



FedFin Daily Briefing

Thursday, September 22, 2022

CFPB Starts Mandatory Refi, Loan-Mod Redesign Project

Expanding its actions to increase consumer-finance innovation and competition, the CFPB [today](#) began an effort to increase refi accessibility as well as provide for automatic loan modifications. The release reiterates Director Chopra's assertions that rules prior to the Bureau's new approach were unduly favorable to industry, especially when innovation is authorized only via no-objection letters, sandboxes, or similar agency actions. The authorization for these approval options expires today. We will shortly provide clients with an in-depth analysis of this RFI, which focuses on expanding small-balance refis and ways to ensure that fixed-rate loans automatically turn into lower-rate ones as interest rates decline. Automatic loan forbearance or modification could, the Bureau says, also help borrowers facing the unexpected and provide more certainty for servicers and investors. The release accompanying the RFI does not address the extent to which all of these initiatives could also increase the cost of mortgage finance, with the Bureau characterizing current obstacles to these products as "persistent market failures." Comment on the RFI is due sixty days after *Federal Register* publication.

Treasury Presses Open-End Bond Fund Rules

In remarks [today](#) on Treasury-market stability, Under-Secretary Liang focused on open-end corporate-bond funds. Noting that these funds use Treasury securities for liquidity but lack stress resilience and thus caused the "cash for cash," Ms. Liang strongly supported the SEC's focus on open-end fund liquidity, pricing and resilience. The FSB will also shortly issue proposed open-end fund standards focusing on structural liquidity mismatches. Ms. Liang also mentions the SEC's newly-proposed [rule](#) pressing for central clearing without indicating if Treasury supports it, although this appears to be the case. Treasury is continuing an array of other workstreams detailed in the speech, with the Under-Secretary also stating that Treasury will "remain flexible" as market conditions change.

House Republicans Take New Tack to Constrain the CFPB

Joined by Republicans on the House Oversight Committee, HFSC's GOP [today](#) continued its campaign against Rohit Chopra, giving the CFPB director only a week to provide them with an explanation of how many recent actions comply with the Supreme Court's recent restrictions on administrative action. They also demand a list of all activities planned for the rest of the year and their express statutory authority, with a similar list demanded of all recent major actions. A similar letter was sent to [SEC Chairman Gensler](#). It seems unlikely that either will answer at least with anything akin to an extensive forward-looking action plan.

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](#).

- **[REFORM213](#)**: Senate Banking's hearing with big-bank CEOs proved much more combative than HFSC's session yesterday ([see Client Report REFORM212](#)).
- **[GSE-092222](#)**: In this report, we follow our earlier analysis of Treasury's CBDC recommendations and [housing finance](#) with an analysis of another Treasury report in response the President's [executive order](#) focused on the overall construct of cryptoassets in the U.S.
- **[REFORM212](#)**: At today's big-bank oversight HFSC hearing, Committee Democrats focused on each bank's progress on social issues, such as internal diversity, unionization, and historic roles in financing slavery.
- **[GSE-092122](#)**: In this analysis, we drill down in Treasury's high-impact reports to the President on the future of digital assets to identify key considerations and strategic implications for housing finance.
- **[CRYPTO32](#)**: We follow our prior in-depth analysis of Treasury's CBDC and payments report ([see Client Report CBDC14](#)) with a detailed assessment of the Department's [assessment](#) of overall cryptoasset policy.
- **[SANCTION19](#)**: Today's Senate Banking hearing on Russian sanctions showcased bipartisan concern that anti-Russian sanctions have yet to have meaningful impact and doubts about the extent to which oil-price caps will reverse this.
- **[CBDC14](#)**: In this in-depth report, we follow through as promised on our initial analysis of key sections in last Friday's Treasury report on CBDC and changes to the payment system.
- **[INVESTOR20](#)**: The Senate Banking hearing with Chairman Gensler today went as [expected](#): Democrats generally praised his work while Republicans strongly opposed it on both substantive and procedural grounds.
- **[INSURANCE61](#)**: Chairman Brown (D-OH) convened a hearing today focused on the insurance industry largely focusing on the extent to which private-equity takeovers endanger insurance solvency and threaten pensioners following risk transfers.
- **[GSE-090722](#)**: Reinforcing the sharp turn-around in housing markets evident since the Fed surprised markets with its first 75 bps hike, a new working paper from the [San Francisco Fed](#) provides the first hard evidence of how monetary-policy shocks in the U.S. hit listing prices hard and fast.
- **[GSE-090122](#)**: As seems always the case, FHFA Director Thompson is as good as her word to Congress earlier this [summer](#), announcing [yesterday](#) a review of the extent to which the Home Loan Banks and their System meet the mission assigned to them and, regardless, if that mission still makes sense.
- **[GSE-083022](#)**: BofA's new no-down payment [mortgage](#) is another innovative product in which banks use their balance sheets to address their CRA obligations by offering down payment assistance or, as here, flat out nothing down.