

PROPOSED SOLUTIONS

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Fixing FHA

- Employ the loan file defects taxonomy, clarify related remedies, especially regarding False Claims Act liability, and connect it to the certification of compliance.
- Unify the FHA foreclosure timelines to streamline the process and reduce servicing costs.
- Increase flexibility in the FHA conveyance process and build a direct FHA conveyance process within HUD.
- Fund modernization of FHA technology by instituting targeted fees, allowing FHA discretion to spend generated revenue, and/or through multi-year Congressional appropriations.

Regulatory/Legislative Fixes

- Revamp QM to still curtail lending abuses but to also responsibly expand credit access
- Make it safer for lenders to operate outside the QM space to generate safe, affordable, sustainable loans and with appropriate regulatory oversight.
- Enhance competition among credit scoring entities to increase scoring innovations and the use of credit scoring systems that include rental housing payment information and other viable forms of non-traditional credit.
- Rethink DTI restrictions to allow more borrowers to access credit.
- Make new Fintech and nonbank entities subject to the CRA.
- Institute policies to ensure that non-performing loans are disposed of in a way that preserves homeownership.

Research Priorities

- Use AI-machine learning to open the credit box.
- Conduct research on how rental housing payment information impacts loan performance.
- Conduct further analysis on DTI research to understand what other factors impact loan performance.

Primary & Secondary Housing Finance

- Reform the compensation system for loan servicers to increase incentives for preserving homeownership.
- Identify ways to scale high-touch, new products administered by CDFIs and other mission-driven lenders.
- Develop products that better serve consumers in growing demographics.
- Adjust approaches to underwriting to account for variability in income streams and non-traditional incomes.
- Review Loan Level Pricing Adjustments to responsibly expand access to credit, particularly for underserved groups.

#FHAct50

Mortgage Insurance Fixes

- Accept borrowers who use non-traditional credit
- Develop mechanisms for providing mortgage insurance coverage for borrowers with lower valued homes

Additional Fixes

- Develop the affordable housing inventory, especially in markets going through gentrification.
- Develop and launch the Borrowers Mutual Insurance Fund.
- Educate younger people and underserved groups about mainstream lending products.
- Make better use of smartphone and other technology for servicers to communicate with borrowers.
- Local leaders in gentrifying cities should use bonding authority and letters of credit for low- and moderate-income families to ensure affordable homeownership.
- Identify strategies to enable potential owner-occupants to compete with big investors buying assets at a large-scale and converting homes to rental.
- Further develop LEP services to allow non-English speakers to better access credit.
- Provide tangible support to housing counseling industry in recognition of the value they provide in the loan origination process.