



Welcome to the May edition of the HPC Bulletin.

In this month's newsletter you'll find: [Hill Insights](#), [Policy Pulse](#), [Working Group Updates](#), [Member Spotlight](#), and [HPC in the News](#).



A short note from Ed

This month I've handed the *Insights* pen over to our new Vice President of Government Relations, [Bernard Fulton](#), who brings more than two decades of Capitol Hill experience to our team.

I'm excited about the relationships and insights he brings to HPC from his previous roles as senior policy advisor for financial services at the National Association of Realtors, the deputy assistant secretary for Congressional Relations at HUD during the Obama administration, and as the legislative director for U.S. Representative Jan Schakowsky.



The First 100 Days

The 100-day mark of a new Presidential administration is a traditional Washington insider check point to gauge the effectiveness of a new administration as well as an opportunity to reassess prognostications.

From President Biden's perspective, Congress' swift [adoption of the "American Rescue Plan"](#) makes it almost impossible to count the first 100 days as anything but a success. The administration will be full bore ahead on Biden's promised agenda which, when applied to the mortgage business, means preserving and expanding homeownership for a broad and diverse consumer base.

However, there are more reasons than just ARP to make this prediction. Recovery from the pandemic-induced downturn appears strong, in contrast to the slow improvement experienced after the economic downturn that Barack Obama inherited. Moreover, while partisan objections to the Biden agenda in Washington are profound, it appears that the President, like Ronald Reagan before him, is willing to go over their heads and directly to voters by pushing broadly popular policies. Biden Republicans, anyone?

I also believe President Biden has eager allies in Senator Sherrod Brown (D-OH) and Representative Maxine Waters (D-CA), the Chairpersons, respectively, of the Senate Banking and House Financial Services Committees. Both have already helmed [hearings](#) that, at least in part, [explored](#) how to expand homeownership through President Biden's proposed infrastructure package.

Further, Chairwoman Waters has already introduced portions of an infrastructure package that [includes downpayment assistance](#) (also a Biden campaign proposal). Waters' committee also passed Housing Subcommittee Chairman Emanuel Cleaver's bill [creating a regulatory task force to explore fairer real estate appraisals](#) for rural and minority communities.

With many administration positions still to be filled and many proposals still to be hammered into bills and regulations, details of the Biden agenda are yet to be finalized. However, I am certain that housing policy will be featured prominently. I prognosticate a busy future for us all.





The Impact of Racial Inequities on Black Homeownership.

We kicked off our [series of discussions](#) where we will bring experts and HPC members together to consider the theories behind racial disparities in homeownership, the data and impact of appraisals and automated valuation models on majority-Black neighborhoods, and the views of real estate professionals on the depth and breadth of these challenges. More than 90 attendees joined our first discussion with National Fair Housing Alliance President and CEO [Lisa Rice](#) and author and Brookings Institution scholar [Andre Perry](#) on April 28, which laid the groundwork for the series and can be [viewed here](#).

Uncertainty continues around the final 2020 qualified mortgage (QM) rule.

On April 27, the Consumer Financial Protection Bureau (CFPB) issued its [final rule](#) delaying the mandatory compliance date for the final 2020 QM rule, and expiration of the 2013 rule, from July 1, 2021 to October 1, 2022. [HPC's comment letter](#) opposing the delay was featured prominently in this [Housing Wire article](#) about the decision. HPC worked closely with a broad coalition of trades, civil, and

consumer advocates to submit a [joint comment letter opposing the delay](#) and to encourage a similar [bipartisan letter to the CFPB](#) from Senators Mark Warner (D-VA) and Tim Scott (R-SC). Our collective and individual efforts around the QM rule will continue, with our focus now moving to concerns with this quote from the final rule:

“The Bureau plans to evaluate the General QM Final Rule’s amendments to the General QM loan definition and will consider at a later date whether to initiate another rulemaking to reconsider other aspects of the General QM loan definition.”

CFPB soliciting Input on Changes to Regulation X.

The [CFPB’s proposed changes](#) to Regulation X, published on April 5, are intended to give borrowers affected by the pandemic more time to be evaluated for loss mitigation before foreclosure is initiated. The proposed rule would, among other elements, establish a temporary pre-foreclosure review period, permit certain streamlined loan modifications with incomplete applications, and amend the early intervention and reasonable diligence obligations. HPC’s COVID working group is discussing and preparing a response to the proposed rule, which is due by May 10.

Partnering with other Trade Associations.

HPC [cosigned a letter](#) with 17 other trade associations in April to the leadership of the House Financial Services Committee. The letter supports federal legislation to address legacy issues as the economy shifts away from LIBOR in June 2023.



Below is a topline summary of the work of HPC's working groups during the month of April. Email workinggroups@housingpolicycouncil.org for more information or to be added/removed from a group.

The **COVID Response working group** added four additional meetings to its twice weekly meetings to address the crush of COVID-related issues affecting servicers. Attendees discussed how servicers will interact with state and federal entities that are setting guidelines for and disbursing \$10 Billion to homeowners under the [Homeowners Assistance Fund](#). This working group is also drafting a comment letter due by May 10th on the [CFPB's proposed amendments to Regulation X](#) and developing consolidated feedback to FHA regarding a variety of COVID-related forbearance issues.

The **GSE Foreclosure working group** met in April to discuss the implications of the CFPB's proposed

The **QM working group** will schedule a call in May to discuss the CFPB's late-April decision to push back the mandatory compliance date of the final 2020 QM rule. The group will share concerns about the decision, consider the impact of the final rule on business operations, and determine how to proceed now that the final rule is in place.

The **Digital Verification of Income and Assets working group** conducted a survey on the status of member digital verification initiatives and held a subsequent kickoff meeting in April. The purpose of the group is to enable market adoption of digital verification of income processes for qualified mortgage products backing private label securitizations. The meeting focused

Regulation X rule on GSE foreclosure timelines, including allowable fees and expected delays, to refine priorities and to identify foreclosure issues that will also affect timeframes in the government mortgage space.

The **Servicemember Affairs working group** met to evaluate the pros, cons, and challenges of working proactively with the [Defense Manpower Data Center](#)'s (DMDC's) initiative 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. The group identified top priorities for creating a direct connection and agreed to seek an informational meeting with DMDC.

The **Veterans Affairs working group** met in April to hear research from and collaborate with Eric Stein from the Center for Responsible Lending and Kanav Bhagat, the former Director of Financial Markets Research for the JPMorgan Chase Institute, on ways to improve or

on identifying challenges and issues to adoption, as well as next steps.

The **Remote Online Notarization (RON) working group** also picked up activity in April. Working group members received updates on federal RON legislation, and individual member outreach is underway to identify and build consensus on additional objectives, including, for example, revisions to GSE/Ginnie Mae requirements.

The **LIBOR working group** received updates related to the status of federal LIBOR replacement legislation affecting legacy instruments without fallback provisions, including summaries of the congressional hearing held on this topic in April. HPC signed a [coalition letter](#) expressing support for a federal solution. HPC is currently collecting member input relating to any desired edits or amendments to the existing version of the federal solution.

The **Affordable Housing working group**, along with the Executive and

enhance the VA's COVID loss mitigation process.

Advisory councils, met twice in April to hear presentations regarding two potential sustainable homeownership projects that HPC could support: Down Payment Resource presented a [downpayment assistance database collaboration](#) and NeighborWorks America presented a [Neighborhood LIFT collaboration](#). The working group met after the presentations to consider options for engaging in the two projects.



Citi's \$1 Billion Action for Racial Equity Initiative Is Addressing the Racial Wealth Gap

In a little over six months, Citi and the Citi Foundation's \$1 billion investment in strategic initiatives to help close the racial wealth gap and increase economic mobility in the U.S. has taken several significant first steps.

[Read More](#)



[CFPB Gives lenders extra 15 months to meet QM standard](#) – National Mortgage News

[It's official: QM rule compliance delayed until October 2022](#) – HousingWire

[CFPB warns lenders of “tidal wave” of distressed mortgages](#) – MarketPlace

[Homeowners’ new safety net leaves many at risk](#) – MarketWatch

[GSEs won't buy QM loans under GSE Patch after July 1](#) – HousingWire

Please send us your feedback.

Our new SVP for Public Affairs, Sheryl Pardo, continues to revamp our newsletter to better provide you with the most useful information. Please email her at Sheryl.Pardo@housingpolicycouncil.org with your thoughts on what was helpful in today's newsletter and what additional information you would like to see on a monthly basis.

