



FedFin Daily Briefing

Thursday, March 11, 2021

McHenry Positions Republicans for Credit-Reporting Debate

Ahead of today's HFSC subcommittee hearing (see forthcoming alert), Ranking Member McHenry (R-NC) introduced [legislation](#) (H.R. 1645) which would require that negative information emanating from predatory mortgage or student lending and financial abuse be removed from consumer reports. The measure would also prohibit credit reporting agencies (CRAs) from using Social Security numbers to verify consumer identity, and non-elective medical debt would need to be removed from a consumer's report within one year of payment. The bill also would grant the CFPB supervision and examination authority over large CRAs for cybersecurity purposes and streamline the process for parents to request security freezes for their children. Although the bill carries the same name as legislation introduced in the previous Congress and Rep. McHenry calls this a reintroduction, it contains none of the same provisions. That bill, which passed the House but was not taken up by the Senate, was aimed at reversing *Madden v. Midland*. The measure clearly sets the Republican bargaining position on far tougher legislation Democrats will pursue to grant the CFPB authority to become a nationwide credit bureau, take an array of actions to reduce demographic disparities, and protect consumer scores.

Ginnie Seeks to Open ESG Market to Agency MBS

Trying to open a new market agency MBS, Ginnie Mae [today](#) implemented an ESG stratification record in its Single-Family Supplemental File. Designed to give Ginnie MBS investors data to support sustainable investing decisions, the ESG record will provide pool-level aggregate data regarding the extent of loans and unpaid principal balances (UPB) in LMI census tracts. Ginnie will disclose both the value and percentage of loans and UPBs in LMI areas applicable to the pool. A test file is expected in April and the first official production is due May 10. It seems likely that Fannie and Freddie will soon follow Ginnie's lead. Because these reports are aggregates, they will apparently not provide disclosures that could lead to challenges to specific lenders; [as noted](#), CFPB plans quickly to restart HMDA data collection.

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.