



FedFin Daily Briefing

Thursday, March 18, 2021

Agencies Start Flood-Insurance Clarification Process

The federal banking agencies, NCUA, and FCA [today](#) proposed adding 24 questions and answers to their [interagency FAQs](#) on complying with private flood insurance provisions in the 2012 Biggert-Waters Flood Insurance Reform Act. The new FAQs cover both mandatory and discretionary acceptance as well as general compliance. Under the [2019 rule](#), regulated lenders must accept private flood insurance when coverage is at least equivalent to a standard federal policy for loans in special flood-hazard areas; private coverage that does not meet this standard may also be accepted if other protections are provided. Comment is due May 17.

Powell: CBDC Must Complement, Not Replace, Cash

In remarks [today](#) regarding global regulatory work on cross-border payments, FRB Chair Powell highlighted a key finding of a [recent BIS report](#) developed together with G7 central banks: CBDC must coexist with cash and other types of money in a flexible and innovative payment system. Mr. Powell also says that improvements in the global payment system will come from both the private and public sectors to ensure that the digitalization of financial services increases financial inclusion.

FSB General Secretary Dietrich Domanski also discussed cross-border payments work [today](#) in remarks addressing the FSB's 2021 work agenda, stressing the need for international cooperation on developing regulatory and supervisory approaches to stablecoins. [As noted](#), a progress report regarding implementation of the FSB's cross-border payments roadmap is due in October. Mr. Domanski also underscored the need for global work to strengthen the resilience of NBFIs ([see Client Report NBF1](#)), targeting MMFs. Joint work with the CMPI and IOSCO also will examine the use, composition, and amount of financial resources needed to strengthen CCP resilience and resolvability.

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](#).

- [GREEN7](#): Today's Senate Banking Committee hearing on climate risk made it clear that the partisan divide evident earlier this week on housing ([see Client Report MORTGAGE119](#)) and much else extends to what financial regulators should do about climate risk.
- [GREEN6](#): Reflecting views of the Biden Administration and those of its nominee to chair the SEC, Acting Chair Allison Herren Lee is requesting public views ahead of more formal proposals revising the climate-risk disclosures to be required of publicly registered companies.
- [GSE-031721](#): As our in-depth report makes clear, the Senate Banking (and Housing!) Committee's hearing yesterday showed the wide partisan chasm between what Democrats and Republicans want of the GSEs.

- **[MORTGAGE119](#)**: Reflecting Chairman Brown's (D-OH) prioritization of the "housing" jurisdiction under Senate Banking, the panel's hearing today addressed not only GSE reform, but a sweeping range of rental and affordable-housing considerations in concert with lending discrimination and housing finance.
- **[UDAP7](#)**: Continuing the quick reversal of numerous Trump-era policies, the CFPB has ended a controversial policy statement providing consumer-finance companies with considerable protection from assertions of abusive acts or practices.
- **[GSE-031621](#)**: A new [FEDS Note](#) unpacks the unprecedented patterns of mortgage default risk during the pandemic to find that unemployment will tell the default tale.
- **[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.