



# *GSE Activity Report*

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Friday, July 16, 2021

## *Ribbons on A Package?*

### Summary

Later today, we'll provide clients with a summary of key provisions in the [housing-infrastructure package](#) released earlier today by HFSC Chairwoman Waters. As we'll note, most of the package focuses on public housing, rental assistance, eviction protection, housing-supply, and racial-justice programs – all of which is not just controversial, but also quite expensive. Still, what's a trillion or so these days? We expect quick mark-up and floor action and, when these happen, the Waters package won't travel alone.

### Impact

First, though, to what won't be in the final measure: GSE reform. Although we've heard that some groups are working to add measures rewriting the GSEs' charters in at least some areas (e.g., a rollback of the FHFA capital rule, CRT restoration), it is likely to prove difficult to garner committee attention for complex proposals in the midst of the controversy aroused by the Waters bill on its own. Higher-odds GSE amendments might have addressed the adverse-market refi fee, but [FHFA today](#) did that for them. With Calabria still in office, other amendments reversing other requirements might have advanced, but he isn't; Democrats are busy enough to let Sandra Thompson do whatever else she wants to do while they await a new FHFA director and another opportunity for more sweeping reform via administrative action.

What might some fellow travelers to this bill otherwise be? We'll be looking for:

- amendments to defend the current bank regulatory-capital framework against the Basel IV [revisions](#) the agencies plan to advance later this summer. The banking agencies have long loathed the [current approach](#), enacting it only to salvage the overall 2013 re-write after the industry kicked up a mighty fuss and Congress then threatened to intervene;
- other amendments on the capital front targeted at near-term problems such as MSAs;
- renewed efforts to create a secondary liquidity facility for nonbank mortgage companies, with this or other standards even more likely to be floated if FSOC's meeting later today leads to public statements about Administration efforts to address this top-priority risk arena;
- efforts at a statutory rewrite of [both the QM](#) and [QRM standards](#);
- codification of the CFPB's new [mortgage-servicing rule](#) to give it effect not only during the forbearance transition, but on a go-forward basis for all delinquent mortgages; and
- express authority for the CFPB to sanction disparate impact when it comes to mortgage finance whether it's directly the alleged fault of a lender or indirectly tied to a loan by virtue of a mortgage or real-estate broker's actions. The CFPB took this indirect approach to [auto lending](#) and, while it then backed off, the agency now stands by its Obama-era effort.

## Outlook

We doubt much of this – if any – will survive in the final package sent to the Biden Administration due to the aforesaid delicate balance needed to advance a reconciliation bill in the Senate. However, provisions not too complex or controversial and/or those with effective lobbying might well show up in the fine print. Waters [earlier this week](#) said Biden supports including housing in the "soft" infrastructure bill, so a locomotive with some housing cars may well prove a viable engine for other proposals.