



# *GSE Activity Report*

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Thursday, July 1, 2021

## *All's About to Be Even Fairer*

### Summary

Continuing to act with awesome dispatch on its new director's racial-equity and economic-equality agenda, [FHFA today](#) issued a final policy statement setting new anti-discrimination standards for Fannie, Freddie, and the FHLBs. Fannie and Freddie are also under new reporting orders sure to lead to redesign of AU systems as events begin to transpire. Near-term pricing, product, and environmental-justice changes may also result unless FHFA beats the GSEs to them.

### Impact

This statement details GSE responsibilities under ECOA, the Fair Housing Act, and the body of GSE safety-and-soundness/affordable-housing law. The policy-statement avenue to action is, FHFA says, appropriate since nothing in it changes current law or rule. Still, it's an important first that will also serve as a "foundation" for future agency action.

The statement details key statutes and rules and the broad authority these convey to FHFA on an array of anti-discrimination fronts. It also details how FHFA has to date supervised fair-lending compliance, making clear that the GSEs may be held to different fair-lending standards than those applicable to the FHLBs and that the conservatorship provides an avenue to remediation likely to be more "efficient" than enforcement.

That said, FHFA makes it clear that it will not only quickly address any fair-lending violations identified by HUD, but also not hesitate to intervene or even refer cases to the Justice Department when it smells trouble.

FHFA emphasizes that it will likely be merciful if a GSE self-reports its transgressions. Still, it has also [issued orders](#) putting Fannie and Freddie under express injunction to step up compliance and – to ensure they do – also to file quarterly fair-lending reports. These reports are not only to provide updates on internal GSE efforts, but also results related to underwriting and acquisition data. Reports also must include assessments of AU models and what may have changed about them with fair-lending implications and why any such change was made.

### Outlook

This policy statement is part of a [growing trend](#) in which agency heads do what they want without the bother of prior notice. Unlike others, FHFA is seeking public comment, due sixty days after Federal Register publication. Much comment will ensue on GSE products, pricing, efforts to enhance small-balance lending, and credit enhancement, comment sure to further FHFA's new focus and lead to still more express injunctions along a host of dimensions.