



# *FedFin Daily Briefing*

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Wednesday, February 23, 2022

## **OCC FAQs Cast Some Light on Complex CRA Compliance Challenges**

Attempting yet again to calm national-bank concerns about their CRA obligations, the OCC late yesterday issued [FAQs](#) laying out how it will judge CRA performance after [rescinding](#) the [Trump Administration's CRA standards](#) (see [Client Report CRA28](#)), returning rules to the 1995 regime, and agreeing to work with the other agencies on a wholly-new CRA construct. Most substantively, banks are now told that they may use the CRA systems they built to meet the 2020 tracking standards because many of the activities for which credit was granted in the 2020 standards are qualified under the prior rules now back in force. The FAQs do not lay out which differences from the controversial 2020 rule might pertain, but there will be no question about activities conducted prior to the OCC's 2021 decision to rescind the rule -- if the activity then complied with the 2020 rule, it will gain credit for that period of time and legally-binding commitments going forward the bank extended under the 2020 rule will continue to provide CRA credit if the activity is consistent with the 1995 definitions and assessment areas. The OCC will also continue to confirm CRA status upon request and examine all banks under the 2021 rule (i.e., the 1995 standards) beginning in 2023. Of course, the agencies have also repeatedly said that a new framework based at least in part on the [Fed's 2020 ANPR](#) (see [FSM Report CRA30](#)) will be well advanced by 2023, even if not yet finalized by year-end 2022. As a result, the FAQs may clarify some compliance concerns but the overall CRA construct remains very much a work in progress.

## **CFPB Takes up AVM Reform**

The CFPB [today](#) got a jump on the banking agencies and FHFA, releasing a set of options to address fair-lending and other risks in automated-valuation models (AVMs), moving on a long-neglected mandate in the 2010 Dodd-Frank Act (see [FSM Report CONSUMER14](#)). Although the banking agencies have rule-making and enforcement authority related to AVMs in their jurisdictions, the Bureau has rulemaking and enforcement authority over nonbanks and now plans to deploy it with a particular focus on fairness. The law in fact focuses on quality considerations such as model validation and back-testing and the Bureau states that its standards will also address these quality considerations. However, reflecting its current priority, its main focus is fairness.

Any standards the Bureau sets will influence those from the other agencies and indeed may be the basis for inter-agency rulemaking once the Bureau's comment periods are closed. Because the CFPB must consider small-business implications before promulgating rules, its action plan is couched in a set of options for further consideration; small-business comment on them is sought by April 8, with comment from others requested by May 13. An in-depth analysis of the Bureau's options will follow shortly.

## **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](#).

- [CRYPTO25](#): Despite fierce partisan fighting over pending Fed nominations, today's Senate Banking hearing on stablecoin regulation was considerably more bipartisan than last week's HFSC session (see [Client Report CRYPTO24](#)).

- **[GSE-021022](#)**: Moving far ahead of the banking agencies [Al](#), FHFA [today](#) released a series of supervisory AI/ML standards for Fannie, Freddie, and CSS, perhaps leaving the FHLBs alone because none so far does much within this arena or nobody cared.
- **[GSE-020922](#)**: Continuing her very different vision of Fannie and Freddie, FHFA Acting Director Thompson [today](#) has released a new strategic plan for the agency emphasizing the importance of both equitable and sustainable housing finance.
- **[CRYPTO24](#)**: Today's HFSC hearing on stablecoins makes it clear that the bipartisan legislation Chairwoman Waters (D-CA) prefers is at best a long way off.
- **[FEDERALRESERVE69](#)**: As this report details, all three Fed nominees before the Senate Banking Committee today emphasized the vital importance of Fed independence and their anti-inflation zeal to quell GOP opposition and cement it among moderate Democrats.
- **[CONSUMER38](#)**: Taking action to advance President Biden's competition order, the CFPB is seeking views on fees which it believes exploit consumers by virtue of unfair competition.
- **[GSE-020122](#)**: Nothing could do as much damage to a business based on fee revenue as a determined CFPB inquiry into fee revenue.
- **[CBDC10](#)**: Months after initially promising to release a discussion draft on central bank digital currency (CBDC), the Federal Reserve is now seeking comment on whether and how it might create one.
- **[GSE-012422](#)**: A new Federal Reserve Bank of Atlanta [study](#) adds another element to those [prior research argues](#) are evidence of widespread racial discrimination in U.S. mortgage finance.
- **[GSE-011422](#)**: As noted in our in-depth analysis of Acting FHFA Director Thompson's confirmation hearing, it's clear that Democrats and Republicans are thinking hard about resurrecting statutory changes to the GSEs' charters.
- **[FEDERALRESERVE68](#)**: At today's confirmation hearing, Gov. Brainard took a lot of the heat on inflation Republicans only mildly mentioned during Mr. Powell's Tuesday confirmation hearing ([see Client Report FEDERALRESERVE67](#)).
- **[REFORM211](#)**: As promised, FedFin begins our 2022 forecasts with this in-depth report on bank regulation.