# <u>Bond Residential / Adopting Servicing Manual</u>

## <u>RAC Feedback – Debrief Summary</u>

Bond Residential Loan Program Contact:

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## Rules Advisory Committee Feedback Received

Review of Draft Rules:

RAC Feedback: I know that these changes we're hoping to make permanent in the fall of 2025. What will be the expectation of OHCS for how quickly servicers should be prepared to implement and begin offering these programs?

Response: Really the programs didn't themselves didn't change. Excuse me, we just made some tweaks to like the approval process for modifications. Partial claims and things like that and some other small clarifications. So really all the programs are the same, just some small implementations of a little bit of you know. Changes in how we want to things to proceed, and we sent out the original one I think July 14th, hopefully the plan is to get everybody kind of full motion and full swing by the time this goes live and permanent. We are estimating to have these changes in effect by November – December. That is something that we will absolutely be communicating with all of you RAC members specifically for as well.

**Review of Draft Impact Statements:**

<u>Fiscal Impact:</u>

- (1) Currently OHCS does not foresee the proposed rule changes impacting Oregonians fiscally both negative and positive.

<u>Small Business Impact:</u>

- (2) OHCS does not foresee a negative fiscal impact to small businesses and there are no mitigating efforts needed at this time.
- (3) It has been determined that small businesses and industries are not subject to the rules.
- (6) It has been determined that there is no impact directly to small businesses and therefore small businesses were not involved in this rulemaking.
- (7) There are no impacted projected to small business. This rule filing only impacts those currently servicing Bond Residential Loans through OHCS.

<u>Cost of Compliance:</u>

- (4) OHCS determined that for projected reporting and other administrative required compliance, including costs of professional services, there would not be newly required fiscal and economic reporting or administrative activities.

- (5) 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.

<u>Racial Equity:</u>

- (8) 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.

**Feedback on Draft Impact Statements:**

<u>Fiscal Impact:</u>

- RAC Feedback: agreed with drafted reporting statement

<u>Small Business Impact:</u>

- RAC Feedback: agreed with drafted reporting statement

<u>Cost of Compliance:</u>

- RAC Feedback: we do have some concerns, not necessarily with the cost at the you know level for you guys but starting October 1st FHA's new requirements, they don't require any financials, They only wanted a reason for default and they want to know the customer's OCC. we completely agree that obtaining financials is the best mechanism, especially in this rate environment with escrows going really high, right. We want to make sure that customers can afford to retain their properties or we want to make sure that we have those kind of uncomfortable conversations, but still highlighting the benefit of liquidating right, taking some equity that they may have left in their property, that kind of thing. However, that being said, in order to align to FHA changes, at least with U.S. bank, we're having some capacity changes, if you will. Because they're moving away from that. So the only thing that I see is that by, we'll still need folks to track down, you know, make sure we have a complete package that we can send you guys with financials and that's a little bit even though it's the same and nothing is changing on your side because it's changing on the FHA Side, it's just going be a little different. So certainly not anything that's a show stopper we can work through that, but just wanted to be cognizant and share that that while we still agree, we need to get those financials over, make sure ability is there. It will not be a requirement after October 1st and so we will be very vastly different than what FHA is looking for with regards to just you know approving based on RFD and occupancy.

- RAC Feedback: I'm also concerned about the compliance issue. If that isn't required for FHA. I've already been contacted in the past by FHA by not following compliance for their under their rules, and questioning whether or not we were, we were doing that and I'm concerned with that as well. So if these products solutions are available and FHA is and we're kind of going against their rules in order to follow these rules. That would be a concern for me and that could be a potential expense. And it is more expensive to require all the documentation. So that was my because just that is it's time and time is money so. You're  requiring the borrower to do something different for these rules than the FHA.
- RAC Feedback: Didn't have any concerns with USDA that seemed to be in alignment with USDA because they specifically state that basically OHSC has the whatever. you do whatever they want, but FHA doesn't call that out, they only call that out for modifications in their guide that I can find. So in this again the changes are happening in October, so there's even there's concern there.
- RAC Feedback: that made me think about it. When you don't have those complete packages in your tracking down letters, you're paying postage, you're paying to send those letters, you're not able to retire some of that from your repository, right? So just some of that administrative stuff that would introduce cost as well in addition to staffing in order to support.
- OHCS Response: After receiving confirmation from HUD/FHA we will not be implementing more stringent rules so there should be no additional costs to the servicers surrounding these loans. Updates to the program manual will outline the FHA requirements specifically.

<u>Racial Equity:</u>

- RAC Feedback: agreed with drafted reporting statement