



FedFin Daily Briefing

Wednesday, August 5, 2020

Democrats Demand a Fed Racial-Equity Mandate

Following calls in recent Biden [campaign statements](#), HFSC Chairwoman Waters (D-CA) has led the way in introducing House and Senate legislation to add a racial-equity reporting mandate to the Fed's charter. We will shortly provide clients with an in-depth assessment of the measure, but the bill – H.R. 7946 in the House – does not appear to do more than the campaign statements – i.e., it does not add an affirmative action mandate but rather requires certain reports and documentation of Fed action within the dual mandate to address them. As previously [noted](#), the Fed in fact now has a triple mandate related to full employment, price stability, and “moderate” interest rates. These could be read and indeed appear intended in 1978 law to include consideration of racial equity, but this legislation would demand a far higher profile for Fed data and policy implications than ever before. We would expect this bill to be adopted in the House before the election; while not on its face controversial, interpretations of it as a new, targeted mandate combined with election policies preclude Senate action.

Recent Files Available for Downloading

The following reports and analyses have been sent to retainer clients recently. Copies are also available to retainer clients on the Archives section of Federal Financial Analytics' website: www.fedfin.com or clients may obtain the reports/analyses by e-mailing requests@fedfin.com giving the requested item name, firm, and e-mail address. To learn more about GSE Activity Reports, click: http://www.fedfin.com/index.php?option=com_content&view=article&id=18&Itemid=18

- [GSE-080420](#): Earlier today, we [released](#) an in-depth assessment of a little-noticed, but ground-breaking statement [released](#) late yesterday by the Federal Financial Institutions Examination Council (FFIEC).
- [COVID12](#): The four federal financial regulators along with the CFPB and a state-regulatory representative that comprise the FFIEC have issued new principles designed to guide banking organizations and other lenders through the challenges as forbearance deadlines loom across the spectrum of consumer and commercial loans for financial institutions large and small at a time of fiscal-policy uncertainty.
- [GSE-073120](#): When we looked at the [GSEs 1Q earnings](#), we asked if it was “curtains for CRT.” The question came then because of the sudden rout in CRT counterparties caused by March's market madness.
- [FAIRLEND7](#): The Bureau of Consumer Financial Protection has opened a sweeping inquiry into how credit discrimination occurs and could be averted, seeking comments and suggestions without indicating any possible policy responses
- [CONSUMER35](#): As in yesterday's Senate Banking hearing ([see Client Report CONSUMER34](#)), today's marathon HFSC session with CFPB Director Kraninger was

highly contentious.

- **[GSE-073020](#)**: Fannie Mae's and Freddie Mac's 2Q earnings statements reveal for the first time that FHFA on June 17 imposed a new liquidity regime akin in some respects to the banking agencies' LCR and never-finalized NSFR along with various other liquidity and resiliency standards for GSIBs.
- **[CONSUMER34](#)**: As expected, Democrats led by Ranking Member Brown (D-OH) sharply criticized CFPB Director Kraninger at the contentious Senate Banking hearing, citing a lack of enforcement actions and pandemic measures on [credit reporting](#) and mortgage forbearance.
- **[GSE-072720](#)**: In recent in-depth analyses, we assessed the OCC's new valid-when-made doctrine and its latest proposal to define who is deemed a "true lender."
- **[PREEMPT34](#)**: As promised by Acting Comptroller Brooks, the OCC has quickly followed up its controversial valid-when-made rule with a proposal defining "true lender" to facilitate the partnerships between banking organizations and other financial companies sometimes called "rent-a-bank" charters.
- **[GREEN3](#)**: Building on its 2017 [climate-change disclosure work](#), the FSB issued what it describes as a "stocktake" – i.e., a survey combined with next steps – in this increasingly critical area.
- **[GSE-071720](#)**: A new Federal Reserve Bank of New York staff paper sheds timely light on the impact of foreclosure-mitigation efforts on long-term housing markets and household wealth.
- **[SBA39](#)**: In this report, we assess the financial policy implications of the wide-ranging House Small Business Committee hearing with Treasury Secretary Mnuchin and SBA Administrator Carranza.
- **[MORTGAGE117](#)**: In this report, we assess the HFSC Oversight and Investigations Subcommittee hearing on mortgage servicing.