



FedFin Daily Briefing

Tuesday, May 4, 2021

Waters Presses Full SEC Funding for Far-Reaching Agenda

Ahead of a hearing on GameStop's implications on Thursday, HFSC Chairwoman Waters (D-CA) late yesterday released [a letter](#) she sent to the Appropriations Committee urging full funding for the SEC. She also emphasized the need for funding to advance Commission evaluation of short selling, related disclosures, and conflicts between payment for order flow and best-execution obligations, also urging funding for Commission evaluation of anti-market manipulation law, if technology has outpaced regulation, ESG disclosures (including related to climate risk, human-capital management, political spending, board diversity), and CAT implementation.

HFSC: Bipartisan Bill Targets Regulatory-Reporting Transparency

HFSC Ranking Member McHenry (R-NC) and Rep. Maloney (D-NY) [today reintroduced](#) the Financial Transparency Act to require all U.S. financial regulators to adopt a set of data collection and distribution standards by making data publicly available online in a searchable, downloadable, unlicensed format. All paper forms would also be replaced with electronic ones. The bill does not require the agencies to make public any collected data now withheld from public scrutiny (e.g., that in examination reports or certain reporting requirements), largely facilitating investor, analyst, and academic inquiry. However, Rep. McHenry also interestingly notes that the measure would also be useful to Fintechs.

CFPB Underscores Servicer Warnings

The CFPB today issued two new reports on mortgage forbearance and servicing, reiterating [prior warnings](#) and a [pending rule](#) telling servicers to prevent avoidable foreclosures or face severe enforcement consequences. The first [research brief](#) shows again that borrowers in forbearance or delinquency are disproportionately Black and Hispanic, with forbore loans also likely to have far higher LTVs and be otherwise more difficult to refinance or honor under family economic stress. Five percent of delinquent borrowers have loans with LTVs of 95 percent or higher. The forbearance and delinquency rates are also considerably higher in majority minority census tracts. The [second bulletin](#) concludes that mortgage-related complaints to the CFPB have spiked, a finding surely intended to validate the Bureau's tough new policy.

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](#).

- [GSE-050321](#): The month of May may not be merry in Washington, but it's always consequential. Legislation with any serious hope of success in this session of Congress should be showing signs of determined life by now under ordinary circumstances.
- [GSE-043021](#): Earlier today, we provided clients with an [in-depth analysis](#) of sweeping progressive legislation revising both the Community Reinvestment Act and the duties of lenders, servicers, the

GSEs, and FHA with regard to loan modification and asset dispositions.

- **[PREEMPT36](#)**: At today's Senate Banking hearing, Democrats strongly objected to the OCC's True Lender rule, arguing it supports rent-a-bank schemes based on preemption of state usury and consumer-protection law.
- **[GSE-042821](#)**: As we [anticipated](#), FHFA today [announced](#) a new refi product aimed at increasing the benefits of ultra-low rates for under-served borrowers and, we would guess, also distracting political attention from the continuing contretemps over [investor-property limitations](#).
- **[DIVERSITY2](#)**: The House Financial Services Committee has approved legislation intended to force federal examiners to hold banks accountable for their diversity and inclusion efforts.
- **[LIBOR5](#)**: Following Fed agreement earlier this year that federal legislation is needed, the HFSC Capital Markets Subcommittee today laid the groundwork for rapid introduction and action on Chairman Sherman's draft bill.
- **[ILC16](#)**: As anticipated, HFSC Democrats today continued their attack on non-traditional bank charters, with Chairwoman Waters (D-CA) pushing for no new ILC approvals and revoking the OCC's special-purpose charters.
- **[GSE-041421](#)**: A new study from the Federal Reserve Bank of New York contradicts many assertions that COVID's mortgage-market mania disadvantages first-time homeowners.
- **[INFRASTRUCTURE7](#)**: Sen. Joe Manchin (D-WV) recently reiterated that he believes an "infrastructure bank" would be an appealing way to fund significant U.S. investment without the direct cost associated with President Biden's plan.
- **[GSE-040621](#)**: Just to be sure servicers got the message sent last week that the CFPB has them in its [crosshairs](#), the agency yesterday [proposed](#) sweeping changes to provide far-reaching foreclosure protections on all forbore or delinquent mortgages, not just those subject to the statutory protection afforded federal loans.
- **[AI](#)**: Advancing their efforts to ensure "responsible innovation," federal agencies have taken an initial, cautious step into assessing the prudential, compliance, risk-management, and fairness implications of artificial intelligence (AI) and machine learning (ML).
- **[HEDGE59](#)**: The stunning collapse of the leveraged family office, Archegos, and its impact on the financial system has renewed calls for an array of regulatory initiatives.
- **[REFORM204](#)**: Following yesterday's HFSC session ([see Client Report REFORM203](#)), Secretary Yellen and Chairman Powell today faced Senate Banking and, as before, a raft of questions with little to do with the hearing's ostensible focus on CARES Act programs.
- **[REFORM203](#)**: At today's HFSC hearing on pandemic-relief programs, Members asked also about key financial-policy questions.