



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

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Ed's Insights

Goodbye / Hello

The Trump Administration's policy farewell to the housing sector included a set of changes to the Treasury support agreement that provided Fannie Mae and Freddie Mac the capital needed to operate in conservatorship since 2008 (2008!!). While falling far short of what some speculated, the changes include a continued halt to the net worth sweep. By removing the cap on retained earnings, taxpayers will continue to receive nothing for the value of their past and ongoing support for the conservatorships, other than an IOU in the form of an ever-growing liquidation preference over other equity classes.

The changes also include a cap on cash window sales. Among other things, this cap has the effect of reducing risk to Fannie and Freddie (and hence taxpayers) and moving the cash window back in the

direction of its traditional role.

The incoming Biden Administration has wasted no time in declaring several of its major policy priorities affecting the housing sector, including: increased aid to those affected by the pandemic; a review and ultimately some degree of reversal of the Trump Administration's rulemakings on Affirmatively Furthering Fair Housing and Disparate Impact; and establishing racial justice and climate change as core priorities that will drive and shape their housing policy agenda.

At the President's request, CFPB Director Kraninger stepped down on Inauguration Day. Her immediate successor, Acting Director Dave Uejio, wasted no time declaring that CFPB will once again be an enforcement-driven organization. Separately, the Administration announced its intent to nominate Rohit Chopra, currently a member of the Federal Trade Commission to be the permanent Director. Both Chopra and Uejio worked at CFPB under Director Cordray.

Near-term, COVID relief will drive the agenda, including in housing. Discussions are underway within the Administration regarding extension of eligibility for forbearance, extending the amount of time a borrower may be in forbearance, and further extending the foreclosure and eviction moratoria. We are engaged with all of you on these issues in several ways, primarily through Meg's biweekly COVID 19 conference calls. Member participation remains enormous, so much so that we had to recently increase the size limit for the call.

Our next Executive Council call will be February 26 at 1:00 PM eastern, via Zoom.

- Ed DeMarco



Joint Trade Letter Regarding the Community Reinvestment Act

On Jan. 11, HPC sent a [letter](#) to the OCC, signed jointly with nine other financial services trade associations, to request withdrawal of the Community Reinvestment Act (CRA) Information Collection Survey that was published in the Federal Register on Dec. 15, 2020. The OCC issued this information collection to gather bank-specific data to develop the new CRA performance benchmarks under the agency's June 2020 CRA rule. The trade letter expresses concern that OCC requested data that banks do not currently have and, in some cases, would need to construct. Additionally, if new OCC leadership has

interest in pursuing an interagency CRA modernization, time spent compiling and constructing historical data could be wasteful and unproductive.

The letter concluded with strong, collective support for a joint CRA reform effort by all three banking agencies, so that banks of all sizes are evaluated under a consistent framework. This position, broadly shared by many stakeholders, reiterates the concern that neither the FDIC nor the Federal Reserve joined the OCC's June 2020 CRA rule. Additionally, the Federal Reserve currently has an advanced notice of proposed rulemaking (ANPR) on the CRA out for public comment and this ANPR has a number of key differences from the OCC's June 2020 CRA rule. Comments for the Federal Reserve ANPR are due on Feb. 16, 2021.

Sustainable Homeownership Initiative

The HPC project launched this past summer to further its strategic objective and to “build partnerships to expand sustainable homeownership opportunities” has reached a new phase.

After soliciting input from HPC members and affordable housing stakeholders to gather business intelligence, HPC is focusing on a handful of core concepts that reflect the most promising ideas that we heard and begin the process of gathering member feedback and gauging interest. Ideas include:

- Pre-purchase counseling prior to execution of the sales contract;
- Housing counseling to assist declined borrowers;
- Technology platform for automated access to down payment assistance programs;
- Specialized program to serve borrowers with low balance mortgage loans;
- Post-purchase first-year follow up counseling services; and
- Funding for a post-purchase reserve fund, established at closing

Interested member companies may set up a meeting with HPC staff to discuss these potential partnership ideas in more depth. We intend to settle on a few ideas to recommend for consideration at the HPEC meeting on Feb. 26.

Limited English Proficiency

On Jan. 13, the CFPB issued a [statement](#) regarding the provision of financial products and services to consumers with limited English proficiency (LEP). The statement reiterated a position previously expressed in 2016 and 2017 policy issuances, that the CFPB recognizes that financial institutions are not equipped to offer all consumer products and services in all languages, through the full lending cycle, and therefore companies must determine how best to serve LEP customers. This 2021 statement described several approaches that a financial institution may use to determine: a) products and services to offer with “in-language” support, b) the types of LEP supportive services, and c) the specific languages the company can support. For the first time, guidance explicitly stated that UDAAP and ECOA, in addition to

fair lending rules more broadly, are subject to company determinations regarding language support. This statement highlighted that the operational capabilities, including staffing, technology, business processes and costs, are reasonable factors for determining which LEP customers may be served and how.

The CFPB statement cited a [letter](#) that HPC wrote in December 2020, which outlined a set of principles that the CFPB could use to provide clarity on LEP issues – many of which the CFPB incorporated into the statement. HPC convened the LEP working group to assess the statement, then held a call with consumer groups to gauge areas of commonality in reaction to the statement. This latter call did not lead to a meaningful dialogue, so HPC will follow-up to determine next steps with this group as well as with new leadership at the CFPB.

CFPB Advance Notice of Proposed Rule-Making (ANPR) on Consumer Data Access

HPC is developing a comment letter that acknowledges and supports the CFPB's efforts to-date to implement section 1033 of the Dodd-Frank Act, as previously presented in CFPB's 2017 *Consumer Protection Principles: Consumer-Authorized Financial Data Sharing and Aggregation*. HPC's comment letter recommends a handful of high-level considerations that are consistent with the CFPB's previous work, including: a) support for the safe, secure API arrangement that the industry has developed, rather than "screen-scraping" methodology that presents risk to the consumer and industry alike; b) reaffirmation of a strong data security and consumer protections, with disclosures that inform the consumer which data may be accessed, for what purpose, and for how; c) rejection of any prescriptive or restrictive rules that would prohibit the progress underway; d) clarification that banks that manage consumer accounts from which data is pulled are not "data furnishers" under FCRA; and e) regulatory coordination on this critical topic with other regulators. HPC will also sign a joint comment letter with a number of other financial services trade associations, calling for continued support for the industry-led efforts.

Remote Online Notarization (RON)

HPC launched a new working group that will address policy issues associated with RON, in addition to providing continued support for Federal and state-level efforts to advance regulations and legislation designed to permit and promote the use of RON. HPC previously signed joint trade letters to advance the Securing and Enabling Commerce Using Remote and Electronic Notarization Act of 2020 (SECURE), a bill that is likely to be reconsidered in the new Congress. The HPC working group will first tackle a GSE requirement for seller-servicers to retain video files that record the consumer-notary interaction at closing. These videos are maintained by vendors, under contract with the title companies providing insurance coverage. The videos are accessible to the title insurers, so seller-servicer retention of the same files is redundant and therefore, unnecessary.

Member Spotlight



Rocket Community Fund donates more than \$500,000 to Habitat for Humanity to support housing stability during the COVID-19 pandemic

The recent donation commemorates Rocket Community Fund's sixth year supporting Habitat's neighborhood revitalization efforts

The Rocket Community Fund, the philanthropic arm of Rocket Mortgage, the nation's largest mortgage lender, announced a donation of \$545,000 to Habitat for Humanity in support of Habitat's neighborhood revitalization program, an essential element of the housing nonprofit's work in the United States. Rocket Community Fund's contribution will provide local Habitat organizations serving their home cities, Cleveland, Ohio, Phoenix, Ariz., and Charlotte, N.C., with funds to meet the specific housing needs of their communities and help more families recover from the worsened housing crisis and economic turmoil caused by the COVID-19 pandemic. [Read more [here](#)]

Housing Industry: Must-Read

Biden administration brings a new focus on housing policies

Ramping up the availability of coronavirus vaccinations and addressing the fiscal crisis facing many Americans — including housing issues — are the current priorities for President Biden and his administration. [Michele Lerner, [The Washington Post](#)]

HPC in the News

- [Biden administration likely to cut FHA premiums despite credit risks](#) - American Banker
 - [Retail, Ops Jobs; Appraisal, Non-QM, Jumbo, DPA Products; Industry Weighs in on Good Freddie/Fannie News](#) - Mortgage News Daily
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Thoughts? Suggestions?

We'd love your feedback on our newsletter in order to continue improving our service to you. To connect with us further, please visit our LinkedIn page, website or contact us at the email address below.

