



FedFin Daily Briefing

Wednesday, March 10, 2021

Waters Calls on FSOC to Block SLR Relief

[Joining Chairman Brown \(D-OH\) and Sen. Warren \(D-MA\)](#), HFSC Chairwoman Waters (D-CA) [late yesterday](#) urged federal banking regulators not to extend temporary SLR relief ([see FSM Report LEVERAGE23](#)) or lower other large-bank capital requirements. She says that, if capital requirements are of concern, regulators should suspend bank dividend payments. However, if the agencies do consider extending additional relief for large banks, then Rep. Waters says they should consult with Treasury Secretary Yellen in her capacity as FSOC Chair, with FSOC told to use its authority to review prior deregulatory actions to ensure prudential standards mitigate systemic risks.

HFSC Starts Work on Mortgage, Consumer Relief

Ahead of its hearing tomorrow on additional pandemic relief, HFSC has released several legislative proposals. New proposals to be debated include Rep. Vargas' (D-CA) H.R. 618, which would prevent the GSEs and FHA from imposing additional restrictions or costs on borrowers who have asked about or received forbearance. This bill is aimed at the controversial policy of significant costs associated with [originated loans that enter forbearance](#). HFSC will again take up several previously considered bills ([see FSM Report RESCUE73](#)), which passed the House in the last Congress but never received a vote in the Senate and remain unlikely to become law. These include measures to provide temporary debt collection moratoria and grant access to Fed loans during the pandemic, suspend negative credit reporting, provide student-debt relief, and extend the CARES Act's foreclosure and forbearance protections.

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 info@fedfin.com giving the requested item name, firm, and e-mail address. To learn more about *GSE Activity Reports*, click [here](#).

- **[REFORM202](#)**: At a wide-ranging hearing, HFSC today launched its inquiry into racial equity in the financial system. Democrats offered a sweeping array of solutions, with witnesses alleging discrimination in lending and the failure of the banking system for people of color.
- **[GSE-031021](#)**: As previously [noted](#), the CFPB has decided to restore the DTI-based QM along with the patch without withdrawing its price-based QM or the seasoning rule, essentially allowing mortgage lenders to do pretty much anything and sell as much of their volume as Fannie and Freddie will bear.
- **[INVESTRO16](#)**: While Senate Banking's GameStop hearing today continued many of the partisan battles fought when HFSC held its [first hearing](#) on the matter, at least one area of consensus emerged today: the need to decrease settlement times.
- **[REFORM201](#)**: Although today's Senate Banking hearing on Wall Street's role was poorly attended, it nonetheless captures the theme Chairman Brown (D-OH) intends to guide his work this Congressional session: "Wall Street" incentives adversely affect equity, equality, economic growth, and social welfare and thus require structural, sweeping reform.

- **[INVESTOR15](#)**: The Senate Banking Committee today took up two of the more contentious nominations so far to come its way: those for Gary Gensler to chair the Securities and Exchange Commission and for Rohit Chopra to head the CFPB.
- **[GSE-030221](#)**: Critics of FHFA policy are finding still more affordable-housing ammunition to add to their anti-PSPA armament.
- **[GSE-022521](#)**: In a [new paper](#), Lew Ranieri, who needs no introduction, and Mike Calhoun of the Center for Responsible Lending float an important new idea along the way to turning the GSEs into the [utilities](#) presaged by actions under the Trump Administration to recast the conservatorship.
- **[FEDERALRESERVE61](#)**: At today's HFSC hearing, Chairman Powell not only delivered the same testimony, but faced many of the same questions to which he provided the same answers. He would not, for example, commit to ending the SLR exemption ([see FSM Report LEVERAGE23](#)) or to condition any continuing exemption on capital-distribution restrictions.
- **[GSE-022421](#)**: As anticipated in an earlier FedFin [report](#), we confirm that U.S. banking agencies plan to turn quickly to U.S. implementation of the 2017 "Basel IV" package.
- **[FEDERALRESERVE60](#)**: As usual, Senate Banking's hearing today with Chairman Powell strayed from monetary policy and post-pandemic prospects to a range of financial-policy critical questions.
- **[REALESTATE24](#)**: Continuing the OCC's recent actions to expand national-bank powers into unprecedented arenas, the OCC has now proposed major liberalization of the ways in which federally-chartered organizations may use commercial real estate owned as bank premises.
- **[GSE-020121](#)**: While it will take time for the swamped Biden Administration to craft U.S. housing policy, elements of it emerged last week during stimulus negotiations, the [President's statement](#), and [HUD-nominee Fudge's appearance](#) before Senate Banking.
- **[CAPITAL227](#)**: Although the FRB in its proposal indicated that this rulemaking would also begin consideration of the U.S. large-bank capital framework post-COVID, its final rule largely confines itself to aligning stress-test standards with the 2019 tailoring rule and stress capital buffer (SCB) for Category IV banking organizations.
- **[GSE-012221](#)**: The failure of yet another Administration and Congress to conquer the conservatorships does not augur well for constructive policy action anytime soon.
- **[INVESTOR14](#)**: In this report, we expand on prior forecasts to assess broad financial-regulatory and structure issues under the SEC's jurisdiction under what seems likely: a Chairman Gensler. His will be an activist SEC, one sure to throw broker-dealers, asset managers, and investment funds from the relative comfort of the last four years.