



Welcome to the August edition of the HPC Bulletin.

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



Congress is using the upcoming August recess as a deadline to spur progress on issues important to HPC. In recent weeks, we have also received important insights into Washington's agenda for the mortgage industry.

Infrastructure: On July 28th, by a 67-32 vote, the Senate successfully leapt the first legislative hurdle to an infrastructure package. The move happened only hours after a bipartisan group of Senators came to agreement with President Biden on a \$1 trillion package, which unfortunately includes using GSE guarantee fees as an offset. However, the agreement still must be reduced to legislative text and House Speaker Pelosi promises to withhold action on infrastructure until after the Senate passes a reconciliation package. All of this could torpedo final enactment. Either way, this increases pressure on Democrats to pass a reconciliation package, which would be the most likely vehicle for more downpayment assistance funding.

HFSC Hearing: “Building Back Better”: At a July 20th oversight hearing on the HUD budget and spending, members of Congress and HUD Secretary Marcia Fudge signaled their agenda for our industry.

Downpayment Assistance: In the hearing’s opening statement, Chairwoman Waters (D-CA) voiced support for her \$100 billion DPA bill. On the other side of the aisle, Rep. Huizenga (R-CA) voiced concern about a contemplated rulemaking on mortgage insurance for mortgage transactions using downpayment assistance and possible negative impacts on state DPA programs. Meanwhile, Secretary Fudge said DPA would be a key means to make FHA borrowers more attractive in the homebuying market.

FHA: In response to a question from Rep. Meeks (D-NY), Secretary Fudge said she will also use small-dollar mortgages and new student loan debt treatment to make FHA borrowers more competitive in the homebuying market. She also said she is prioritizing restoring an FHA premium discount for completion of housing counseling, a pet program of Rep. Beatty (D-OH). Secretary Fudge said she would work with Rep. Williams (R-TX) to maintain a HUD/DOJ MOU on false claims act actions against servicers and defended PACE loans against Rep. Sherman’s (D-CA) attack that the cost of those loans sometimes outstripped savings.

Homeownership affordability: Secretary Fudge repeatedly complained about local zoning laws’ negative impact on housing development as a main cause of the current affordability crisis.

Senate Banking Hearing: “NFIP Reauthorization”: At a June 17th Senate Banking Committee hearing on reauthorization of the National Flood Insurance Program, Sen. Warren (D-MA) queried whether mortgage lenders could do

more to support the NFIP. Sen. Warren is hopeful that more homeowners will get flood insurance thereby improving the NFIP finances. Warren's staff does not, however, have a specific proposal as of yet.



Communicating Concerns about FHA's Loss Mitigation Changes

FHA has recently published two mortgagee letters that significantly complicate and restrict the loss mitigation options FHA servicers can offer borrowers coming out of forbearance:

- On June 25th, [Mortgage Letter 2021-15](#) extended the foreclosure and eviction moratorium and created a new, standalone Advance Loan Modification (ALM) concept.
- On July 23rd, [Mortgage letter 2021-18](#) established specific COVID-19 loss mitigation options.

HPC and the Mortgage Bankers Association (MBA) submitted a joint letter to FHA in mid-July outlining servicer's concerns with the implementation challenges posed by the new technical requirements in ML-2021-15, specifically requesting that FHA remove a conflicting June 25th eligibility date; As of August 2nd, we understand that FHA is in the process of issuing a waiver that will resolve this conflict. We also requested that FHA clarify that borrowers can verbally decline the ALM without reviewing ALM-related documents. The COVID-19 working group is continuing to review 2021-18 and work with FHA leadership to raise and attempt to resolve servicer questions and concerns.

[Read July 23rd Letter](#)

Developing Best Practices to help states distribute Homeowner Assistance dollars

Since May, HPC has convened a weekly meeting among representatives from the US Treasury Department, the National Council of State Housing Agencies (NCSHA), and state housing finance agency representatives to discuss ways to accelerate the distribution of Homeowner Assistance Fund (HAF) money. In late July, HPC and NCSHA wrote to US Treasury Secretary Janet Yellen asking that Treasury incorporate three documents developed by the working group in their guidance to HAF's state program administrators:

- The Common Data File
- The Program-Administrator-Servicer Cooperation Agreement
- The Third-Party Authorization for the program

The letter also urged Treasury to publish the long-awaited HAF program guidance as soon as possible to help states prepare for HAF's imminent launch. The guidance was issued on August 2nd.

[Read July 27th Letter](#)

Supporting federal legislation to address legacy LIBOR issues

Federal legislation to address "tough legacy" issues for contracts based on LIBOR, as LIBOR shifts out of use in June 2023, has continued to progress in the House of Representatives. In April, HPC joined in penning a [joint trade letter](#) to leadership on the House Financial Services Committee in support of draft legislation by Representative Brad Sherman (D-CA) that was subsequently titled the [Adjustable Interest Rate \(LIBOR\) Act](#), or H.R. 4616. In July, HPC signed on to a second joint trade letter in support of the Act, prior to the bill's passing out of the Committee and moving on to the floor of the House of representatives, where another vote is expected shortly.

[Read July 27th Letter](#)



Sharing industry experiences with pandemic mortgage relief

On July 26th, HPC EVP Meg Burns participated in a panel discussion hosted by the Bipartisan Policy Center: **Is Pandemic Mortgage Relief Helping Homeowners**. Meg discussed lessons learned from the pandemic, the new changes to FHA, VA, and USDA's loss mitigation programs, and the industry's efforts to support the HAF.

[Watch Webinar Here](#)



Below you will find a topline summary of the work of HPC's working groups in July. Email workinggroups@housingpolicycouncil.org for more information or to be added/removed from a group.

The **COVID Response working group** continued to meet twice a week in July to discuss pending and final actions by federal regulators to support borrowers coming out of

The **Servicemember Affairs working group** met once in July to share insight gathered from a conversation with staff from the Department of Defense [Defense Manpower Data](#)

forbearance, and to identify questions and concerns for HPC staff to take back to conversations with key regulators on their activities. The issues discussed included FHA, VA, and USDA changes to the COVID loss mitigation programs, clarifications regarding Mortgage Letters 2021-15 and 2021-18, the CFPB's final Regulation X rule changes related to COVID-19, the GSEs enhancements to Flex Mods, changes to the FHA handbook, and the CFPB's efforts to provide information to borrowers with limited English proficiency. This working group set the direction and tone for [the July letter sent to FHA](#) seeking clarification and expressing concerns with recent loss mitigation changes. HPC also convened a meeting between servicers and top Biden administration officials to seek clarity on several loss mitigation issues.

The **Homeowner Assistance Fund (HAF) Collaborative**, convened by HPC, is comprised of state housing finance agency representatives, HPC members, representatives from the National Council of State Housing Finance Agencies (NCSHA), and officials from the interagency government task force, most notably Treasury Department representatives. The Collaborative continued to meet weekly in July and expanded its ranks to include reverse mortgage lenders and their trade association. At the request of the states participating in the calls,

[Center](#) regarding the best approach for supporting the development of a Direct Connect program for complying with the Servicemember Civil Relief Act (SCRA.) The WG concluded that building support for the Direct Connect idea with Congress would be helpful and is finalizing talking points for use in HPC meetings on the Hill.

The **Digital Verification of Income and Assets working group** met twice in July to discuss an overall strategy for enabling digitally verified loans in private label securitizations and to review a draft net income matrix. The WG agreed that their first priority is to develop a consensus on a common framework for obtaining net income for deposits and then begin reviewing and refining the net income matrix, which is a list of income types that attempts to assess the predictability and "gross-up" impact of each type. The WG will pursue a two-pronged strategy: develop a set of standards for determining net income from deposits and then working with policymakers to put a program in place. HPC has also reached out to collaborate with the Structured Finance Association.

The **Reg X working group** convened in July to discuss issues around implementing the temporary changes to the regulation, finalized by the CFPB in late June. The new regulation establishes temporary

HPC will invite FHA, VA, and USDA representatives to speak on a future call to walk the states through the loss mitigation changes underway in those three agencies. The Collaborative, and its Common Data File subcommittee, finalized the three documents discussed above that can serve as standardized best practices throughout the states. This group motivated development of the letter sent to Treasury recommending that these documents be included in Treasury guidance to the states.

The **Ginnie Mae Working Group** met in July to discuss a variety of issues, including collateral management requirements, securitization platform enhancements, and servicing and investor accounting requirement updates.

A **Ginnie Mae RFI-response working group** was established in July after Ginnie Mae released its Request for Input on the Eligibility Requirements for Single Family MBS Issuers on Friday, July 12th. The WG is focused on putting together a response to the RFI by the August 9th due date.

The **Foreclosure working group** met twice in July to discuss the FHA conveyance process. Noting FHA Commissioner nominee Julia Gordon's deep commitment to improving the FHA conveyance process, this WG is now focused on

special COVID-19 procedural safeguards that must be met before servicers can begin foreclosure proceedings before the end of 2021. Topics discussed included how to proceed with confidence under the three safeguards, how to define "abandoned" for purposes of the rule, how servicers are proceeding in places where judges want them to move forward with foreclosure, and how to implement the live contact requirement in the current circumstances. The group agreed to convene a regular forum to discuss these and many other implementation issues.

The **Appraisal working group** and the **Disparate Impact working group** co-sponsored a July 12th webinar as the last part of presentations in our [Impact of Racial Inequities on Black Homeownership series](#). The [July event](#) featured three valuation experts: CoreLogic's Ann Regan, Better.com's Jillian White, and JPMorgan Chase's Dan Hofacker. Having now heard from advocates, researchers, and practitioners, these WGs will convene in September to discuss next steps and potential policy solutions.

developing constructive feedback for her once she takes office. We have heard that her nomination hearing is currently scheduled for August 5th. The WG is reviewing and prioritizing a list of policy recommendations focused on conveyance avoidance policies as well as improving the conveyance process.



This month's Executive Spotlight focuses on Bill Emerson, the Vice Chairman of Rock Holdings, Inc., the majority owner of Rocket Mortgage and Quicken Loans.



Innovation and an end-to-end home purchase experience key to Rocket's success

Bill Emerson shares his thoughts on the opportunities ahead for Rocket Mortgage, lessons learned about being proactive and innovative during the pandemic, the need for appraisal modernization and fully digital mortgage solutions, and the value proposition HPC brings to its members.



[Read More](#)



July 26, 2021, American Banker: [Don't let Supreme Court's ruling turn FHFA into a political agency](#). HPC's President Ed DeMarco reminds readers that FHFA's core role is to regulate safety and soundness to support market stability.

July 26, 2021, American Banker: [Non-bank lenders balk at Ginnie Mae capital plan](#). HPC's VP for Capital Markets, Angel Hernandez, explains the need for Ginnie to work with the industry to avoid implementing a rule that will affect the value of mortgage-servicing rights.

July 16, 2021, Washington Post: [Free Fannie – and Freddie, Too](#). HPC President Ed DeMarco responds to the Washington Post's Editorial Board opinion, reminding readers that legislative action is needed to complete housing finance reform.

July 8, 2021, American Banker: [7 candidates to lead Fannie and Freddie's regulator](#). Article names HPC EVP Meg Burns as a potential FHFA head.

Please send us your feedback.

Please email HPC's SVP for Public Affairs, Sheryl Pardo, 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.

Please email newsletter@housingpolicycouncil.org to add a colleague's email to our list of newsletter subscribers.

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