                       |                                                                                                                                                                                                                                                                                                                                                                       |                                       |                                         |
| 1037                                                                                                                                                                         |                                                                                                                                                                                                                                                                                                                                                      |                   |                       |                                                                                                                                                                                                                                                                                                                                                                       |                                       |                                         |
| 1038                                                                                                                                                                         |                                                                                                                                                                                                                                                                                                                                                      |                   |                       |                                                                                                                                                                                                                                                                                                                                                                       |                                       |                                         |
| 1039                                                                                                                                                                         |                                                                                                                                                                                                                                                                                                                                                      |                   |                       |                                                                                                                                                                                                                                                                                                                                                                       |                                       |                                         |
| 1040                                                                                                                                                                         |                                                                                                                                                                                                                                                                                                                                                      |                   |                       |                                                                                                                                                                                                                                                                                                                                                                       |                                       |                                         |
| <b>TOTAL</b>                                                                                                                                                                 | -                                                                                                                                                                                                                                                                                                                                                    | -                 | -                     | -                                                                                                                                                                                                                                                                                                                                                                     | -                                     |                                         |
| Revised July 2025<br>Exhibit 6                                                                                                                                               |                                                                                                                                                                                                                                                                                                                                                      |                   |                       |                                                                                                                                                                                                                                                                                                                                                                       |                                       |                                         |
|                                                                                                                                                                              |                                                                                                                                                                                                                                                                                                                                                      |                   |                       |                                                                                                                                                                                                                                                                                                                                                                       | <b>For OHCS use only</b>              |                                         |
|                                                                                                                                                                              |                                                                                                                                                                                                                                                                                                                                                      |                   |                       |                                                                                                                                                                                                                                                                                                                                                                       | Date Received:                        |                                         |
|                                                                                                                                                                              |                                                                                                                                                                                                                                                                                                                                                      |                   |                       |                                                                                                                                                                                                                                                                                                                                                                       | Entered into Key Nav by:              |                                         |
|                                                                                                                                                                              |                                                                                                                                                                                                                                                                                                                                                      |                   |                       |                                                                                                                                                                                                                                                                                                                                                                       | Date entered in Key Nav:              |                                         |
|                                                                                                                                                                              |                                                                                                                                                                                                                                                                                                                                                      |                   |                       |                                                                                                                                                                                                                                                                                                                                                                       | Key Nav Approved by/date:             |                                         |
|                                                                                                                                                                              |                                                                                                                                                                                                                                                                                                                                                      |                   |                       |                                                                                                                                                                                                                                                                                                                                                                       | Treasury Effective Date:              |                                         |
|                                                                                                                                                                              |                                                                                                                                                                                                                                                                                                                                                      |                   |                       |                                                                                                                                                                                                                                                                                                                                                                       | LIPS entry by:                        |                                         |
|                                                                                                                                                                              |                                                                                                                                                                                                                                                                                                                                                      |                   |                       |                                                                                                                                                                                                                                                                                                                                                                       | Date:                                 |                                         |

Exhibit 6 – Funds Transmittal Advice (FTA) Final 5<sup>th</sup> – 20th

| OREGON HOUSING AND COMMUNITY SERVICES                                                                                                                          |           |                   |                       |                      |                     |                           |               |                      |  |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|-------------------|-----------------------|----------------------|---------------------|---------------------------|---------------|----------------------|--|
| ACH FINAL INVESTOR REPORTING FUNDS TRANSMITTAL ADVICE FORM                                                                                                     |           |                   |                       |                      |                     |                           |               |                      |  |
| E-MAIL THE REPORT TO: <a href="mailto:hcs_dl_cashiering@hcs.oregon.gov">hcs_dl_cashiering@hcs.oregon.gov</a> WITHIN 2 WORKING DAYS OF THE 20TH REMITTANCE DATE |           |                   |                       |                      |                     |                           |               |                      |  |
| Servicer Name and Address                                                                                                                                      |           |                   |                       |                      | Contact Name        |                           |               |                      |  |
|                                                                                                                                                                |           |                   |                       |                      | Phone               |                           |               |                      |  |
|                                                                                                                                                                |           |                   |                       |                      | Fax                 |                           |               |                      |  |
|                                                                                                                                                                |           |                   |                       |                      | E-Mail              |                           |               |                      |  |
| Servicer Number: _____                                                                                                                                         |           |                   |                       |                      |                     |                           |               |                      |  |
| OHCS Contacts <a href="mailto:hcs_dl_hcs_cashiering@hcs.oregon.gov">hcs_dl_hcs_cashiering@hcs.oregon.gov</a>                                                   |           |                   |                       |                      |                     |                           |               |                      |  |
| <a href="mailto:kathie.connor@hcs.oregon.gov">kathie.connor@hcs.oregon.gov</a>                                                                                 |           |                   |                       |                      |                     |                           |               |                      |  |
| <a href="mailto:chris.knight@hcs.oregon.gov">chris.knight@hcs.oregon.gov</a>                                                                                   |           |                   |                       |                      |                     |                           |               |                      |  |
| <a href="mailto:cheryl.l.lyons@hcs.oregon.gov">cheryl.l.lyons@hcs.oregon.gov</a>                                                                               |           |                   |                       |                      |                     |                           |               |                      |  |
| Payments Received 5th through the 20th                                                                                                                         |           |                   |                       |                      |                     | Total                     |               |                      |  |
| OHCS D<br>Program                                                                                                                                              | Principal | Gross<br>Interest | (less)<br>Service Fee | Overage/<br>Shortage | Monthly<br>Payments | SERVICER                  |               |                      |  |
|                                                                                                                                                                |           |                   |                       |                      |                     | Investor<br>Number        | Loan<br>Count | Principal<br>Balance |  |
| 1035                                                                                                                                                           |           |                   |                       |                      |                     |                           |               |                      |  |
| 1036                                                                                                                                                           |           |                   |                       |                      |                     |                           |               |                      |  |
| 1037                                                                                                                                                           |           |                   |                       |                      |                     |                           |               |                      |  |
| 1038                                                                                                                                                           |           |                   |                       |                      |                     |                           |               |                      |  |
| 1039                                                                                                                                                           |           |                   |                       |                      |                     |                           |               |                      |  |
| 1040                                                                                                                                                           |           |                   |                       |                      |                     |                           |               |                      |  |
| TOTAL                                                                                                                                                          | \$ -      | \$ -              | \$ -                  | \$ -                 | \$ -                |                           | -             | \$ -                 |  |
| Revised July 2025<br>Exhibit 6                                                                                                                                 |           |                   |                       |                      |                     | For OHCS D use only       |               |                      |  |
|                                                                                                                                                                |           |                   |                       |                      |                     | Date Received:            |               |                      |  |
|                                                                                                                                                                |           |                   |                       |                      |                     | Entered into Key Nav by:  |               |                      |  |
|                                                                                                                                                                |           |                   |                       |                      |                     | Date entered in Key Nav:  |               |                      |  |
|                                                                                                                                                                |           |                   |                       |                      |                     | Key Nav Approved by/date: |               |                      |  |
|                                                                                                                                                                |           |                   |                       |                      |                     | Treasury Effective Date:  |               |                      |  |
|                                                                                                                                                                |           |                   |                       |                      |                     | LIPS entry by:            |               |                      |  |
|                                                                                                                                                                |           |                   |                       |                      |                     | Date:                     |               |                      |  |

**Fiscal and Economic Statement Drafting Instructions:** Draft the impact statement with the information available and ask for RAC feedback on all fiscal and economic drafted impact statements. The following questions are used to determine the fiscal and racial equity impacts of the proposed administrative rules and program operations manual. Please complete these questions, based on known information:

**Question 1:** Identify whether the rules will have a fiscal impact, either negative or positive, on state agencies, local government, or the public, and if so, the extent of the impact.

**Response:** Currently, OHCS does not foresee the proposed rule changes impacting Oregon fiscally, both negative or positively.

**Question 2:** Identify whether the rules will have a significant adverse impact on small businesses. What can be done to mitigate the impact on small businesses?

**Response:** OHCS does not foresee a negative fiscal impact to small businesses and there are no mitigating efforts needed at this time.

**Question 3:** Estimate the number of small businesses subject to these rules, identify types of businesses and industries with small businesses subject to these rules.

**Response:** It has been determined that small businesses and industries are not subject to the rules.

**Question 4:** Describe the projected reporting and other administrative activities required for compliance, including costs of professional services.

**Response:** It has been determined that for projected reporting and other administrative required compliance, including costs of professional services, there will not be newly required fiscal and economic reporting or administrative activities.

**Question 5:** Identify equipment or supplies, labor and increased administration required to comply with rules.

**Response:** It has been determined that there is no requirement for equipment or supplies, labor, and increased administration to comply with rules. The Oregon Bond Residential Loan Program proposed addition to include the Loan Servicing Manual does not require any new changes to those currently servicing loans.

**Question 6:** Describe how OHCS involved small businesses in the development of these rules.

**Response:** It has been determined that there is no impact directly to small businesses and therefore small businesses were not involved in this rulemaking.

**Question 7:** Describe how you represent the community impacted by these rule changes.

**Response:** There are no impacted projected to small business. This rule filing only impacts those currently servicing Bond Residential Loans through OHCS.

**Question 8:** What are the racial equity impacts with these rule changes?

**Response:** It has been that there will be minimum to no impact to racial equality with these rule changes because the Loan Servicing Manual will only provide guidance to those with an existing loan. All lending products are now served through OHCS's FLEX Lending.