



Friday, April 19, 2024

GAO Gives CFPB Clear Bill of Financial Health

The GAO today released the [report](#) initially scheduled for the Financial Institutions Subcommittee hearing earlier this week convened to discuss CFPB financial management. As we [noted](#), the hearing instead focused on the CFPB's mission and matters such as the late fees subsequently addressed in the GOP's resolution repealing them approved at Wednesday's [mark-up](#). The GAO report generally finds the CFPB to have presented its financial statements fairly in annual audits, observing no reportable noncompliance issues. However, fifteen of more than sixty GAO recommendations since 2011 to improve the agency's operations remain open. These include recommendations related to oversight of consumer reporting agencies, fair lending, financial technology, and regulatory coordination of blockchain-related risks.

Deadline Set for Comment on Controversial FDIC Merger Proposal

The *Federal Register* today sets the comment deadline on the FDIC's [request for comment](#) on its bank merger policy ([see FSM Report MERGER15](#)). Comments are due by June 18, with the FDIC sure to get many given the structural changes to the merger process it included in this sweeping proposal.

House Bill Revises Exam Appeal Process

HFSC Vice Chair Hill (R-AR) and Rep. Scott (D-GA) yesterday introduced [H.R. 8071](#), a bill to create an FFIEC independent review officer for banks seeking review of supervisory judgements and require supervisors to respond more quickly to bank queries. The bill is companion legislation to [S. 3541](#) introduced by Sens. Moran (R-KS) and Manchin (D-WV) in [December](#). The bill may advance in the House where a previous version of the bill passed in 2018, but is unlikely to advance in the Senate.

FDIC's Paperwork Request Illuminates Proposed Merger Policy

In conjunction with today's publication of the FDIC's proposed merger-policy rewrite ([see FSM Report MERGER15](#)) comes a proposed change in the [filings](#) that would need to accompany any merger application submitted to the FDIC. As anticipated, these are significant and, if finalized before the agency's policy is adopted, would lead to de facto revisions to how FDIC mergers are judged in several key respects. These include a new definition of geographic areas assessed for competitiveness purposes that goes beyond deposits to include loans and private wealth management along with other products; the proposal said only that the FDIC would consider some products in addition to deposits, with this form thus making clear which products it actually plans to assess. Competitive analysis would also need to include nonbanks such as credit unions, finance companies, and government agencies. Comment is sought in general on the proposed change as well as if additional data should be demanded for deals over certain thresholds and if data streamlining is possible. Comments are due by June 18, the same deadline now set for comment on the proposal.

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](#).

- **[MORTGAGE122](#)**: Although there was no need for further evidence that campaign season has begun, today's Senate Banking housing hearing surely confirmed it.
- **[GSE-041724](#)**: Just as the CFPB readies its assault on [cashout-refi discount fees](#) comes [FHFA's request](#) for views on a new Freddie Mac product that would give borrowers access to their locked-up equity without a new first lien at a higher rate or a traditional home-equity second riding piggyback atop the first lien.
- **[RESOLVE51](#)**: In its first public statement since 2013 about how it would execute an SPOE resolution ([see FSM Report RESOLVE23](#)), the FDIC yesterday released a [report](#) Chair Gruenberg [described](#) as demonstrating the FDIC's readiness to resolve a U.S. GSIB and the process it has developed for doing so under the orderly liquidation authority (OLA) provided in the Dodd-Frank Act ([see FSM Report SYSTEMIC30](#)).
- **[GSE-041024](#)**: *Bloomberg today* reports that the CFPB may simply ban consumer payment for lender title insurance.
- **[AML137](#)**: Senate Banking Committee's Hearing with Deputy Secretary Adeyemo reviewed the Administration's request for additional digital asset AML/CFT authority.
- **[GSE-040824](#)**: It wasn't hard for us to forecast that, after NEC Director Brainard [endorsed](#) CFPB Director Chopra's jihad against mortgage "junk fees," that the discount points that received particular opprobrium would be moved up the priority ladder for federal restriction.
- **[GSE-032924](#)**: Following FSOC's fulminations about [nonbank mortgage companies](#), FHFA in 2023 heightened its supervisory standards mandating GSE prudential governance of eligible seller servicers.
- **[MERGER15](#)**: Following its 2022 request for input, the FDIC has released a formal proposal that would redefine the agency's bank-merger policy into one that will make it difficult for all but the smallest and simplest transactions within its jurisdiction to have the clear prospects for approval usually necessary in non-emergency transactions, subjecting other M&A applications to protracted review with a high likelihood of denial.
- **[REFORM231](#)**: Today's HFSC hearing on global governance featured [expected](#) Republican attacks on what they called the opaque nature of U.S. interactions with international organizations, with Chairman McHenry (R-NC) promoting a draft bill requiring regulators to report dealings with global standard-setting groups to Congress.
- **[GSIB24](#)**: Reflecting concerns expressed about banks that window-dress key regulatory data as the post-crisis framework took shape, the Basel Committee has now issued a request for views on how to prevent this when it comes to GSIB calculations related to their surcharge or possible designation.