



FedFin Daily Briefing

Friday, August 14, 2020

Brown Joins White House Condemning GSE Refi Fees

Following the [GSEs' decision](#) yesterday to add a new fee on refinanced mortgages, Senate Banking Ranking Member Brown (D-OH) has joined the [White House](#) in a most unusual coalition opposing this action. In a scathing [statement](#), Sen. Brown argues that both the GSEs and FHFA should prioritize the housing-market and support borrowers, insisting that they are “doing just the opposite.” We do not believe the White House statement will lead to serious GOP challenges to the GSEs’ actions, but it could increase Republican support for any House initiatives to do so. With Congress in recess and the fees set to go into effect on September 1, statutory action is unlikely, but mounting political pressure could have some impact despite FHFA’s political independence and the GSEs’ conservatorship status.

Banking Dems Demand Investigation into OCC Redlining Enforcement

Sens. Warren (D-MA), Brown (D-OH) and Cortez Masto (D-NV) late [yesterday](#) asked Treasury’s acting inspector general to investigate allegations that senior OCC officials shelved investigations into discrimination and redlining and analyze the OCC’s processes and procedures for conducting fair lending investigations. Senators also ask that the OIG investigate whether OCC staff are subject to political interference, the extent to which OCC leadership engages with staff, and whether the agency uses its enforcement authorities in the fair lending arena. The request does not include a deadline, but joins HSFC Chairwoman Waters (D-CA) and senior House Democrats in an [OCC denunciation](#) sure to surface when Acting Comptroller Brooks comes before Congress in the fall.

FSB Presses Continuity Disclosures from CCPs, Other Financial Infrastructure

Seeking to eliminate duplicative information gathering, the FSB [today](#) published a voluntary questionnaire providing a common template for financial market infrastructures (FMIs) to relay baseline information on continuity when users are approaching or in resolution. Applicable to payment systems, central securities depositories, securities settlement systems, and central counterparties, questions cover FMI legal structure; rulebook/contract termination provisions; actions the FMI will take prior to resolution during signs of distress and in resolution; and processes for resolution continuity. FMIs are encouraged to complete the questionnaire and to publish responses so that firms using an FMI’s services and their resolution authorities enhance resolution planning. The FSB will review the value of questionnaire after one year in consultation with FMIs, users, and supervisors.

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

- **[PAYMENT20](#)**: Following a request for views in late 2019, the Federal Reserve has largely finalized its plans for FedNow, initiating a Fed-owned and -operated instant-payment service for domestic transactions.
- **[GSE081320](#)**: The GSEs' decision last night to charge a 50 bps refi fee epitomizes the impact of capital regulation:
- **[FEDERALRESERVE58](#)**: Senior Democrats in both the House and Senate have introduced legislation that turns a general call for a "racial-equity mandate" in campaign statements by Vice President Biden into an express directive to conduct monetary, regulatory, payment system, and other policy to reduce racial and ethnic economic disparities.
- **[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.

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- **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."