

Year In Review & a Look Ahead

January 2022



Dear HPC Executive Council and HPC Advisory Council Member:

While 2020 seemed a year like no other, 2021 continued all that and more: historic home price appreciation, near record loan origination volumes, and a surge in loss mitigation activity as 2 million homeowners came off of long-term COVID-related forbearance. Power and priorities shifted in DC as a new Congress convened, a new Administration took the reins, new regulators reversed course from their predecessors, and the Supreme Court expanded the President's authority over the FHFA. During this period, HPC expanded our staff and expertise, continued to cultivate and foster collaborations and relationships among key stakeholders, legislators, and policymakers, and held our first hybrid in-person/remote HPEC meeting in November.

You can link [here](#) and [here](#) to review the 75+ comment letters, top news stories, statements, testimony, and other content produced by our team in 2021 and you can see our full monthly [newsletter archive here](#).

In 2021, HPC:

- **Increased our policy, advocacy, and communications abilities:** HPC [added](#) a new lobbyist, a capital markets policy expert, and a dedicated communications professional. These three hires allow us to expand our Hill and policy influence, weigh in with regulators and legislators on your behalf with greater expertise on more issues, and communicate more strategically and effectively with our many audiences.
- **Established strong relationships with a new Congress & a new Administration:** HPC staff renewed relationships with old colleagues joining the new Administration and built relationships with new policy leaders as the 117th Congress began and the Biden team settled into DC. Our new lobbyist expanded the breadth of our Hill relationships. The widely respected regulatory background of HPC's policy staff allowed us to quickly establish robust lines of communication with new leadership in key federal organizations including FHFA, CFPB, Treasury, the White House, and HUD.
- **Expanded our role as the go-to resource for collaboration on pandemic servicing issues:** The deep federal agency experience and substantive industry knowledge of HPC's staff combined with the collective expertise of our members and our extensive relationships throughout government, industry, and key stakeholder groups, made HPC the go-to resource for resolving emerging pandemic servicing issues in 2020, a role that expanded in 2021. Our COVID working group continued to draw over 100 participants to our semiweekly calls, offering a convening spot for problem-solving discussions among industry, regulators, and advocates. As forbearance terms neared an end, the GSEs and government agencies introduced numerous changes to their loss mitigation programs. In response, HPC maintained constant communications with each of these entities, providing member feedback and urging program refinements and consistency across programs. When the \$10 billion Homeowner Assistance Fund began to take shape in the second quarter, HPC became the convener of regular conversations among servicers and federal and state regulators related to HAF program implementation. Together with the National Council of State Housing Agencies, HPC submitted to the Treasury Department templates for a common data file, a model collaboration agreement, and a consumer third-party authorization agreement.
- **Initiated various activities to reinforce the housing finance industry's commitment to expanding racial equity:** In 2021, HPC produced a [series](#) of panel discussions that brought experts and HPC members together to consider the data and hypotheses behind racial disparities in homeownership, with a focus on home valuation. As part of this effort, HPC submitted [a set of specific recommendations](#) to the Biden Administration's Interagency Task Force on Property Appraisal and Valuation Equity in early November. Separately, in response to FHFA's request for input, HPC made [recommendations](#) for GSE activities that could close the racial homeownership gap.
- **Testified on the state of housing in America:** In March, I [testified](#) before the Senate Banking Committee where I detailed the efforts of the servicing industry to respond to the pandemic, explained the fundamental supply challenge confronting the industry, and described the need for Congress and the Administration to resolve the outstanding question of the proper role of government in the housing finance system.
- **Tailored our communications** to serve as a consistent, authoritative, and sometimes lone voice to highlight systemic issues that deserve recognition, including [the loan limit increase](#), [retention of the FHA mortgage insurance premiums](#), [delayed elimination of the old QM definition](#), and the [Supreme Court ruling on FHFA](#).
- **Promoted reconsideration of the GSE Capital Framework** in support of FHFA's three proposed changes to the regulatory capital standards, including the renewed encouragement for credit risk transfers. HPC also provided suggestions on how to further enhance the economic effectiveness of CRTs.
- **Continued to promote further adoption of the digital mortgage ecosystem**, including expansion of RON and eMortgages and development of standards needed for digital sourcing and verification of income, assets, and employment for PLS.

In the year ahead, HPC will continue our work on the above issues and, as was decided at our most recent HPEC meeting, will also emphasize:

- **Engaging with Ginnie Mae.** We look forward to working closely with the new Ginnie Mae President, Alanna McCargo, as she picks up Ginnie's strategic plan, including modernization of Ginnie's securitization platform via the "Next Gen" program. Also on the horizon may be implementation of any programs authorized by the Build Back Better legislation (if passed), such as the LIFT program. At our November HPEC meeting, Ginnie Mae's Acting EVP Michael Drayne invited significant HPC engagement with all of these activities.
- **Standardizing the servicing and loss mitigation process** to provide better outcomes for consumers, investors, and servicers. We will explore recommendations for a consistent set of loss mitigation programs across the government agencies, the GSEs, and private mortgage holders, to align workout strategies across all mortgage types.
- **Reimagining the property disposition process** to produce better outcomes for communities, investors, and servicers. We will consider how the government agencies can use private entities to manage dispositions, a uniform process for disposition of federally insured and GSE properties, and the standardization of property management during foreclosure.
- **Driving improvements in residential home valuations** to provide greater accuracy, efficiency, and a reduction in costs. We will continue to advocate for better use of data and technology to enhance and supplement the role of appraisers, greater standardization across financing vehicles, and improved oversight and enforcement.

Thank you for your continued confidence in and engagement with our work. We want to hear from you about your priorities, concerns, and needs.

With best wishes for the New Year,

A handwritten signature in black ink that reads 'Ed'.