



THE HPC BULLETIN

A MONTHLY NEWSLETTER

Welcome to the April edition of the HPC Bulletin. In this month's newsletter you'll find:

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[*Ed's Insights*](#)



On March 16th, I [testified](#) on behalf of HPC before the Senate Banking, Housing, and Urban Affairs on the [State of Housing in America](#). My prepared statement covered four topics:

- The industry's continued efforts to support homeowners disrupted by the pandemic;

- The opportunity to rethink approaches to enhancing homeownership and reducing the racial ownership gap;
- The critical challenges posed by housing supply shortages; and
- The continued need for Congress to address housing finance reform, bringing certainty and finality to the government's role, resolving the GSE conservatorships, and modernizing the FHA.

The hearing was marked by the divergent focus of the Chairman and Ranking Member. Chairman Sherrod Brown opened by making it clear that the hearing was not focused on housing finance reform but rather on the racial ownership gap and the state of the housing market in serving lower income and minority communities. From Chairman Brown's opening statement: "*We have an opportunity on this Committee to make people's lives better through better housing policy – to expand access to affordable rentals, to make it easier to purchase a home, and to put trades people to work building housing and making it safer and more resilient.*"

The day before the hearing, Ranking Member Pat Toomey released a set of [housing finance reform principles](#), notable for the priority placed on legislative reform, the emphasis on competition, and the agreement that a government guarantee of MBS should be part of the package.

Given the many Committee members from rural states, there was extensive discussion of rural housing issues.

HPC will remain a strong proponent of legislative reform and we will continue to engage with House and Senate members, Democrat and Republican, in finding common ground. One of the many frustrating things about this issue is there is broad agreement on most reform principles and even on many component pieces, yet no commitment to work together to get the job done.

As we continue to press the case, HPC is now in a stronger position to do so. With support from our member companies, we now have the resources to build out our policy and advocacy efforts by adding talented new staff. Last week, we brought on [Bernard Fulton](#) as our new VP for Government Relations. Bernard joins us from the National Association of Realtors. In mid-March, [Angel Hernandez](#) joined us from Ginnie Mae as our new VP for Capital Markets, and a month ago, [Sheryl Pardo](#) joined us from the Urban Institute as our new SVP for Public Affairs. With [Meg Burns](#) leading the team, and the steady support of [Matt Douglas](#) (VP for Mortgage Policy) and [Chris Monaco](#) (Manager, Membership Services and Operations), the HPC team looks forward to continuing to serve our members.

Sincerely,

Ed





Policy Pulse

Preserving the final 2020 qualified mortgage (QM) rule.

The Consumer Financial Protection Bureau's (CFPB's) March 3, 2021 [Notice of Proposed Rulemaking](#) would delay the mandatory compliance date of the final 2020 QM rule from July 1, 2021 to October 1, 2022, and allow both the 2013 QM rule, with the GSE patch, and the final 2020 QM rule to operate simultaneously for 15 months. [HPC submitted a comment letter](#) on March 30th, opposing the delay as lacking a sound rationale and a clear public benefit and potentially violating the required rulemaking process. In an [opinion editorial](#) written that same day, Housing Wire's Editor in Chief, Sarah Wheeler, reported on and strongly supported HPC's position.

Emphasizing the vulnerable and temporary state of GSE conservatorship.

The Federal Housing Finance Agency's (FHFA's) [proposed Enterprise Resolution Planning rule](#) is, effectively, the first rule proposed by FHFA that addresses what happens if Fannie Mae and Freddie Mac successfully exit conservatorship, fail again and then, following current law, move into receivership. HPC's [comment letter on the proposed rule](#), submitted on March 8, notes that, absent legislative changes, this scenario risks a sizeable, systemic disruption to the economy. In the letter, HPC commends FHFA for addressing this issue, makes a few technical observations and explains the risks involved and why the real value of the proposed rule is its reminder to all stakeholders that fundamental questions remain about the operation of Fannie Mae and Freddie Mac post-conservatorship that require legislative guidance.

Supporting FHFA's enterprise liquidity requirements.

In a [second letter to the FHFA filed on March 8](#), HPC commented [on the Agency's proposed enterprise liquidity requirements](#), generally supporting the rule, and noting where modifications or clarifications should be considered, such as the stressed cash flow scenario and the fixed \$10 billion daily excess liquidity requirement. The letter also notes that, in further providing guidelines for the Enterprises post-conservatorship, this proposed rule again highlights the need for Congress to definitively address Fannie Mae and Freddie Mac's future.

Planning conversations on systemic bias and valuation methods.

Many HPC members have expressed interest in better understanding how to identify and address potential systemic bias in valuation algorithms and models. To provide members with a foundation in the current thinking, research and practices related to this issue, HPC is finalizing dates for three separate panel discussions: first, with advocates, including National Fair Housing Alliance President and CEO [Lisa Rice](#) and author and Brookings Institution scholar [Andre Perry](#); second, with researchers, including the Urban Institute's [Michael Neal](#) and; third, with HPC members who are actively working on this issue.



HPC Working Group Updates

Starting this month, the newsletter will include a topline summary of the recent work of HPC's active working groups. Email workinggroups@housingpolicycouncil.org with any specific questions about a working group or to be added to or removed from a group.

The **COVID Response Working Group** continued bi-weekly meetings in March, with consistent attendance by several representatives from most of HPC's 32 member companies. The COVID WG identifies and attempts to resolve a range of COVID-related servicer issues that require further clarification or recognition by relevant government agencies and provides an opportunity to discuss changes in government policy. Current issues under discussion include possible modifications to the FHA COVID loss mitigation programs and how to encourage uniformity among all 50 states as [Treasury implements the \\$10 billion Homeowner Assistance Fund](#).

The **GSE Foreclosure Working Group** had two meetings in March to discuss issues related to the expected significant property disposition work servicers will encounter once the moratoriums end.

Membership interest has been significant, and discussion began on the following priority issues: the overall foreclosures timeline, foreclosure referrals, proactively tracking foreclosure delays, and foreclosure allowable fees. To participate in future discussions, please reach out to Matt.Douglas@housingpolicycouncil.org.

The **QM Working Group** met three times in March to discuss the CFPB's [proposal to push back the mandatory compliance date](#) of the [final 2020 QM rule](#) and the expiration of the 2013 QM rule and GSE patch by 15 months. Our calls have updated members on the issue and sought their feedback on [HPC's comment letter](#) discussed above, filed on March 30th, which opposes the delay.

The **Servicer Member Affairs Working Group** held its monthly meeting and discussed interest in service member issues by two Senators at CFPB Director nominee [Rohit Chopra's March 2 confirmation hearing](#). The Service members WG also considered a potential strategy for ensuring the effectiveness of the [Defense Manpower Data Center's](#) effort to establish a direct connection for mortgage lenders to verify a borrower's active duty military status, as required by the Service Members Civil Relief Act.



Member Spotlight

Ocwen subsidiary, PHH Mortgage, partners with the NAACP to help COVID-19 impacted homeowners

PHH Mortgage, a subsidiary of Ocwen Financial Corporation, renewed its partnership with the NAACP to host 45 regional virtual borrower outreach events in 2021 for PHH Mortgage customers who have been negatively impacted by COVID-19 and are having trouble making their mortgage payments. Virtual outreach events will be held in several locations across the country. [Read more [here](#)]



- [HPC: Delaying final QM Rule "not in public interest"](#) - HousingWire
- [HW Daily Update: Don't open Pandora's QM box](#) - HousingWire
- [The Property Line: Mortgage Forbearance Ending? Here Are Your Options](#) - Nerdwallet
- [Housing Policy Council taps ex-Ginnie Mae executive as VP of Capital Markets](#) - Mortgage Professional America
- [At hearing on housing, Toomey and Democrats spar over reforms to boost affordability](#) - Pittsburgh Post-Gazette
- [GOP's Toomey Seeks Democratic Help to Free Fannie, Freddie](#) - Bloomberg

HPC's Staff Recommended Read

The Pandemic Ignited a Housing Boom—but It's Different From the Last One

Residential home sales are hitting peaks last seen in 2006, just before the bubble burst, but this time mortgages are stricter, down payments are higher, and a tight supply is supporting prices.

Nicole Friedman, [Wall Street Journal](#), March 15, 2021.

Please send us your feedback

Our new SVP for Public Affairs, [Sheryl Pardo](#), will be revamping our newsletter in the coming months to provide you with the most useful information. Please email her with your thoughts on what was helpful in today'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](#).



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