



Welcome to the October edition of the HPC Bulletin.

In this month's newsletter you'll find: [Ed's Insights](#), [Executive Spotlight](#), [Policy Pulse](#)
and [HPC in the News](#).



In last month's note, I wrote about developments at FHFA and suggested the capital rule and credit risk transfer may be on the FHFA agenda. Well, FHFA certainly made a lot of housing

finance policy news this past month, and proposed changes to capital and CRT were just part of the story.

Starting with leadership, in mid-September Mike Calhoun of the Center for Responsible Lending was about to be nominated as FHFA Director. Although White House action was initiated, the nomination has not been made. Meanwhile, Acting Director Sandra Thompson received a strong endorsement from House Financial Services Chairwoman Maxine Waters. There is no clear outcome at this point, but the likelihood has increased that Sandra Thompson's tenure as acting director will be prolonged.

FHFA did propose three targeted changes to the Fannie-Freddie capital rule. The first would lower the (excessive) leverage capital buffer and the other two are designed to improve the economics of credit risk transfer. These changes are encouraging, as is the more positive rhetoric emerging now from FHFA regarding CRT. The capital working group has already met twice to evaluate the changes. Comments are due just before Thanksgiving.

Treasury and FHFA announced a suspension of the PSPA changes Director Calabria and Secretary Mnuchin signed in January. By suspending the changes for a year, FHFA and Treasury removed the various lending and cash window caps imposed in January while reserving the option to amend or re-impose these constraints in the future. While using the PSPA to set such limits is a debatable policy, the ultimate outcome here may be reframing some of these limits rather than simply eliminating them. Already Senator Toomey has pushed back against the suspensions.

FHFA also requested input on how Fannie and Freddie "can sustainably advance equitable housing finance." This is on top of the open rulemaking on affordable housing goals. While every HPC member company is working in its own way on these challenges, we know the racial ownership gap is not going to be solved by doing the same thing only trying harder. The GSEs need to be ready to support lender initiatives that meet the actual barriers families face today in becoming *and remaining* homeowners.

Ed

This month's Executive Spotlight focuses on Todd Chamberlain, EVP Head of Mortgage Banking, Truist.

TRUIST

Digital convenience is key for all customers, a demand accelerated by the pandemic

Todd Chamberlain reflects on the challenges of combining two large, complex organizations into a cohesive business unit and culture, what mortgage customers are looking for in a lender, and how Truist seeks to reduce the racial homeownership gap and expand access to limited English proficiency customers.



[Read More](#)

Save the date

Please save the morning of November 18th, from 8AM – Noon EST, for our annual Fall Policy Meeting which we are hopeful will allow for both in-person and Zoom participation. The preliminary agenda includes discussions on:

- Government program rules and regulations inhibiting mortgage market development;
 - Status of Ginnie Mae technology and securitization programs (Ginnie Mae officials to be invited); and
 - Appraisal standards and appraisal policy issues.
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Enabling collaboration among key stakeholders to facilitate distribution of \$10B in homeowner assistance

The Homeowner Assistance Fund (HAF) Collaborative, which HPC first convened in May to serve as a platform to promote standardization of HAF programs, processes, and communications and foster discussion between federal and state administrators and servicers, has proven immensely valuable in recent months. After developing three templates that allow the 56 states and territories to rely on uniform program materials and streamline their HAF programs, the Collaborative has continued to play a crucial role by connecting HAF administrators from several big states, such as California, Florida, and New York, with HPC servicers to resolve a variety of issues. These conversations have helped administrators share ideas, gauge operational capabilities, and develop positive, proactive, solution-oriented policy engagement as the norm for working with servicers. The Collaborative has also brought advocates and other concerned stakeholders into these conversations to facilitate continuous information-sharing and address mutual concerns. To complement this effort, HPC will participate in an Urban Institute webinar, on Friday, October 15th, 2021 from 11:00 AM to 12:30 PM: [Deploying the Homeowner Assistance Fund: How States Can Get Help to Those Who Need it Most](#). Following a data presentation by Urban researchers, HPC EVP Meg Burns will represent the perspective of HPC members on the panel, hosted by Vox reporter Jerusalem Demsas. Meg will be joined by a representative from the National Housing Law Project and the National Council of State Housing Agencies.

[Register for the 10/15 webinar](#)

Helping FHFA reconsider its regulatory capital framework and treatment of Credit Risk Transfers

In mid-September, FHFA proposed that the GSE Capital rule, finalized just nine months earlier, be amended to, among other things, better encourage the

transfer of risk to private investors. The highly targeted proposed amendments demonstrate FHFA's recognition that the 2020 final rule had a negative impact on credit risk transfers, which reduce taxpayer risk of loss. The new proposal indicates that FHFA may modify the leverage buffer, risk weights, and the effectiveness adjustment, three items that HPC questioned when the December 2020 rule was being finalized. To respond to the proposed amendments, HPC has reconvened its GSE Capital Rule working group. In an early working group session, HPC member companies reviewed an analysis that suggests that the proposed reduction in the minimum risk weight for single-family mortgages may be insufficient to preserve the economic value of CRTs. The working group will prepare a final comment letter that addresses the appropriate level for the prescribed leverage buffer, the minimum risk weight for retained CRT exposure, and the requirement that the GSEs apply an overall effectiveness adjustment to their retained CRT exposures.

[Read FHFA's proposed amendments](#)



Bringing the industry's perspective to public conversations

Meg Burns moderated a panel, "Government Insurers' Policy Gains from the Pandemic" at Housing Finance Strategies' HousingDC21 conference, drawing HUD's Julienne Joseph, Ginnie Mae's Michael Drayne, and the Department of Veteran's Affairs' John Bell into conversation about the lessons learned and challenges addressed in their programs during COVID, their expectations for new business in the coming years, and their strategic direction under the Biden Administration. Later in the month, she represented the industry as part of a

panel on the [Latest Economic and Policy Trends Facing Mortgage Servicers](#) co-sponsored by CoreLogic and Housing Wire.

Elevating and resolving servicing and origination issues with federal agencies

HPC continues to proactively identify current and emerging origination and servicing concerns related to federal agency actions through our regular COVID/servicing calls and individual member conversations. We elevate these issues through one-on-one communications with our many agency contacts and our newly scheduled FHA Catalyst meeting, bringing back information, questions, or final resolutions to HPC members. A wide variety of issues are discussed each month. In September alone, for example, the following FHA-related activities took place:

- Member feedback was assembled on FHA's
 - September 27th [ML-2021-24](#), extending FHA's forbearance timelines to align with CARES Act dates;
 - September 27th [draft Mortgage Letter](#) authorizing a 40-year loan modification; and
 - September 15th [ML 2021-23](#), announcing the mandatory adoption of the EAD FHACatalyst portal for appraisal submissions by April 2022;
- A clarification was sent to borrowers with FHA-owned second liens after HPC and HPC members alerted FHA to misleading transfer notices sent to borrowers by NOVAD and ISN (the contractor that replaced NOVAD);
- HPC, at FHA's request, formed an FHA Catalyst working group on the Electronic Appraisal Delivery (EAD) module, to provide a forum for FHA, HUD's Chief Information Officer, and lenders to discuss the new deadline for mandatory use of EAD and other emerging Catalyst issues;
- A list of changes and clarifications needed in the FHA single family housing policy handbook was submitted via a [joint HPC-MBA comment letter](#); and
- FHA was notified of potential conflicts between the CFPB foreclosure safeguards and FHA's timeline expectations.

Developing a lender perspective on appraisal bias

As the Biden's Administration's [Interagency Task Force on Property Appraisal and Valuation Equity](#) (PAVE) continues to work towards its deadline of producing a final report by year's end on how to address inequity in home appraisals, HPC has been developing a set of recommendations to share the views of HPC members with PAVE leadership and staff. PAVE members are charged with assessing the impact of residential home valuation policy, practice, and enforcement to identify possible causes of bias, consulting with civil rights organizations, advocacy groups, industry, and philanthropic entities to drive change. The areas under consideration include data collection and dissemination, policy and guidance, and enforcement and compliance. With the Appraisal working group, HPC is framing a set of recommendations in accordance with these categories. HPC will reiterate the longstanding request for the GSE appraisal dataset to be released publicly, to improve analytics, research, and risk management capabilities. HPC will also propose alternative approaches for appraiser trainees to satisfy their experience requirements, relying on simulation techniques, for example, rather than mentorship arrangements. Such an approach could help to not only expand the number of appraisers nationwide more quickly, but also increase diversity in the profession. HPC will emphasize the challenges associated with the fragmented state-federal regulatory framework and will offer suggestions for ways to better coordinate oversight. HPC will also reinforce previous recommendations for valuation solutions that rely more heavily on data and technology. Several additional ideas are under discussion and will likely be included in the final set of recommendations.

Engaging with Members of Congress

HPC's Hill work this month has been focused on:

- Engaging with trade coalitions to resolve issues related to LIBOR and Remote Online Notarization (RON) legislation;
- Meeting with Senate and House staff and members to secure support for RON and LIBOR legislation;
- Publicly supporting RON in an amendment to the National Defense Authorization Act, alongside a variety of other trade associations; and
- Tracking developments in the \$10 billion first generation homeownership program found in the \$3.5 trillion reconciliation bill, including downpayment assistance, subsidies for 20-year mortgages and small dollar mortgage insurance, and mortgage counseling.

[Read the 9/15 letter supporting RON](#)

Partnering with advocates to support FHFA's role in Fair Lending

In early September, HPC partnered with the National Fair Housing Alliance in a letter commending FHFA for recognizing its authority in this realm in its Policy Statement on Fair Lending. The joint letter shared recommendations for strengthening FHFA's fair lending oversight including providing more transparency about GSE loans made to protected classes, engaging in fair lending enforcement actions against the GSEs when appropriate, and showing leadership on the issue of appraisal bias.

[Read the 9/7 letter](#)



October 1, 2021, Forbes: [How Prime Borrowers Can Survive The Mortgage Approval Process](#) Quotes HPC EVP Meg Burns, while explaining the difficulty some borrowers face today in securing a mortgage: “The regulatory atmosphere changed from a risk-management regime to a zero-tolerance and 100 –percent compliance regime. Not only were new regulations implemented, but new regulators like the Consumer Financial Protection Bureau were created.”

September 17, 2021. HousingWire: [Support for Thompson to permanently lead FHFA grows](#). “[Thompson] understands how regulators should work with the business community and understands some of the tradeoffs,” said Ed DeMarco.

September 15, 2021, HousingWire: [FHFA proposes changes to GSE capital rule](#). In an interview with HousingWire, Ed Demarco said the bulk of the December 2020 final capital rule was left intact and the three things proposed in the rule are the right three things to be focused on.

September 7, 2021, Yahoo! News: [Can you Refinance a Mortgage in Forbearance?](#) A primer on refinancing during forbearance quotes Ed Demarco on the need to make up missed payments, to talk to your servicer and on why refinancing might be beneficial.

September 3, 2021, HousingWire: [It goes from bad to worse for Nola homeowners hit by Hurricane Ida.](#) “The more that missed payments accumulate, the harder it is to resolve the situation,” said Meg Burns, HPC’s executive vice president.

Please send us your feedback.

Please email HPC's SVP for Public Affairs, Sheryl Pardo, at Sheryl.Pardo@housingpolicycouncil.org with your thoughts on what was helpful in this month's newsletter and what additional information you would like to see on a monthly basis.

Please email newsletter@housingpolicycouncil.org to add a colleague's email to our list of newsletter subscribers.

With questions or for more information about any working groups, email workinggroups@housingpolicycouncil.org.

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