



Tuesday, December 21, 2021

FHFA: Upfront G-Fee Decrease Leads Overall Decline

As required by law, FHFA [today](#) reported on Enterprise single-family g-fees in 2020, finding that these fell an average of 2bps points across all loan products compared to 2019. The change is attributable to the upfront portion of the g-fee, while the ongoing portion remained unchanged. Average g-fees on 30- and 15-year FRMs were also unchanged, while the average g-fee for ARMs increased 1bp. Despite FHFA's efforts at the time to stem cash-out refis, average g-fees decreased by 2bps; those for rate-term refis were unchanged. Average purchase loan g-fees increased by 2bps. Average fees were also unchanged for credit-score groups.

CFPB Exercises All Its Might in New Enforcement Action

Continuing to strengthen its [enforcement posture](#) under Director Chopra, the CFPB [today](#) announced it is entering an order against LendUp Loans due to discriminatory lending and other illegal practices that will effectively shutter the company. Regulators in the past have often restrained from orders so punitive that targets cannot comply with them without closing down, but the CFPB clearly has no reservations about doing so. Citing many well-known LendUp investors, the Bureau also appears to be using this case as an opportunity to warn investors that they will face significant loss if they do not ensure corporate governance and compliance. The order – which has not been accepted by the court – prohibits LendUp from making new loans, collecting on outstanding loans to harmed consumers, selling consumer information, and making or allowing misrepresentations. The order also imposes a \$100,000 civil money penalty, with the Bureau noting that this would be higher were it not for LendUp's limited ability to pay. Payment of monetary relief for affected consumers is suspended if LendUp satisfies the order; if not, it will owe \$40.5 million to provide redress. The severity of this case is doubtless also due to the fact that the Bureau previously took action against the fintech lender in 2016 and 2020; today's action includes an alleged violation of the 2016 order.

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](#).

- [MERGER10](#): Just days after the FDIC chair refused to advance a request for comment on bank-merger policy, the Department of Justice released one signaling agreement with many of the concerns Democrats aired in concert with the RFI.
- [GSE-122021](#): As [noted](#) on Friday, the Biden Administration's first FSOC systemic-risk hit list reiterates Trump Administration fears about [nonbank mortgage companies](#).
- [GSE-121721](#): As [noted](#) on Thursday, FHFA continues to tread carefully through the big-bank rulebook, adopting standards said to be like-kind that aren't quite so similar when it comes to critical details.
- [MERGER9](#): Released in a highly-controversial fashion (see below) by two Democrats on the FDIC's board, this RFI posits the need for a significant review of mergers involving insured depository institutions (IDIs) due to many changes in the financial industry and, so it says, the lack of substantive competitive analysis over past decades even of the largest transactions.
- [GSE-121521](#): Although there were signs [earlier this year](#) that the QRM risk-retention exemption might get a long-delayed overhaul, the agencies [yesterday](#) ducked any decisions.

- **[GSE-120921](#)**: On Tuesday, [HUD](#) and the [CFPB](#) opened the door to [special-purpose mortgage finance](#). Now, we expect FHFA to use this safe harbor to mandate express GSE equitable-finance programs and for banks to take much of what's left in all their commitments after George Floyd's murder and turn it into mortgage and other community-finance products.
- **[CRYPTO23](#)**: As [anticipated](#), today's HFSC hearing was a marathon session at which industry witnesses defended their business model, Republicans liked it fine, and Democrats worried about a wide array of policy challenges.
- **[COVEREDFUNDS3](#)**: The OCC is "clarifying," but also in many respects rescinding one aspect of controversial 2020 rules expanding the "covered funds" under which banks may make equity investments as provided by the Volcker Rule.
- **[GSE-120621](#)**: As we noted on [Friday](#), Senate Banking Ranking Member Toomey asked SEC Chairman Gary Gensler a trick question about GSE [obligations](#) at the very end of a lengthy letter focused principally on cryptography.
- **[GSE-120221](#)**: Two recent studies add fuel to the fire we first spotted [late last year](#): demands for ARMs that only go down.
- **[FEDERALRESERVE65](#)**: Continuing the partisan and often-acrimonious tone of the Senate Banking hearing ([see Client Report \[FEDERALRESERVE64\]\(#\)](#)), HFSC today heard from Chairman Powell and Secretary Yellen.
- **[CRYPTO22](#)**: Although the OCC joined other agencies issuing a non-committal "roadmap" for future cryptography actions, the agency at the same time and far more decisively stated that crypto activities are permissible only if they are also safe and sound.
- **[FEDERALRESERVE64](#)**: Most of the news at today's Senate Banking hearing revolves around Chairman Powell's concession that inflation may not be transitory and economic growth is now so robust that quantitative tightening might proceed more quickly than planned, pandemic permitting.
- **[GSE-113021](#)**: Unsurprisingly, [FHFA today raised](#) the GSEs' conforming loan limit to about \$647,000 and the high-cost limit to nearly \$1 million.
- **[GSE-112421](#)**: Because FHFA tends to take its cue from both the Basel Committee on Banking Supervision and its U.S. cousins, we here drill down to look at the housing-finance implications of the proposed global framework we assessed in a [recent in-depth report](#).
- **[CLIMATE12](#)**: Following the UN's COP26 climate-risk summit, the Basel Committee has proposed high-level principles guiding risk management and supervision related to both physical and transition climate risk.