



Welcome to the June edition of the HPC Bulletin.

In this month's newsletter you'll find: [Ed's Insights](#), [Policy Pulse](#) and [HPC in the News](#).



Late Monday, HPC learned the devastating news that CoreLogic's Chief Economist, Frank Nothaft, had suddenly passed away. Frank was an outstanding economist but also a genuinely warm and wonderful person. For more than two decades, he shared his expertise and friendship with me and, I suspect, many of you as well. HPC has issued a short statement expressing our deep sorrow for the loss of such a respected and cherished member of our community.

[Read HPC's Statement in Memory of Dr. Frank Nothaft](#)

I write from my desk in our new offices at 1220 19th Street NW in Washington, DC. We're still located conveniently in downtown DC, a short walk from either the Dupont Circle or Farragut North Metro station. Our emails and phone numbers remain unchanged.

We're in our own suite on the 7th floor but on



our floor, we also have direct access to a conference center that includes a kitchen, a public lounge area, and a small library.



Our new headquarters is close to many coffee shops, high-end restaurants like [The Palm](#) and [Ristorante i Ricchi](#) and several quick bite favorites including Sweetgreen, Panera and Chick-fil-A.

We hope you'll think of 1220 19th Street as your second office when you are in DC. We have a quiet workspace reserved for visiting members. Please stop by to meet with a member of our staff or to settle down for a few hours between meetings to take calls or simply relax.

We'll be hosting our closing reception here at the end of our annual meeting on Thursday, June 23rd. I hope to give many of you a tour of our new home at that time.

Ed



FHA's 40-Year Loan Modification

In May, HPC's COVID working group collaborated with four advocacy groups - Americans for Financial Reform, the Center for Responsible Lending, the National Community Stabilization Trust, and the National Consumer Law Center - to submit a comment letter asking for further changes to Mortgagee letter 2022-07 which provides details about the 40-year product. The comment letter notes the increased need for the term extension, given the spike in mortgage rates, but asks for additional changes to provide borrower relief. Specifically, the letter asks for four changes:

1. Reduce or waive the annual MIP to help borrowers reach the 25 percent principal and interest reduction;

2. Increase the partial claim amount available to 30 percent of UPB at default if needed for principal deferral to reach the target payment;
3. Provide a more flexible and effective way to deliver more than 25 percent P&I reduction to borrowers who need it; and
4. Clarify that servicers may, after modifying a loan, accept HAF funds as a curtailment and recast the loan.

HPC staff remain in regular conversation with FHA staff and consumer advocates about these suggestions.

[Read the Joint Letter to FHA on the 40-Year Mod](#)

Legislation: FHFA Oversight of GSE Third-Party Vendors

The *Strengthening Cybersecurity for the Financial Sector Act*, H.R. 7022, recently marked up by the House Financial Services Committee, would give FHFA the same regulatory and examination authority over GSE service providers that bank regulators have over banks. Of note, bank regulatory authority is limited to companies providing a service to a bank that a bank itself could otherwise perform but has chosen to obtain from a third party. The Bank Service Company Act enumerates the list of covered servicers, which are traditional banking activities, such as “check and deposit sorting and posting” and “preparation and mailing of checks.” In keeping with that structure, HPC recommended that the bill define the term “activity” to be clear that it is limited in this same manner for FHFA oversight of GSE vendors. Some fear that FHFA wants powers well beyond the language in the bill itself and wants authority over counterparties such as mortgage servicers, as well as the service providers mentioned in the bill. In addition, despite the title, the bill text fails to include any reference to cybersecurity. HPC wrote a letter pointing out both of these issues to the Chairwoman and Ranking Member of the Committee, suggesting language that would clarify the concern with counterparty regulation. On May 18th, the bill passed out of committee but on a party line vote of 24-22.

[Read HPC's May 17 Letter](#)

FHA's Servicing Defect Taxonomy

HPC is continuing to work with industry associations and consumer advocates to provide FHA with useful and substantive input to support development of a more detailed, transparent, and effective servicing defect taxonomy than the one proposed in October 2021. We submitted

comment letters in January, spoke with FHA staff several times after those letters were submitted, and participated in an invitation-only listening session in March. Most recently, HPC and members of the HPC FHA working group developed a strawman for discussion with FHA and the consumer advocacy community. The strawman provides the level of detail missing in the proposed draft. We have shared the draft taxonomy with FHA and the advocacy community and will use it as a baseline as our conversations continue. Our goal is a taxonomy that increases transparency and clarity about FHA's interpretation and enforcement of the servicing rules to reduce the risks associated with noncompliance and provide confidence to servicers who participate in FHA programs.

[Read the Defect Taxonomy Discussion Strawman](#)

Ginnie Mae Engagement

After our meeting with President Alanna McCargo and her team in April, HPC staff have continued their regular conversations with Ginnie Mae staff on a range of issues including: issuer standards and our ask for standards that are aligned with the GSEs', appropriately calibrated to address counterparty risk, and consistent across regulatory frameworks; technology modernization; Ginnie Mae's interest in expanded CDFI engagement; and the agency's interest in qualifying Ginnie Mae securities for ESG designation. Ginnie Mae staff report that a decision regarding our November 2021 request to eliminate the temporary pooling restrictions for re-performing loans will be made before the end of the year. Finally, HPC is drafting a letter to Senate and House appropriators recommending funding for the resources needed to support Ginnie Mae's needed technology upgrades.

Revising the GSE Credit Score Models

As FHFA Director Sandra Thompson continues to consider if and how to transition to a new credit score model or models for the GSEs, HPC joined with six major industry trades to submit a joint letter focused on successful implementation of whatever framework FHFA ultimately chooses. The letter highlights the importance of a substantial transition period and plan of action, as well as access to data and analytics. The letter requests that, after FHFA announces the results of its review and approval process, it also:

- Provides market participants with an opportunity to review the data FHFA has been analyzing on how the various models under consideration perform in different scenarios;
- Develops a detailed transition plan that includes ongoing opportunities for stakeholder feedback; and
- Provides ample time for all stakeholders to transition to the new models.

[Read the Joint Trade Letter on GSE Credit Score Models](#)

New York's Foreclosure Abuse Prevention Act

As of this writing, New York's Foreclosure Abuse Prevention Act (FAPA) awaits only the signature of Governor Kathy Hochul before becoming law, although vigorous lobbying continues. FAPA seeks to overturn the holding of the 2021 *Freedom Mortgage Corporation vs. Engel* decision giving a lender in New York six years to initiate a foreclosure action. HPC joined with four other trade associations to send a letter to New York Governor Kathy Hochul urging her to engage in further conversation and study before signing FAPA, which will impose severe restraints on lending in New York.

[Read the Joint Trade Letter Regarding FAPA](#)

There's Still Time to Register for HPC's June 22-23 Annual Meeting

HPC's Annual Meeting brings together the senior leaders of our 32 member companies to connect with each other and hear from leading regulators, legislators, researchers, pundits, and economists. Member company executives and senior staff can register [here](#) to attend in person or contact Chris Monaco at chris.monaco@housingpolicycouncil.org to find out if your company has purchased a corporate virtual pass which will allow you to watch the main stage and panel discussions from your own office. Our CEO panel this year will feature [Jay Bray](#), Chairman and CEO of Mr. Cooper, [Bill Emerson](#), Vice Chairman of Rock Holdings, and [Kristy Fercho](#), Head of Home Lending at Wells Fargo. In addition to hearing from [Professor Larry Sabato](#) at our opening dinner and Washington Post columnist [David Ignatius](#) at our luncheon, you'll hear from these and other speakers during the day-long policy conference. We'll finish the day off with a fun Jeopardy game about the lessons learned from two years of COVID servicing calls and a closing reception at HPC's new offices. The \$950 registration fee covers the reception and dinner on Wednesday and all events on Thursday. We are extremely grateful to the following sponsors who have allowed us to put together such a robust program: Citizens, Wells, CoreLogic, Radian, KPMG, Stavvy

 **Citizens**



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Stavvy





- [Industry supports FHA's 40-year loan term option — with caveats](#), HousingWire, Maria Volkova, June 6, 2022
- [GSEs still shun the low end of manufactured housing](#), HousingWire+, Georgia Kromrei, May 25, 2022
- [Stakeholders Seeks Transparency on New Credit Score Model](#), Inside Mortgage Finance, Dennis Hollier, May 20, 2022
- [FHA Commissioner Julia Gordon gets to work](#), HousingWire+, Maria Volkova, May 17, 2022
- [Servicers Seek Clarity on P&P Reimbursement Rules](#), Inside Mortgage Finance, Monica Hogan, May 13, 2022
- [FHA/VA Servicers Urged to Pause HAF-Related Foreclosures](#), Inside Mortgage Finance, Monica Hogan, May 12, 2022

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