



Welcome to the February 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](#).



As industry leaders, what do HPC members think we should be working on today to create a more resilient housing finance system that expands sustainable home ownership opportunities? What changes — in products, regulations, technology, standards, market infrastructure, risk management practices, and so on — can we envision and then start working towards that would truly move the needle in that direction?

We will be spending the next several months thinking hard about the opportunities and challenges that can move us towards, or keep us from, realizing that vision. With a goal of producing a new HPC strategic plan mid-year, I invite all our members to contribute to our thinking on these important questions. We will be delving into this topic at our February Executive Council meeting. And I look forward to engaging with all our member companies to bring new and creative ideas to this effort. Especially in Washington, it is so easy to be caught up in the current debates and other distractions of the moment. But we should do more than be active participants in those discussions. We can help start new and meaningful discussions that can leave a lasting imprint on our housing finance system.

So, I invite all HPC members to engage with us in a substantive and strategic discussion of the future.

Let me close with another word about our upcoming February meeting. I am delighted to report that Michael DeVito, an HPC alum and now CEO of Freddie Mac, will kick off our meeting as our dinner speaker. Rohit Chopra, Director of the Consumer Financial Protection Bureau, will be sitting down with our Executive Council the following day.

Ed



This month's Executive Spotlight focuses on David Gansberg, President, Chief Executive Officer, Arch Mortgage Insurance Company.



Next Steps for addressing credit risk transfers and the homeownership gap

Arch MI President David Gansberg discusses the value of and essential next steps for credit risk transfers and the need for all industry stakeholders, including Arch and other mortgage insurers, to do their part to help overcome homeownership hurdles for minority and low-to-moderate income buyers.



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Ginnie Mae Policy Work

HPC has continued to engage with Ginnie Mae staff and leadership regarding several issues important to members including: potential changes to restrictions on the pooling of re-performing loans, recently announced documentation relief for modifications, as described in [APM 22-01](#), and the future technology platform modernization work. President McCargo's interest in the latter was noted in a January *Houston Chronicle* profile, which highlighted the benefits that would accrue to Ginnie Mae stakeholders, a theme that was also included in her preamble to the Ginnie Mae 2021 Annual Report. She has also tweeted enthusiastically about the effort, indicating that the technology upgrade may include block chain. Building upon the direction from members at the HPEC meeting in November, we welcome her interest in leading Ginnie Mae's adoption of state-of-the art technology that will enhance the agency's risk management capabilities, business efficiencies, and mission-oriented activities.

[Read Ginnie Mae's 2021 Annual Report](#)

[Link to GNMA President Alanna McCargo's Twitter Account](#)

HPC Role in Washington's Appraisal Policy Dialogue

For the last two years, HPC's Appraisal working group has been advocating for greater use of data and technology to enhance the overall valuation process, improve risk management, introduce new efficiencies, and address valuation disparities. The group met with [Freddie Mac](#) and [Fannie Mae](#) researchers separately, in October and January, to review their research and policy considerations. HPC also provided input to a report procured by the Appraisal Subcommittee and performed by the National Fair Housing Alliance, to assess the USPAP standards and appraiser qualification criteria. Released on January 19th, the report emphasizes the fundamental governance challenges created by a fragmented regulatory regime as well as the need for the GSE appraisal data to be released – two points emphasized in our November comments to the PAVE task force. HPC and this working group will remain active in the coming months to keep the industry perspective in the forefront as the [PAVE task force](#) issues its final recommendations.

[Read the ASC report](#)

FHA Servicing Defect Taxonomy Proposal

HPC prepared and submitted two letters commenting on FHA's draft servicing defect taxonomy in January. One letter, co-signed by industry trade associations, provides detailed section-by-section suggestions for changes in the overall approach to the taxonomy; the second letter, signed by HPC, ABA, and several consumer advocacy groups, offers more general suggestions on the overarching concerns with the draft proposal. HPC supports the development of formal guidance that describes the FHA methodology for evaluating loans for compliance with FHA's servicing requirements. However, the draft proposal lacks the level of detail required for servicers to know how FHA will conduct reviews, the types of deficiencies FHA will identify, and the specific remedies that FHA may impose for specific deficiencies. In both letters, we recommend that HUD collaborate closely with stakeholders to develop a framework that presents more detailed severity classifications for policy violations, a range of appropriate remedies for each violation, and a list of both aggravating and mitigating factors to be considered in determining the remedy. A well-developed servicing taxonomy would promote HUD's goals, enable servicers to tailor their quality control processes to ensure compliance, promote fairness and predictability, reduce FHA servicing costs, and both retain existing and attract new lenders to FHA programs.

[Read the Joint Trade Letter](#)

[Read the Joint Trade and Advocates Letter](#)

Homeowner Assistance Fund (HAF) Program Rollout

As of January 31, most state programs have been approved by the Treasury Department. HPC will continue to play a leadership role, discussing issues on the weekly COVID calls, hosting the monthly call with HAF program administrators, federal officials, servicers, and other trade associations, including the National Council of State Housing Agencies (NCSHA), and reaching out to individual state program administrators to discuss program design and operations. HPC has initiated conversations with administrators from a variety of states to date, including California, Florida, Hawaii, Illinois, Maryland, Massachusetts, Nevada, and New York. HPC has also been hosting smaller working group calls with NCSHA to discuss the use of the

Common Data File (CDF). CDF calls will be held weekly, starting this month, hosted by NCSHA and Wells Fargo.

HMDA: Joint Trade Response to CFPB's RFI

In mid-January, HPC submitted, jointly with five other trade associations, a response to the CFPB's Request for Information on the 2018 Home Mortgage Disclosure Act (HMDA) expanded data set. In the letter, the associations commend the Bureau for taking the time to evaluate the rule and, in particular, the burden of the rule on financial institutions as well as the extent to which the collection and reporting of data has been streamlined, modernized and, generally, improved upon. The response details the extensive implementation costs associated with the HMDA rule and the specific costs of multiple new data fields and reiterates the arguments made in our October 2019 response to the CFPB's Advance Notice of Proposed Rulemaking on HMDA. The letter also affirms the associations' support for the current 100-loan reporting threshold for closed-end loans. Similar to previous years, advocates are evaluating the publicly available data. Of note, some of the research performed by think tanks and advocacy groups, like the [National Community Reinvestment Coalition](#) report, is receiving widespread media attention. We anticipate that these and similar reports will continue and we will, accordingly, continue to monitor their development and coverage.

[Read January 21st Response to the HMDA RFI](#)

False Claims Act Bill

The Senate Judiciary Committee recently passed Senate Bill 2429, "the Administrative False Claims Act of 2021," which would raise the cap on claims under the Program Fraud Civil Remedies Act (PFCRA) from \$150,000 to \$1 million. Though not S.2429's specific target, the bill would allow HUD's Inspector General to sanction all FHA mortgages with any mistake. This truncated sanctioning system would deter lender participation in FHA mortgages. HPC has asked Congress to stop the bill or, alternately, amend it to protect the FHA. If the bill were to be amended, HPC requested provisions to: a) require that the program administrator deem use of FCA necessary, if existing remedies are insufficient or exhausted and b) mandate a full physical assessment of any documents and data associated with cases for which FCA may be applied, rather than extrapolating from a sample. Senators Tillis and Hagerty currently have holds on the bill.

[Read S. 2429](#)

FHA LIBOR – Alternative Reference Rate Proposal

HUD is seeking public comment on the transition away from LIBOR for legacy loans and new originations. In a joint trade letter to HUD, HPC commended HUD for its efforts to implement rules that would accelerate the transition away from the use of LIBOR as an index for some FHA-insured loans and requested that HUD move quickly through the rule making process and provide clear guidance so lenders and servicers would have compliance certainty. Clear guidance should include a roadmap that specifies a replacement index or indices for existing mortgages and guidance on communicating with borrowers. Four criteria for the replacement index or indices were offered. Ideally, clear rules or guidance should be issued by June 30, 2022 to give servicers enough time to implement the new index or indices. The letter also recommended that HUD implement a system to periodically evaluate alternate indices.

[Read the December 6 letter to FHA](#)



In December and January, HPC was cited or quoted in more than one dozen news stories on at least ten topics including the increased GSE loan limits, the ongoing property valuation discussions in Washington, Ginnie Mae pooling requirements, the challenges of deploying the Homeowner Assistance Fund, the GSE's Capital Planning rule, Fannie's return to CRT issuance, and the need for Congress to address the role of government in the mortgage market.

Increased GSE Loan Limits:

- [FHFA hikes fees for high-balance and second-home loans](#), January 5, 2022
- [Conforming loan limits draw scrutiny](#), December 20, 2021
- [FHFA sets higher borrowing limits for mortgage loans in 2022](#), December 3, 2021

Property Valuation: [The appraisal industry's governance problem](#), January 24, 2022

Expectations for the year ahead: [The secondary market is primed to rise in 2022](#),
December 30, 2021

Ginnie Mae pooling: [Purchase Originations, eNote Tools; FHA, VA, Ginnie News; Inflation and Savings](#), December 27, 2021

Homeowner Assistance Fund: [Help for troubled borrowers is on the way. But will it come soon enough?](#), December 20, 2021

GSE's capital planning rule: [FHFA proposes capital planning rule for GSEs](#), December 16, 2021

Nomination of Sandra Thompson: [Mortgage industry cheers Sandra Thompson's nomination](#), December 16, 2021

Changes to the Preferred Stock Purchase Agreement: [Who's afraid of the PSPA?](#),
December 6, 2021

Fannie's return to CRT issuance: [Fannie Mae revs up its credit-risk transfer machinery](#),
December 2, 2021

Need for Congress to address role of government in the mortgage market: [Shoring up the mortgage underwriter shortfall](#), December 2, 2021

Please send us your feedback.

Please email HPC's VP 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.

Review HPC's newsletter archive [here](#).