



# *FedFin Daily Briefing*

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Wednesday, September 1, 2021

## **Affordable Rentals, Manufactured Housing Get Boost from White House, FHFA**

The Biden Administration [today](#) announced a raft of housing policy changes to boost affordable housing. Few of these administrative actions have direct single-family housing-finance impact, instead focusing on affordable rentals, manufactured housing and 2-4 unit properties, investor sales, and zoning. The White House is restarting a partnership between Treasury's Federal Financing Bank and HUD's Risk Sharing Program to provide low-cost Ginnie Mae-comparable rates to Housing Finance Agencies. FHFA is also authorizing (i.e., essentially directing) Freddie Mac to revisit its restrictive 2020 mortgage-eligibility requirements for 2-4 unit properties.

FHFA will also extend the GSE's REO first look period from twenty to thirty days, giving owner-occupants and other non-investor potential buyers additional time to buy before investors step in. However, the new REO window does not go as far as [legislation from Sen. Warren \(D-MA\)](#), which would effectively prohibit NPL and REO sales to private-equity firms. FHFA is also raising the cap on each GSE's investments in the Low-Income Housing Tax Credit Market as equity investors to \$850 million, requiring any investments above \$425 million in a given year to be in areas FHFA has identified as a market where there is low investor interest.

## **Gensler Tells EU: SEC to Press Crypto, Climate, Digital-Brokerage Regs**

In comments to EU legislators [today](#), SEC Chairman Gensler not only stood by his ambitious agenda, but also placed it in the broad context of global developments. Reinforcing his [stringent approach](#) to crypto regulation, he reiterated that crypto platforms, including DeFi, leave investors vulnerable to bad actors and that stablecoins may facilitate AML and sanctions evasion. He thus pressed again for "plenary" crypto authority along lines now being [pursued](#) by Sen. Warren (D-MA). He also underscored ongoing SEC work on [climate-risk disclosures](#) and green funds.

Highlighting also the SEC's recent [digital engagement practices \(DEP\) RFI](#), Chairman Gensler noted his focus on investor protection, including access and pricing equity, and on clarifying what constitutes investment advice. He also worried that the widespread adoption of deep learning models could lead to systemic risk, triggering a broader crisis.

## **CFPB Announces Sweeping Plan to Gather HMDA-Style Data for Small-Business Lending**

Following through on [Acting Director Uejio's pledge](#) to quickly implement Dodd-Frank mandated small-business lending data collections after these were [slow walked under former Director Kraninger](#), the CFPB [today](#) proposed to require lenders to disclose detailed information in this sector going well beyond the simple requirements in traditional ECOA reports. Specifically, lenders would need to report the amount and type of small business credit applied for and extended, demographic information, and key pricing elements. The latter disclosure is likely to be particularly controversial, with advocates noting its benefit in detecting disparate impact and opponents pointing out the complex balance between rates, fees, and terms that complicate price comparisons. Opponents may also fear that price disclosure could prove a first step to de facto CFPB price regulation. The rule would apply to all but the smallest bank and nonbank small-business lenders, with comment sought on the definition of a small business, the minimum transactions coverage threshold below which reporting is not required, pricing- and business-debt information collection, balancing public disclosure with privacy, and implementation timing. The proposal also includes several safe harbors

for unintentional reporting errors. Comment is due ninety days after *Federal Register* publication, with the CFPB warning that it does not anticipate an extension of this deadline. It also notes that a final rule would become effective ninety days after publication, but compliance would not be required until approximately 18 months thereafter. We will shortly provide clients with an in-depth analysis of the proposal.

## Recent Files Available for Downloading

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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](http://www.fedfin.com) or clients may obtain the reports/analyses by e-mailing [info@fedfin.com](mailto:info@fedfin.com) giving the requested item name, firm, and e-mail address. To learn more about *GSE Activity Reports*, click [here](#).

- **[GSE-090121](#)**: A [major paper](#) delivered at last week's Jackson Hole Fed meeting shows – we think conclusively – that it's not demographics that keep interest rates so, so low, but wealth inequality.
- **[OVERDRAFT10](#)**: Senior Senate Democrats have proposed legislation that would sharply restrict most transaction-account overdraft fees to the point of likely eliminating them for most consumers at most depository institutions.
- **[GREEN10](#)**: House Democrats are considering legislation to mandate a punitive capital construct for bank and, in some cases, also to certain nonbank exposures to companies with fossil-fuel links.
- **[GREEN9](#)**: Legislation from House and Senate Democrats would force the Federal Reserve quickly to implement mandatory stress testing for all large banking organizations and large nonbanks judged by asset size if they are principally engaged in finance.
- **[GSE-090121](#)**: A [major paper](#) delivered at last week's Jackson Hole Fed meeting shows – we think conclusively – that it's not demographics that keep interest rates so, so low, but wealth inequality.
- **[GSE-082321](#)**: In this in-depth report, we build on our [preliminary analysis](#) of the CFPB's latest HMDA-data assessment. As we noted on Thursday, the agency chose to highlight its totally-unsurprising finding that the mortgage market was hot, hot, hot in 2020.
- **[ACCESS3](#)**: Although states and localities continue to ban merchants from refusing to accept cash, federal legislation is also pending to create a nationwide ban on such practices and govern how cash must be accepted to enhance equality without facilitating money laundering.
- **[GSE-081821](#)**: As we anticipated when Sandra Thompson [took over](#), FHFA's [newly-proposed approach](#) to the GSEs' affordable-housing goals tackles longstanding criticism that the old measurement criteria promoted gentrification.
- **[PREEMPT38](#)**: The chairmen of the Senate Armed Services and Banking Committees, together with many Democratic colleagues, have introduced legislation to extend the interest-rate ceilings in the Military Lending Act (MLA) to all consumers.
- **[GSE-081321](#)**: FHFA today [released](#) both the 2020 and 2021 stress-test results for Fannie and Freddie.
- **[GSE-081121](#)**: As we briefly noted [yesterday](#), the CFPB released a [report](#) assessing how the largest servicers handled borrowers over recent, chaotic months.

- **[LIBOR6](#)**: The House Financial Services Committee has reported H.R. 4616, a bill designed to prevent the chaos feared when the use of the LIBOR benchmark ceases for legacy contracts that lack language authorizing reliance on an alternative, "fallback" rate.
- **[GSE-080421](#)**: A new [Fed study](#) finds a significant mark-up in the cost of mortgages during the 2020 boom even though government guarantees secured continued mortgage supply for all but the lowest and highest ends of the housing market.
- **[REFORM207](#)**: Today's Senate Banking hearing on bank supervision did not include FRB Vice Chairman Quarles, who came before the panel for withering criticism earlier this year (see Client Report REFORM206).
- **[GSE-080221](#)**: Whatever befalls the Senate infrastructure bill, we believe its \$21 billion GSE pay-for is but one bit of a bigger de facto transformation of the GSEs.
- **[GSE-073021](#)**: As promised, we here [follow up our assessment](#) of Ginnie's proposed prudential standards for nonbank mortgage companies with an analysis of model rules aimed at the same goal from the Conference of State Bank Supervisors (CSBS).
- **[PREEMPT37](#)**: Senate Banking today held a hearing on new legislation (S. 2508) from Sen. Reed (D-RI) extending the Military Lending Act (MLA) interest-rate cap to certain consumer financial products to all consumers.
- **[GSE-072821](#)**: Ginnie's proposed new capital and, to a lesser extent, its liquidity [standards](#) could well redefine the mortgage playing field.