

Fazio, Lucinda (DFI)

From: Tom Jacobi <Tom@homesightwa.org>
Sent: Monday, May 21, 2018 10:34 PM
To: Rietcheck, Sara (DFI)
Cc: Fazio, Lucinda (DFI)
Subject: CR-101 Comments

HomeSight is a small non-profit consumer loan company that services a portfolio of about 1200 loans and falls under the CFPB "Small Servicer Exemption" as we only service loans we have originated or own. Most our loans are deferred loans with no payment due until home sale that were originated as either down payment assistance loans for low income homebuyers or were foreclosure prevention "Rescue" loans to help qualified homeowners reinstate with their lender or Condo HOA and avoid foreclosure. Most of our loans have been funded by State, Federal and local government programs, including the "Rescue Loans" which were funded by the WA Attorney General's Office, National Mortgage Settlement Program. We also originate about \$16 million in loans per year in first mortgages for low and moderate income customers as a correspondent lender for sale to the Washington State Housing Finance Commission and a small community bank. We only hold about 25 1st mortgages and 200 amortizing second mortgages in our portfolio.

As a small non-profit lender / servicer we are concerned about the potential administrative burden and costs some of the proposed regulations in CR-101 will impose on us. For this reason we ask that consideration be given to providing an opportunity for DFI to grant exemptions either for small or for non-profit servicers. The scope of the exemption could be as narrow as allowing it only for Community Development Financial Institutions (CDFI) designated as such by the US Treasury. The Treasury has its own set of rigorous regulations to qualify for this designation as a community based lender dedicated to serving populations marginalized by mainstream lenders, with a board of directors representative of such consumers.

Examples of regulations we request be considered for an exemption include the following:

WAC 208-620-520 (4) (c) on page 32 of the proposed rule which would require us to maintain recorded phone conversations with consumers for 3 years.

Adding such a system would be costly relative to the small number of calls we receive. Also, that absence of any complaints to DFI on our servicing or QWR's received at office should help to demonstrate that such a system is not warranted.

WAC 208-620-930 (2) (a) on page 69 that would require us to develop an electronic system for borrowers to check the status of their modification at no cost (to them). The system must be accessible to housing counselors and be updated every ten days.

Given that we have had less than five modifications in the past ten years the cost of maintaining such a system would be unreasonable. We are a small servicer that is very customer service oriented and responds at a personal level to all customer inquiries. In our rescue loan program we work closely with all of the housing counseling agencies in the state conducting foreclosure prevention counseling. We typically recommend modifications to the customer as a loss mitigation option when it appears warranted for a customer facing a financial hardship.

WAC 208-620-930 (7) on page 72 - You must make public all necessary information to inform homeowners about and allow homeowners to apply for your proprietary 1st and 2nd loan modifications.

As written this regulation is vague – it does not define what “make public” means. This could present a cost burden if it is more than stating we are open to modification requests and where to submit a request on our website. Online application apps or other methods of making this information public in detail could be burdensome for us.

WAC 208-620-930 (8) on page 72 - You must “make public” “all necessary information” to inform homeowners about your short sale requirements.

Again, this regulation is vague as written, both in terms of what Make public means and in terms of what “all” necessary information means. Having only received about 10 or 12 short sale requests since the recession began and finding each was rather unique it seems difficult to establish prescriptive requirements and define “all necessary information”. We can and do provide a checklist of all information required by us to review a short sale request., but certain cases may require a request for additional information or documentation. Will we be in violation of this regulation if we request additional information not shown in advance? In many cases the most difficult item to document is the “hardship” and at some point we have to accept what is provided or not. In reality, in most cases as junior lien holder if a property is under water we are better off to accept the short sale and get a partial settlement vs. having the home going to trustee sale with no recovery likely or possible as we do not have an REO department.

In conclusion, we hope the department will have some authority to look at these and any other regulations that might provide an administrative or cost burden on us as a small servicer and provide exemptions for such regulations. It might be reasonable to require us to demonstrate the policies, practices and procedures we have in place to conduct fair loan servicing and loss mitigation for consumers as a prerequisite to an exemption.

Thank-you for your consideration of these comments. Please contact me at tom@homesightwa.org or 206-760-4223 if any of these recommendations need additional information or clarification.

Tom Jacobi

Chief Portfolio Officer (206) 760-4223 | tom@homesightwa.org



HOMESIGHTWA.ORG

HomeSight

5117 Rainier Ave S | Seattle, WA 98118
Main. (206) 723-4355 | Fax. (206) 760-4220



NMLS #19259



NOTICE: This communication and any attachment may contain privileged or otherwise confidential information. If you are not the intended recipient or believe that you may have received this communication in error, please reply to the sender indicating that fact and delete the copy you received without printing, copying, retransmitting, disseminating, or otherwise using the information. Thank you.

Note: Our Homeownership Center has a new home! Their new address is: 4219 S. Othello St., Ste. 130-B, Seattle, WA 98118. (The rest of HomeSight is still located on Rainier Ave S).