



Welcome to the June edition of the HPC Bulletin.

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



**Rohit Chopra at his March 12th Senate Banking Committee nomination hearing.*

Intensified Focus on CFPB, FHFA

With key positions at HUD, Ginnie Mae, Treasury and the OCC still unfilled, much of the regulatory action in housing finance is focused on the CFPB and FHFA.

CFPB remains under the leadership of an Acting Director. While the Senate Banking Committee on March 12th approved Rohit Chopra's nomination as the Director on a 12-12 party-line vote, his nomination has yet to come before the full Senate. While most analysts anticipate that he will be confirmed (even if it requires the Vice President to cast the deciding vote), Chopra's confirmation has been delayed due to his current position as a member of the Federal Trade Commission (FTC). Chopra's departure would leave the FTC down two commissioners, with Republicans holding two of the three occupied seats. Thus, Chopra's Senate confirmation may await the confirmation of an FTC nominee.

For FHFA, the Supreme Court watch intensifies. By the end of the Court's term (likely late June or early July), the Court will rule in the [Collins case](#) regarding the removability of the FHFA Director. While most analysts anticipate the same outcome as last year's ruling involving the CFPB, nothing is guaranteed. Assuming the Court does rule that the President may remove the Director, it is likely that Director Mark Calabria will be dismissed, and an Acting Director named in his place until a nomination is made and successfully travels the arduous Senate confirmation path.

In the meantime, Director Calabria continues to push forward on his agenda. Recent actions include:

- Finalization of a [rule on living wills](#) whereby FHFA makes clear any post-conservatorship failure of a GSE will be funded by imposing losses on debt and MBS holders;
- Publication of a [report analyzing credit risk transfers](#) that makes a curious conclusion about the cost-benefit of the program based on how few losses have actually occurred. Further, the report ignores the benefits of distributing credit risk to an array of private capital interests;
- Announcement of a [new refinance option for lower-income families](#) that appears to be limited in its scope; and
- Release of an expansive [data set and research paper](#) analyzing mortgage credit risk over the past 25 years.

We anticipate additional FHFA activity in the next few weeks, including:

- Finalizing the new product / new activity rule, which may include a final decision on the Mortgage Risk Transfer and other pilots already underway;
- Publication of a proposed set of capital and liquidity requirements for nonbank servicers; and
- Finalizing a liquidity rule for the GSEs.

FHFA's work on appraisals and climate change is ongoing but the timeline for next steps is less certain.

Edward J. DeMarco



Weighing in on the CFPB's proposed (and minimally helpful) Reg. X changes

HPC and the Bank Policy Institute submitted a [comment letter](#) to the Consumer Financial Protection Bureau regarding the [CFPB's proposed changes](#) to Regulation X, noting that, although a comprehensive rulemaking is warranted to help Regulation X better address disasters and emergencies, the current proposal to further prohibit foreclosures will have limited benefit. HPC, nonetheless, offered suggestions for improving the current rulemaking, should it move forward.

Supporting Remote Online Notarization Legislation

The [Securing and Enabling Commerce Using Remote and Electronic Notarization Act](#), recently reintroduced in the Senate, would establish minimum nationwide standards for RON transactions, including the use of tamper-evident seals, multifactor authentication and notarial act recording and retention. The Act would also provide more certainty about the interstate treatment of RON transactions, and thereby, promote overall adoption. HPC co-signed, with 37 other trade associations and companies, a [letter](#) to the bill's two co-sponsors, senators Mark Warner (D-VA) and Kevin Cramer (R-ND), supporting the legislation. Similar legislation has not yet been introduced in the House during the 117th Congress.

Supporting the OCC's pullback on Community Reinvestment Act regulations

In early May HPC co-signed, with ten other trade associations, a [letter](#) to Acting Comptroller of the Currency, Blake Paulson, requesting the formal withdrawal or delay of the June 2020 Community Reinvestment Act rule. On May 19th,

HPC then [joined the voices](#) applauding the OCC's [decision](#) to reconsider the June 2020 rule and, accordingly, delay implementation activities.

Understanding how Racial Inequities affect Black Homeownership

Our [series](#) of presentations and discussions that brings experts and HPC members together to consider how to address racial disparities in homeownership continues on June 3rd. Two researchers, [Michael Neal](#) from the Urban Institute and [Junia Howell](#) from Boston University, will share their work on how automated valuation models and appraisals can disproportionately affect majority Black neighborhoods.



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

The **COVID Response working group** met 10 times in May to finalize the [Reg X comment letter](#), and develop consolidated feedback on servicers issues related to the Homeowner Assistance Fund, FHA forbearance and loss mitigation programs. The WG also prepared for and conducted three separate meetings with groups of government regulators. In the first meeting with the Interagency Working Group on Post-Forbearance Loss Mitigation, HPC member companies answered questions and shared concerns about specific government actions that impede servicers' ability to support homeowners exiting forbearance with representatives from nine government agencies. A second meeting with Treasury officials administering HAF followed, resulting in the formation of the HAF collaborative discussed below.

The new **Homeowner Assistance Fund Collaborative**: After several conversations with federal regulators in May, the COVID Response working group determined that an integrated working group could help the federal and state entities implementing the \$10 billion

The **Servicemember Affairs working group** met twice in May. The first meeting included participation from key staff of the CFPB's Office of Service Members Affairs to learn more about the bureau's current activities, which focus on educating service members and their families about their protections under the Servicemembers Civil Relief Act (SCRA) and the Military Lending Act (MLA.) The second meeting continued the conversation about the challenges of working with the [Defense Manpower Data Center](#) and reviewed the recent activities and next steps needed to explore an initiative to establish a direct connection for mortgage lenders to verify a borrower's active duty military status.

The **Remote Online Notarization (RON) working group** met in May to discuss the status of the SECURE Notarization Act, which HPC is [supporting in the Senate](#), and to continue to identify and build consensus on additional objectives, including, revisions to the GSE Remote Ink-signed notarization (RIN) guidelines, the GSE requirements related to video recording of RON transactions and Ginnie Mae's restrictions on hybrid transactions.

The **LIBOR Working Group** conducted individual HPC member meetings to identify support or concerns relating to the federal legislation

[Homeowner Assistance Fund](#) better understand the operational realities facing servicers. HPC assembled a working group that included the [National Council of State Housing Agencies](#), select state representatives, U.S. Treasury officials and HPC members for an initial meeting at the end of May. The schedule for collaborative meetings is yet to be determined but is likely to occur twice weekly for the foreseeable future as the states prepare to meet a June 30th deadline for delivering their HAF plans to the US Treasury.

The **QM working group** kicked off its May meeting with a short Q&A guidance session with CFPB staffers related to calculating odd day interest on short reset ARMs. After the session, HPC members shared their different approaches to managing operations under the current two-QM rule regime, noting a few areas where the GSEs have failed to provide clarity about what loans they will accept. WG members also agreed to reach out and explore collaborating with other trades to support the private label securities market in this new era.

The **Foreclosure working group** met twice in May to discuss a variety of operational questions and concerns created by the ongoing surge in forbearance exits combined with the continuing lack of clarity created by the CFPB's pending decision on its proposed Regulation X changes. HPC is seeking to collaborate with foreclosure attorney trade associations and continues to speak regularly with FHFA staff to pursue HPC member concerns.

introduced in the House of Representatives. HPC staff has remained engaged with the joint trade group coalition supporting this effort, including meeting with and educating Congressional staff on the issue.

The **Ginnie Mae Working Group** has re-launched and will hold its first meeting June 1st. The initiative's purpose is to re-engage with Ginnie Mae about the execution of its policy and modernization strategic roadmap. It will focus on identifying and implementing a support, resource and influence strategy to: enable loan level transactions, including post-securitization loan level transfers; assess benefits of alignment with UMBS/CSS processes; expand scope of the Digital Collateral Program and acceptability of RON; and assess recommendations to loan and pool certification requirements.

We're rolling out a new way to get to know your fellow HPC members by spotlighting different HPC company executives each month and asking for their thoughts on issues you won't read about anywhere else. This month, we've asked Tom Wind, the Executive Vice President for Consumer Lending at U.S. Bank and HPC Chairman, to tell us about the challenges he is wrestling with as he prepares to return to normal business operations and how he sees the value proposition HPC brings to its members.



**As a new normal emerges,
U.S. Bank's Tom Wind
focuses on flexibility,
transparency and HPC's
value**

EVP Tom Wind reflects on the remarkable teamwork he saw across the industry and his own bank that allowed a quick and effective transition to remote work in 2020, amidst an historic surge in originations and forbearances. He is confident that this adaptability and resilience will continue during the next transition. Tom also shares his thoughts on the value proposition of HPC membership: *Knowing the impact HPC has made on so many pivotal issues, the answer to "why do we need to join another trade association?" is crystal clear. No other housing finance association can match the intimacy, accessibility and clarity of voice represented by HPC.*



[Read More](#)



- [Confusion over CFPB underwriting rule persists](#) - American Banker
 - [GSE risk management strategy shows resilience after a tough year](#) - National Mortgage News
 - [Trade groups call on OCC to withdraw CRA rule](#) - American Banker
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