



FedFin Daily Briefing

Friday, September 17, 2021

Path Paved for Interagency CRA Rule

The *Federal Register* [today includes](#) the OCC's proposal to replace its controversial Community Reinvestment Act (CRA) rule ([see Client Report CRA28](#)) with the 1995 interagency CRA standard until pending inter-agency work on a new regime is complete. Although the OCC's proposal would only take the agency back to a temporary placeholder, it gives commenters an opportunity to lay out their preferred CRA approaches, building on comments filed last year with the FRB on its advance notice ([see FSM Report CRA30](#)). Reflecting the fast pace of inter-agency CRA activity, comments are due October 29.

Is the SEC Planning a Push-Out Pull Back?

As [we noted](#), SEC Chairman Gensler's written Senate Banking [testimony](#) included a short – but very significant – statement prioritizing Commission review of key fixed-income market sectors. This did not come up at the hearing ([see Client Report INVESTOR18](#)), which focused on hot partisan issues such as climate risk and cryptoassets. However, the extent to which the SEC renews efforts to govern fixed-income activities it now thinks too far outside its reach has significant strategic implications, most immediately for large banks that might find key underwriting and capital-markets activities under additional standards and greater enforcement risk. In this report, we assess what Mr. Gensler contemplates for the corporate, muni, and asset-backed securities (ABS) markets, revisiting the "push-out" battles the Commission largely lost over a decade ago to evaluate whether the Fed could or would defend banks again from demands that key activities register with the SEC.

Waters Demands Thompson FHFA Appointment

As we forecast earlier this [year](#), Treasury and the FHFA [today suspended](#) -- but did not abrogate -- key aspects of the Trump Administration's final [changes](#) to the standards governing Fannie Mae and Freddie Mac under the PSPA. In the statement, Treasury emphasizes the importance of now setting standards that do not increase house prices but instead support increased affordable housing, deferring to FHFA on safety-and-soundness matters. In FHFA's statement, the agency [reiterates concerns](#) about housing-market risk, clarifying that the GSEs will be permitted to retain capital as allowed in January but that the agency will soon reconsider the current capital framework. We will shortly provide clients with an in-depth analysis of these changes and others to the PSPA, with the agreement among other things suspending prior limits on GSE acquisitions of high-risk or second-home mortgages.

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](#).

- **PUSH-OUT14:** As [we noted](#), SEC Chairman Gensler's written Senate Banking [testimony](#) included a short – but very significant – statement prioritizing Commission review of key fixed-income market sectors.
- **GSE-091621:** As [we noted](#), FHFA wasted no time after the [PSPA revision](#) with its proposed changes to GSE capital [regulation](#).

- **[GSE-091521](#)**: As noted [yesterday](#), Treasury and the FHFA pulled the Trump PSPA's plug, although importantly and widely overlooked is that this is true only when it comes to near-term asset-purchase considerations.
- **[INVESTOR18](#)**: As is often the case, Senate Banking's hearing today with SEC Chairman Gensler did not touch on the fixed-income structure questions highlighted in his [written testimony](#) even though these could be among the most consequential for long-term capital-market regulation and the balance between the Fed and SEC in this key arena.
- **[GSE-091021](#)**: Soaring house prices have of course aroused lofty housing-bubble worries.
- **[GSE-090821](#)**: As Karen Petrou's [Monday memo](#) forecast, FHFA is doubling down on an already-ambitious work plan to make Fannie and Freddie the epitome of mortgage-finance equity.
- **[SMBUS27](#)**: Turning again to a provision in the 2010 Dodd-Frank Act, the Bureau of Consumer Financial Protection has issued a sweeping proposal to implement small-business and small-farm lending disclosure requirements akin to those long required under the Home Mortgage Disclosure Act (HMDA).
- **[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.