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

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- [HPC in the News](#)



### **Ed's Insights**

March starts a new chapter for the Housing Policy Council as we welcome Sheryl Pardo, our new Senior Vice President for Public Affairs and, on March 16, Angel Hernandez as our new Vice President for Capital Markets. I am very excited by the arrival of these talented new staff members, each of whom brings extensive experience with our issues and our membership.

Sheryl comes to HPC from the Urban Institute's Housing Finance Policy Center where she was Director of Communications. Sheryl's resume includes nine years at MBA and several public affairs and strategic communications positions. As HPC's head of Public Affairs, Sheryl will set the strategic direction for HPC's public affairs, advocacy, and communications activities.

Angel joins HPC from Ginnie Mae where he is the Director of the MBS programs. In that role, Angel has interacted with many of our member companies on a range of Ginnie securitization and technology issues. Angel will work on policy matters pertaining to securitization, capital markets, and technology.

We closed out February with a jam-packed Executive Council meeting. HPC staff updated the Council on the sustainable home ownership project that many member companies have contributed to over the past

six months. Of the initial list of three dozen possible projects, the working group and HPC staff whittled to two possible projects, each of which we reviewed with the Council. The affordable housing working group will be going deeper, to further examine those two ideas, one involving the down payment assistance database managed by Down Payment Resources and the other building on a housing counseling initiative modelled on Wells Fargo's Neighborhood LIFT program.

Meteorological spring is here – enjoy!

- Ed DeMarco



**Nine Trades seek to stop the Office of the Comptroller of the Currency's (OCC's) unilateral action on the Community Reinvestment Act (CRA).** HPC continues to collaborate with eight other financial services trade associations on CRA developments. In a [letter](#) on February 2, the collaborators objected to the OCC's proposed rulemaking that establishes a framework for setting the performance metrics for the June 2020 CRA rule. Consistent with previous communications, HPC and the other trades do not support the OCC's unilateral rulemaking and reiterated the following requests:

- Pursue joint CRA rulemaking with the Federal Reserve and FDIC to address the modernization of banking;
- Withdraw the OCC's June 2020 Rule or delay the compliance date for at least two years;
- Suspend the CRA Information Collection Survey and the request for comment on the Paperwork Reduction Act clearance request in the spirit of the Biden Administration's January 20, 2021 Regulatory Freeze Memo; and
- Discontinue work to establish performance benchmarks for the June 2020 CRA Rule.

**Two comments submitted to FHFA seek to expand appraisal-related options and encourage data release.** HPC submitted two comment letters, prior to the February 26, 2021 due date, in response to the Federal Housing Finance Agency's (FHFA's) Request for Information (RFI) on GSE appraisal-related policies, practices, and processes. The [first letter](#) recommends, consistent with a 2019 letter to the Federal banking regulators, that the GSEs establish a continuum of acceptable residential property valuation methodologies that would be applied using a risk-based approach. The continuum would range from no appraisal required (waiver of appraisal) for low-risk transactions to full interior inspection appraisals required for higher-risk transactions and would include the "flexibilities" made available during the pandemic. The letter also reiterates a request for the FHFA and other regulators to complete the

development and publication of the Automated Valuation Model (AVM) standards regulation, as required by the Dodd-Frank Act. Finally, the letter addresses the need for FHFA to release the GSE collateral data into the public domain, an exercise that would improve risk management practices across the system, and urges the FHFA to consider how it can conduct additional analysis on disparities in property value across racial groups.

HPC's [second comment letter](#), co-signed by the American Bankers Association and the Mortgage Bankers Association, requests that the FHFA develop a strategy for public release of the extensive property valuation dataset currently maintained by the GSEs.

**Comment to FHFA urges use of better tools than housing goals to support LMI borrowers.** HPC's [February 25 letter](#) responding to the FHFA's advance notice of proposed rulemaking regarding the Enterprise Housing Goals notes that, in spite of the good intentions and positive expected outcomes promoted when the Affordable Housing Goals (Goals) legislation was enacted, there is limited evidence that the Goals have helped expand low-income homeownership. Instead of solely being focused on providing a cross-subsidization to mortgages, Congress should amend the Goals legislation to directly support low- and moderate-income borrowers, through tools such as down payment and closing costs assistance to boost the initial equity position of the borrower, buying down the rate and/or shortening the loan amortization period to enhance equity and wealth building, and creating reserves after closing to provide adequate cash availability for possible future financial hardship. The letter also highlights improvements that the FHFA can make without a legislative fix including:

- Providing information on the current and historical performance of loans that receive housing goals credit in the Annual Housing Report and/or the Annual Report to Congress;
- Publishing information about the risk characteristics of loans receiving housing goals credit;
- Limiting housing goals credit to loans that serve low- and moderate-income borrowers; and
- Publicly evaluating the efficacy of GSE outreach and education efforts.

**HPC Joins Advocates and Trades in urging Congress to provide more homeowner relief.** HPC joined a broad coalition of stakeholders focused on homeowner assistance during the pandemic to deliver a [letter](#) to Senate and House of Representatives leadership. The letter, organized by the National Housing Conference and signed jointly with over 350 housing and civil rights organizations, included the American Bankers Association, the Mortgage Bankers Association, the National Association of Realtors, the National Association of Home Builders, the NAACP, the National Urban League, the National Fair Housing Alliance and the National Consumer Law Center, advocated for additional relief for homeowners in the next COVID-19 stimulus package. The letter calls for \$25 billion in direct assistance to homeowners facing hardships as a result of the COVID-19 pandemic, at least \$100 million for housing counseling, and just under \$40 million for the Fair Housing Initiatives Program. HPC also joined a select group of organizations from the Coalition in a meeting with White House staff to promote the letter's recommendations.

**Acting CFPB Director suggests QM mandatory compliance date may change.** In a [short statement](#) published on February 24, the Acting Director of the CFPB indicated that the mandatory compliance date for adoption of the new qualified mortgage (QM) definition and sunset of the GSE Patch, scheduled for July 1, may be postponed. The effective date of March 1 will not be affected, so lenders may begin to offer QM loans under the new QM definition immediately. Were the proposal to take effect as a final rule, the QM designation for loans would be permitted under both the old rule, with the 43 DTI/Appendix Q and GSE Patch, and the new rule, with simplified “consider and verify” evidence requirement and pricing cap only. The Acting Director also indicated that the CFPB may initiate new rule-making on the Seasoned QM rule, to revoke or amend this new QM alternative.

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## **Member Spotlight**



### **Radian Plans to Accelerate Digital Transformation Across the Mortgage and Real Estate Marketplace in 2021**

*Radian Builds Upon Year of Innovations that Included Launch of RADAR® Rates, MyRadian, Radian Ready and Radian HPI*

Following the most transformative year of digital innovation in the company's history, Radian Group Inc. Senior Executive Vice President, Chief Digital Officer and Co-Head of Real Estate Eric Ray predicted that digital innovation in the mortgage and real estate services sectors will continue to accelerate in 2021, driving new and better ways to manage credit risk and execute real estate transactions. [Read more [here](#)]

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### **Housing Industry: Must-Read**

**FHFA announces further extension of COVID-related mortgage relief**

The Federal Housing Finance Agency is

### **HPC in the News**

- [HousingWire Daily: Ed DeMarco on Biden's approach to forbearance](#) - HousingWire
- [Ed DeMarco on Biden's plans for forbearance](#) - HousingWire

providing an additional three months of forbearance to borrowers with loans backed by Fannie Mae and Freddie Mac, totaling 18 months of relief due to the coronavirus pandemic. The FHFA said Thursday that it was aligning its policies with the Biden administration to address economic burdens for homeowners due to COVID-19. [Kate Berry, [American Banker](#)]

- [Housing, civil rights groups ask Congress for \\$25B](#) - HousingWire
- [January's foreclosure activity 'doesn't reflect market reality'](#) - National Mortgage News
- [Zombie foreclosures dwindle in 1Q but could be on 'thin ice'](#) - National Mortgage News
- [Weekly Wrap: Delinquency markers don't capture full SASB hotel-loan risk](#) - Asset Securitization Report

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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.



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