



# *FedFin Daily Briefing*

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Thursday, February 9, 2023

## **FHFA Forecasts Substantive FHLB Action**

Ahead of tomorrow's comments on the FHLB System by Director Thompson (see forthcoming FedFin analysis), an FHFA official's op-ed in the [American Banker](#) for the first time makes it clear that [last year's hearings](#) will lead to substantive action. This rebuts suggestions Karen Petrou also discounted on a recent [podcast](#) when asked if the hearings were just a FHFA exercise to defer action. In the wake of recent System lending to fund crypto-related [activity](#), the agency now also reiterates that Banks must focus on mission compliance, adding for the first time also that they are expected to consult with a troubled bank's primary regulator before providing advances (i.e., not take advantage of the statutory prior lien). We note that any Bank doing so is likely be rebuffed, as supervisors cannot share confidential information. As a result, FHFA may need to play a direct role in prior advance approval or adopt what is likely a more practical – if controversial – approach in which triggers in addition to the current tangible-equity measure are stipulated as advance cut-offs in the absence of express FHFA approval.

## **Housing Finance Plays Second Fiddle At Senate Banking**

Today's Senate Banking Committee opening hearing for this Congress focused on public, rural, and rental housing. In addition, Chairman Brown (D-OH) concentrated on rental affordability; Ranking Member Scott (R-SC) addressed the federal deficit and federal housing policies. No specifics were provided on federal housing finance initiatives, including the GSEs or FHLBs, with discrimination brought up only in connection with housing vouchers. Sen. Warner (D-VA) also brought up the racial wealth gap in the context of first-time homebuyers and tax credits in distressed communities.

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### **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](#).

- **CREDITCARD36**: Following on a controversial advance notice of proposed rulemaking, the CFPB has now released an NPR setting specific standards for credit-card late fees that also eliminates the inflation adjustments established by the Federal Reserve when implementing the 2009 credit-card law.
- **GSE-020623**: A new [post](#) from the Federal Reserve Bank of Atlanta summarizes key findings from recent pandemic-era mortgage refinancing research, reiterating [prior findings](#) that more White mortgage borrowers got lower refinancing interest rates in 2020 compared to Blacks.
- **CHARTER29**: In conjunction with rejecting an uninsured crypto bank's application for Federal Reserve membership, the Federal Reserve issued a policy statement conforming state member bank powers only to those authorized for national banks even if the state member is an uninsured depository institution.

- **CONSUMER49:** Using one of its controversial edicts to set what some consider a new rule, the CFPB has opined that negative-option or “subscription” marketing of consumer-financial products or services may be unfair, deceptive, or abusive (UDAAP) and thus subject to significant sanction for both the provider and any third parties with which it works.
- **GSE-012323:** Under Director Thompson, FHFA’s top policy priority is [equitable housing](#).
- **CONSUMER48:** Building on its proposed nonbank registry related to enforcement orders, the CFPB is now also proposing a public registry requiring posting of provisions in consumer-finance contracts the agency believes threaten consumer legal or free-speech rights when issued by supervised nonbanks.
- **GSE-011923:** We will shortly send clients an in-depth analysis of the CFPB’s latest controversial [proposal](#) which would establish a public registry on which supervised nonbanks would file a lot of data on any form contracts they require which includes covered provisions the Bureau thinks unfairly and even dangerously lead consumers to abandon important protections.
- **CRYPTO38:** Karen Petrou’s [memo](#) earlier this week and her comments to the [American Banker](#) about Silvergate have sparked many client questions.
- **GSE-011123:** As the Fed has hiked interest rates, mortgage rates have of course also gone up, sending a sudden chill through the residential market and putting home ownership even more out of reach for all but those for whom the home equity they still have after prices correct suffices for long-term wealth accumulation.