



# Biden Transition Guidebook



CRE Finance Council®  
*The Voice of Commercial Real Estate Finance*

In early 2021, CREFC will provide updates on the Presidential transition and the new 117th Congress. The *Biden Transition Guidebook* will be updated each week as the transition progresses and decisions and appointments are made, providing CREFC members with context and analysis, particularly as it relates to the CRE space. It is organized around key topics that will likely feature prominently during the Biden administration, including: economic and financial policy, pandemic-related policy, ESG, and GSE conservatorship from a legislative and regulatory perspective.

CREFC is adapting in 2021 with more virtual lobby days and opportunities for CREFC members to engage with legislators and regulators.

## Contents

<b>January 6, 2021 - Key Members of Congress</b> .....	2
<i>House of Representatives</i> .....	2
<i>Speaker of the House Nancy Pelosi (D-CA)</i> .....	2
<i>House Minority Leader Kevin McCarthy (R-CA)</i> .....	3
<i>United States Senate</i> .....	3
<i>Senate Democratic Leader Chuck Schumer (D-NY)</i> .....	3
<i>Senate Republican Leader Mitch McConnell (R-KY)</i> .....	3
<i>House Financial Services Committee</i> .....	3
<i>Chair Maxine Waters (D-CA)</i> .....	3
<i>Ranking Member Patrick McHenry (R-NC)</i> .....	3
<i>Senate Banking Committee</i> .....	4
<i>Sherrod Brown (D-OH)</i> .....	4
<i>For Further Reading</i> .....	4
<b>January 13, 2021 – Key Cabinet Nominees and Nomination Process</b> .....	5
<i>Secretary of the Treasury: Janet Yellen</i> .....	5
<i>Secretary of Housing and Urban Development: Rep. Marcia Fudge</i> .....	5
<i>Financial Regulators</i> .....	6
<i>Securities and Exchange Commission: Gary Gensler</i> .....	6
<i>Confirmation Process</i> .....	6
<i>For further reading</i> .....	7
<b>January 20, 2021 – How a Divided Congress Organizes</b> .....	7
<i>50/50 Senate</i> .....	7
<i>Senate Banking Committee</i> .....	8

<i>222 to 211 House</i> .....	9
<i>House Financial Services Committee</i> .....	9
<i>For further reading</i> .....	10
<b>January 27, 2021 – Treasury Deep Dive</b> .....	10
<i>Secretary of the Treasury: Janet Yellen</i> .....	11
<i>Key Staff</i> .....	11
<i>Treasury Policy Will Impact CRE</i> .....	12
<i>Beneficial Ownership</i> .....	12
<i>Financial Stability Oversight Council</i> .....	13
<i>Agency Appointments Chart</i> .....	13
<i>Liquidity</i> .....	13
<i>CRE Lending</i> .....	13
<i>Additional Resources</i> .....	14
<i>CREFC Regulatory Leadership Tracker</i> .....	15
<i>Cabinet Nominees Chart</i> .....	15
<i>For further reading</i> .....	16

This first article in the Guidebook focuses on the key leaders in Congress. The new Congress was sworn-in on Sunday, January 3. Typically, constituents and lobbyists [swarm the halls](#) of Congress on swearing in day, allowing patrons to celebrate the political wins, meet staff and set a relationship for the next two years. COVID (of course) changed the typical social activity. Here are eight key leaders in Congress who will set economic and financial policy for the next two years.

## January 6, 2021 - Key Members of Congress

Here are eight key leaders in Congress who will set economic and financial policy for the next two years.

### House of Representatives

#### ***Speaker of the House Nancy Pelosi (D-CA)***

Speaker Pelosi was narrowly [reelected](#) (216 to 209) by Members of the House as speaker on Monday. The tight vote reflects the narrow majority the Democrats hold in the House in the 117th Congress and how difficult it may be to reach consensus in the caucus. Two things will make the Speaker’s job especially difficult: A narrow majority means a few defectors could block legislation, and it is widely believed that this will be Pelosi’s last term as Speaker. This reduces Pelosi’s ability to keep Members in line. As [Politico](#) reports:

*House Democrats are already starting to shift their focus toward a bloc of ambitious colleagues jockeying to take over when Speaker Pelosi finally steps aside, even as she maintains a firm hold on her caucus. The dynamic could turn awkward over the next two years as younger members begin maneuvering to seize their shot at the top while trying not to alienate the leader they all want to replace.*

## **House Minority Leader Kevin McCarthy (R-CA)**

New DC publication called [Punchbowl News](#) put it best earlier this week:

*McCarthy has but one thing in his head right now: How to knock off enough Democrats to get the speaker's gavel, a prize he's been seeking since 2015, when he bowed out of the race moments before it was set to begin.*

*How will his drive for the majority impact his willingness to govern in an incredibly tight legislative climate? Can Biden and Pelosi count on him for any cooperation at all? There should be a window — call it six to nine months — during which Congress should be able to get some things done on COVID relief and perhaps infrastructure. Can McCarthy get into the ring on those? If not, they're dead in a Dem caucus that is as tight as it is.*

## **United States Senate**

### **Senate Democratic Leader Chuck Schumer (D-NY)**

If Democrats win both Georgia runoff elections, Schumer will be Majority Leader and set the Senate agenda. High on the list is a “big, bold” [infrastructure bill](#) with an emphasis on climate change. But Schumer has his own rear guard political battle: Rep. Alexandria Ocasio-Cortez (D-NY) has not ruled out a [primary challenge](#) to Schumer in 2022.

### **Senate Republican Leader Mitch McConnell (R-KY)**

The most important fact to know about Mitch McConnell is that he will soon be the most senior Republican in elected office and his style is to reflect the will of his caucus. Although McConnell warned Senators not to challenge Joe Biden's presidential win, he is not standing in their way.

## **House Financial Services Committee**

### **Chair Maxine Waters (D-CA)**

Waters' [influence will expand](#), and she can shape the priorities of nominees even before their nomination hearings. Look to Waters' extensive list of policy recommendations to be a [roadmap](#) for how Biden-appointed regulators are likely to approach their roles. In the 117th Congress, she will shift from fierce oversight displayed during the Trump Administration to a policy enabler for the Biden Administration.

### **Ranking Member Patrick McHenry (R-NC)**

Likewise, McHenry's role will shift from policy enabler to a fierce watchdog over the Biden Administration's financial and economic officials. Rhetoric and [fireworks](#) are always present in the

House, where McHenry recently said, "I don't see the election outcome as this vote for 'the woke' left policy agenda of House progressives."

## **Senate Banking Committee**

The Senate plays an outsized role in financial and economic policy, since its role is to "[advise and consent](#)" to the President's appointments.

### ***Sherrod Brown (D-OH)***

Brown is the serious progressive of this group. If Democrats win both Georgia special elections, Brown has said he will immediately work on [emergency rental assistance](#) to prevent mass evictions during the coronavirus pandemic. His hometown newspaper [reports](#):

*He also predicts a new coronavirus relief package once Democratic President-elect Joe Biden takes office that would put a moratorium on foreclosures and evictions, defer student loan payments, and provide Ohioans with further economic relief.*

### ***Pat Toomey (R-PA)***

Pat Toomey is expected to be the lead Republican of the Banking Committee before he retires at the end of 2022. He is long-known as a driver of conservative economic policy who is deliberative and strategic. One example: his fight to wind down the Fed's emergency 13(3) facilities in the latest COVID stimulus bill.

A recent [Philadelphia Inquirer](#), story on how Toomey will work with a Biden Administration quoted the Senator saying, "I strongly disagree with Joe Biden on the vast majority of policy positions. That's why I voted for Donald Trump. So I'm going to be constructive and cooperative, but I'm a conservative and Joe Biden's not, so we just have to see." At the same time, Toomey is decidedly opposed to more extreme Republican efforts to challenge the Electoral College results.

## **For Further Reading**

- **Maxine Waters**, "When you're dealing with Wall Street and you're dealing with the powerful banking institutions, oftentimes their work is not defined in ways that people who don't have a lot can understand." [Slate](#)
- George Will column on **Pat Toomey**, "Those who are least inclined to stay in Congress are often those who could do the most to contribute to its revival." [Washington Post](#)
- Biden's ambassador to the GOP: Sen. **Chris Coons'** relationships with Republicans will be critical to advancing the new president's agenda. [Politico](#)
- **Elizabeth Warren's** next chapter: The progressive senator is already playing the inside game to shape Biden's agenda. [Politico](#)

Please contact [Justin Ailes](#) with questions on the Biden Transition.

## January 13, 2021 – Key Cabinet Nominees and Nomination Process

This second article in the Guidebook focuses on key cabinet nominees who will impact CRE and the process for nominee confirmation hearings.

There are two key cabinet secretaries whose responsibilities can impact CRE. A number of regulators and sub-cabinet level appointees will be covered in future Guidebook articles.

### **Secretary of the Treasury: Janet Yellen**

The Senate Finance Committee will hold a confirmation hearing for Janet Yellen on January 19, a day before Biden's Inauguration. Dr. Yellen is likely to be one of the first Biden cabinet picks to be confirmed. She will be the first woman to serve as Treasury Secretary, the first *person* to have in all of the top three economic positions: Treasury Secretary, Chair of the Council of Economic Advisors (1997-1999), and Chair of the Federal Reserve (2014-2018), and, at 74, among the oldest to hold the position. Dr. Yellen is on leave as a Distinguished Fellow in Residence with the Economic Studies Program at the [Brookings Institution](#).

As [Politico](#) reported:

*Treasury Secretary-nominee Janet Yellen's revelation that she received more than \$5 million in speaking fees from financial firms raised concern among some progressives that she's too cozy with Wall Street.*

*But a review of her public remarks suggests the opposite: She wants to crack down on key areas of finance instead... In June 2020, she argued that Congress had left gaping holes in supervising the activities of "shadow banks" -- a term that refers to everything from asset managers and insurers to private equity firms. "I personally think we need a new Dodd-Frank."*

### **Secretary of Housing and Urban Development: Rep. Marcia Fudge**

The Senate Banking Committee has yet to announce the date of a confirmation hearing for Rep. Marcia Fudge. Once confirmed, Rep. Fudge would be the first woman to lead HUD in more than 40 years and the second Black woman to lead the Department. Senator Sherrod Brown (D-OH), a fellow Ohioan who will chair her confirmation hearing [said](#), "Typically, every Cabinet official gets confirmed within a few days unless there's some legal problem or some morals issue, but there's none of that here."

A local council member who Fudge mentored [describes](#) her as "one of those high IQ people, who are just naturally smart, who grasp the issues. She is a technician who is very well-versed on policy and very engaged."

A Biden Transition [readout](#) of a conversation between Secretary-designate Fudge and the National Housing Conference included "a range of topics, including quickly and effectively responding to the impacts of COVID-19 on homeowners and renters and ensuring that evictions moratoriums and mortgage forbearance are in place so those hardest hit by the pandemic can remain in their homes."

## **Financial Regulators**

CREFC is also closely monitoring developments in leadership at the federal financial regulatory agencies. Unlike the cabinet secretaries, many regulators serve for a set term and do not always change with the administration.

### ***Securities and Exchange Commission: Gary Gensler***

*Politico* reports, “Obama-era Wall Street regulator Gary Gensler will likely be President-elect Joe Biden’s pick to chair the Securities and Exchange Commission, four sources familiar with the matter said, a move that would energize progressives clamoring for appointees willing to challenge big business.”

Gensler is, “expected to take a tough line on enforcement, and to pursue rules that address Democratic policy priorities on such issues as climate change and social justice,” including new corporate disclosures of climate-related risk and the composition of their workforce, according to *Reuters*. He led Biden’s transition planning for financial industry oversight.

Former SEC Chair Jay Clayton left the SEC at the end of December 2020.

## **Confirmation Process**

The role of the Senate in the confirmation process is defined in the Constitution. Article II, Section 2 provides that the President “shall nominate, and by and with the Advice and Consent of the Senate, shall appoint high government officials.”

Nominations are submitted in writing to the Senate and assigned to the relevant committee or committees of jurisdiction. Typically, a nominee receives an FBI background check, completes Senate questionnaires, and meets privately with individual Senators on the committee. Committees may also conduct their own investigation of the nominee.

Then, public confirmation hearings are held, where *Senators*, “question a nominee to determine his or her fitness for a post. Senators may also use hearings as a forum to advance their own views on public policy, to determine or challenge the administration’s position on policy issues, and to extract commitments from a nominee.”

While top-level nominees are often expedited, the confirmation process can be surprisingly long when considering all nominations. Four years ago, nominees for Treasury and the Department of Housing and Urban Development received hearings in January 2017. An SEC nominee received a hearing in March and Assistant Secretaries of the Treasury hearings happened in May. By July, various Assistant Secretaries received confirmation hearings. It was not until July 2018 that the nominee for Deputy Secretary of the Treasury received a confirmation hearing.

## For further reading

- Biden to Appoint Acting Agency Heads Due to Transition Delays [Wall Street Journal](#)
- **Janet Yellen**, “I find it hard to imagine that hospitality, travel, tourism, consumer-facing sectors will come back to anything close to where they were for a very long time.” [Magellan Group 2020 In Review](#)
- Stephen Colbert challenges Congresswoman **Marcia Fudge** to a high-stakes fencing match during Better Know a District [YouTube](#)

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## January 20, 2021 – How a Divided Congress Organizes

This third article in the Guidebook focuses on how a narrowly divided Congress will organize itself, including Congressional Committee assignments, especially the Senate Banking Committee and House Financial Services Committee.

CREFC is adapting in 2021 with more lobby days and opportunities for CREFC members to engage with legislators and regulators.

A successful operator in our Nation’s Capital must study power. Pulitzer Prize-winning author and journalist **Richard Ben Cramer**, best described a key source of power in DC is ‘knowing.’ [CNN describes](#) his “1992 book ‘[What It Takes](#)’ remains one of the most detailed and passionate of all presidential campaign chronicles,” as an intertwined profile of six presidential candidates in the 1988 election, including Joe Biden. To students of the ways Washington works, arguably the most valuable study is Cramer’s description of then-Vice President **George H. W. Bush’s** skill-set, “a [taxonomy of different ways of knowing in Washington](#): *connaissance* (to know somebody), *scientia* (to know something), and *awareness* (to know what’s happening).”

This ‘knowing’ is why Washington obsesses over procedural decisions, and in particular, organization, committee-ratios, and arcane rules. These precedents set how the next two years (or two decades) will proceed.

## 50/50 Senate

Today, January 20, President-Elect **Joe Biden** becomes President Joe Biden. Later in the day, after the swearing-in of two new Senators from Georgia, a senator from California, and Vice President **Kamala Harris**, Republicans become the minority party in the Senate. Twenty-one years ago, on January 5, 2000, an agreement was presented and agreed to the Senate about how a 50/50 divided Senate would operate. However, [Politico reports](#), “It could be days before there’s a resolution between **[Chuck] Schumer** and **[Mitch] McConnell** on how the Senate will operate.”

The biggest hurdle to an agreement pivots on a key principle of the Senate – the rights of individual Senators, and therefore a minority of Senators. The most important of these rules allows individual Senators to prevent a vote (a filibuster) on a bill or amendment unless 60 Senators vote to close debate



(invoke cloture). Senators use this 60-vote threshold to prevent a vote (a filibuster), and simply the threat of preventing a vote (a filibuster), to delay or prevent the Senate from even considering a bill they oppose.

However, these rules can technically be changed through a parliamentary procedure that allows the Senate to override a Senate rule, such as the 60-vote rule to close debate, by a simple majority of 51 votes, rather than the two-thirds supermajority normally required to amend a Senate rule. This is called the ‘nuclear option’ and can be invoked when the majority leader raises a point of order that contravenes a standing rule, such as that only a simple majority is needed to close debate on certain matters. Republican Leader **McConnell** is trying to convince Democratic Leader **Schumer** not to invoke the ‘nuclear option’ as *Politico* reports, “In a letter to colleagues, [reported by *National Review*] McConnell indicated he wants a commitment from Schumer to preserve the legislative filibuster as part of their agreement governing the rules of the 50-50 Senate.”

*Punchbowl News* further explains:

*The Senate GOP leader has been privately pushing **Chuck Schumer** to keep the legislative filibuster intact as part of any power-sharing deal they strike, according to several sources familiar with the talks between the two senators. But **Schumer** can’t or won’t agree to that demand, and that’s complicating the negotiations over a power-sharing accord for the new 50-50 Senate.*

Once this question is resolved, a 2001 agreement between then-Democratic leader **Tom Daschle** and then-Republican leader **Trent Lott** outlines how the Senate would operate in a 50-50 split:

1. All Senate committees would have equal numbers of Republicans and Democrats;
2. A committee chair can discharge a subcommittee from further in the case of a tie vote;
3. If a measure or nomination receives a tie vote in committee, the majority or minority leader could move to discharge the committee from further consideration of such measure or nomination, after debate the full Senate would vote to proceed;
4. Any amendable item of business could be debated for at least 12 hours;
5. Party leaders seek an equal balance of the interests of the two parties in scheduling and considering legislation and nominations, but the decision to proceed to any matter remains the prerogative of the Majority Leader; and,
6. Committee budgets and office space are equally divided.

Power sharing is a bit of a misnomer. **Schumer**, as majority leader, will still be able to move legislation and nominations out of committee, even with a tie vote. And the balance of power could change. In 2001, just 5 months after the 50-50 agreement, Senator James Jeffords left the Republican Party, became an Independent, and caucused with the Senate Democrats, shifting power to a 51-49 Senate.

## **Senate Banking Committee**

The negotiations are also delaying committee assignments in the Senate. McConnell’s January 18 letter to Republican Senators stated, “A delay in reaching an agreement could delay the final determination of committee assignments but it is important to maintain the status quo on the legislative filibuster.”

The Senate Banking Committee, and now arguably the Senate Finance Committee, are two of the most important Senate committees in guiding policy that impacts CRE.

Future Transition Guidebooks will outline new committee members, particularly those with a background in CRE.

## 222 to 211 House

To move legislation through the House of Representatives, the *LA Times* says Speaker **Nancy Pelosi**, “will need the support of Democrats across a wide ideological spectrum — from progressives like the Squad’s Rep. Ilhan Omar of Minnesota, who make up the majority of the caucus, to moderates like Virginia’s Rep. Abigail Spanberger, whose wins in traditionally Republican areas helped Democrats secure the majority.”

Pelosi narrowly won the race for speaker **216-209**. She leads a Democratic caucus which has one of the slimmest House majorities in twenty years. This slim House majority and the vocal progressive wing of the Democratic Party mean Pelosi will face challenges as she seeks to set and push a Democratic agenda in the House. Although a bit dated, this *CNN* report offers a good outline of this new pressure to keep progressives and moderates united:

*“Moderates believe that a narrow majority will give them the chance to reach across the aisle with the blessing of leadership to get to a bill that can pass both chambers of Congress and be signed by the President.”*

*“But progressives also say that their role in a narrow majority will be to serve as a check and balance on the Biden administration and ensure it is enacting the kinds of reforms that the campaign promised.”*

## House Financial Services Committee

Although House committees have not yet organized, news about committee assignments are beginning to trickle out. We do know that the following Democratic members will return to the House Financial Services Committee:

- Rep. **Alma Adams** of North Carolina
- Rep. **Madeleine Dean** of Pennsylvania
- Rep. **Chuy García** of Illinois
- Rep. **Sylvia Garcia** of Texas
- Rep. **Stephen Lynch** of Massachusetts
- Rep. **Alexandria Ocasio-Cortez** of New York
- Rep. **David Scott** of Georgia
- Rep. **Rashida Tlaib** of Michigan

These new members of Congress will join the House Financial Services Committee:

- Rep. **Ritchie Torres** of New York
- Rep. **Jake Auchincloss** of Massachusetts
- Rep. **Nikema Williams** of Georgia

Rep. **Katie Porter** of California and Rep. **Jennifer Wexton** of Virginia both [lost their seats on the Financial Services Committee](#) after Pelosi did not grant them waivers to serve on this exclusive committee. Party rules prohibit Democrats on exclusive committees from serving on any other committee without a waiver from the party's steering committee.

The fourth article in the Guidebook will provide a deep dive on Treasury Secretary-nominee Janet Yellen and other key leaders in the Treasury Department.

### **For further reading**

- Where Do **Jared Kushner** and **Ivanka Trump** Go From Here? [Town & Country](#)
- What **Joe Biden** has promised to do on "Day One" and in his first 100 days as president [CBS News](#)
- Before **Richard Ben Cramer** bought his old white farmhouse here in 1993, he called in "the best real estate guy that I know," and *then-Delaware Sen. Joe Biden Politico*

Please contact [Justin Ailes](#) with questions on the Biden Transition.

### **January 27, 2020 – Treasury Deep Dive**

This fourth installment in the Guidebook will provide a deep dive on Treasury Secretary Janet Yellen, other key leaders in the Treasury Department, and items on their policy agenda that impact CRE.

### **Secretary of the Treasury: Janet Yellen**

Yesterday, Vice President Kamala Harris administered the oath of office to Janet Yellen. Treasury reports, "During her first day in office, Secretary Yellen will be meeting virtually with her advisors, as well as career and political leadership. She will also be briefed on the status of the American Rescue Plan and the implementation of relief programs."

In a letter Yellen sent to all Treasury staff on her first day, Yellen said, "in addition to the pandemic, the country is also facing a climate crisis, a crisis of systemic racism, and an economic crisis that has been building for fifty years."

Beyond these four crises, look to this *Politico* article for clues about where Yellen could focus her energy:

*In June 2020, [Yellen] argued that Congress had left gaping holes in supervising the activities of "shadow banks" -- a term that refers to everything from asset managers and insurers to private equity firms. "I personally think we need a new Dodd-Frank."*

## **Key Staff**

On January 25, the Treasury Department announced newmembers of staff who will serve in key roles. Treasury’s press release stated, “These qualified, tested, and skilled leaders will join a team prepared to deliver results by getting the economy back on track, strengthening the financial system, and restoring jobs. These appointees represent diverse and varied communities and will put service to the American people at the forefront of their work. They also reflect the Biden-Harris Administration’s commitment to assembling a team of experts with diverse backgrounds.” Personnel include:

- *Natalie Wyeth Earnest, Counselor to the Secretary for Strategic Communications*
- *Aruna Kalyanam, Deputy Assistant Secretary for Tax and Budget, Office of Legislative Affairs*
- *Alexandra LaManna, Spokesperson, Office of Public Affairs*
- *Angel L. Nigaglioni, Deputy Assistant Secretary for Appropriations and Management, Office of Legislative Affairs*
- *Aditi Hardikar, Senior Advisor to the Deputy Secretary*
- *Mark J. Mazur, Deputy Assistant Secretary for Tax Policy, Office of Tax Policy*
- *Damian Richardson, Special Assistant, Office of the Secretary*

In addition to those personnel identified in Treasury’s press release, CREFC has learned the following people will also serve on Treasury staff:

### *Didem Nisanci, Treasury Chief of Staff*

Most recently Bloomberg’s Global Head of Public Policy. Previously a Managing Director at Promontory Financial Group, chief of staff of the SEC and served as the SEC deputy to the Financial Stability Oversight Council.

### *Julie Siegel, Deputy Treasury Chief of Staff*

Most recently Senior Counsel for economic policy for Sen. Elizabeth Warren. Previously Deputy Chief of Staff and Counselor to the General Counsel of the Legal Division at the CFPB and Special Assistant at the Obama White House.

### *Alfred Johnson, Deputy Treasury Chief of Staff*

Co-Founder and CEO of Mobilize, an events management and volunteer recruitment platform. Previously spent time at Clara (acquired by SoFi), BlackRock, the Treasury Department and the White House.

### *Ben Harris, Senior Counselor to the Secretary*

Economic aide to then-Vice President Biden from 2014-2017. After working under the Obama Administration, Harris became a professor at Northwestern’s Kellogg School of Management.

### *Nellie Liang, Senior Counselor to the Secretary*

Senior fellow at the Brookings Institution. Previously specialized in financial stability at the Federal Reserve. In 2018 Liang was nominated to a seat on the Fed board by President Trump but never had a nomination hearing due to Republican opposition.

*Laurie Schaffer, Principal Deputy General Counsel*

Currently the Assistant General Counsel for banking and finance at the Treasury Department. General Counsel at Charles Schwab before joining Treasury in April 2008. Schaffer advises on Treasury's borrowing authorities, debt issuing activities, financial markets oversight, regulation of the government securities market, and issues affecting the financial services industry.

*Marti Adams Baker, Executive Secretary*

Baker currently works for the advisory firm Brunswick Group. Previously, in the press office of New York Mayor Bill De Blasio and in various communications roles for President Barack Obama on both of his presidential campaigns and at the U.S. Treasury Department, where she was the spokesperson for the Office of Terrorism and Financial Intelligence (TFI).

*Calvin Mitchell, Assistant Secretary of Public Affairs*

Currently Senior Advisor for KARV Communications and previously Managing Director for Credit Suisse. Also spent time at the Federal Reserve Bank of NY, the United Nations, and the Treasury Department.

*Angel Nigaglioni, Deputy Assistant Secretary of Leg. Affairs for Appropriations and Management*

Currently Legislative Director and Counsel to Congressman José E. Serrano (D-NY), who is the Ranking Member of the House Financial Services Appropriations Subcommittee.

*Aruna Kalyanam, Deputy Assistant Secretary of Leg. Affairs for Tax and Budget Policy*

Staff with the House Committee on Ways and Means since 2001. Expertise includes individual taxation, economic development taxation and energy taxation.

*Elizabeth Rosenberg, Counselor to Deputy Secretary for Terrorism and Financial Intelligence and Internal Affairs*

Rosenberg is currently a Senior Fellow and Director of the Energy, Economics, and Security Program at the Center for a New American Security. From May 2009 through September 2013, Rosenberg served as a Senior Advisor at the U.S. Department of the Treasury, to the Assistant Secretary for Terrorist Financing and Financial Crimes, and then to the Under Secretary for Terrorism and Financial Intelligence.

## **Treasury Policy Will Impact CRE**

In addition to the numerous fiscal and tax policy priorities of the Biden Administration, two projects will be on Secretary Yellen's to-do list that impact CRE.

### *Beneficial Ownership*

First, Treasury's Financial Crimes Enforcement Network (FinCEN), as a result of a number of anti-money laundering (AML) reforms passed by Congress in December 2020, collect beneficial ownership for most legal entities (LLCs, corporations, etc.) nationwide and provide this information in a federal database. The database is intended to prohibit the use of shell companies to hide illicit cash through legal entities. Treasury is required to finalize regulations implementing this new AML system by January 1, 2022. CREFC has supported these beneficial ownership reforms as a more efficient method for collecting information and will participate in the regulatory comment period.

## Financial Stability Oversight Council

Second, Biden appointees will soon take their seats at the Financial Stability Oversight Council (FSOC) that comprises lead regulators across the financial services industry. Currently, five of the ten members are Biden appointees or otherwise designated by the President as an acting agency head. In the short-term, the OCC head will likely change once Biden’s nominee is installed.

Agency	Head	Appointer/Alignment
Treasury	Secretary Janet Yellen	Biden
Federal Reserve	Chairman Jerome Powell	Trump
OCC	Acting Comptroller Blake Paulson	Trump
CFPB	Acting Director Dave Uejio	Biden
SEC	Acting Chair Allison Lee	Biden
FDIC	Chair Jelena McWilliams	Trump
CFTC	Acting Chair Rostin Behnam	Democratic Commissioner
FHFA	Director Mark Calabria	Trump
NCUA	Chair Todd Harper	Biden
Independent Insurance Expert	Thomas Workman	Trump

CREFC expects the FSOC to focus more on supervision and oversight of all sectors, including nonbanks. [FSOC’s annual report](#) issued in December 2020 signals how the agenda could focus on CRE.

## **Liquidity**

First, the report covered the liquidity crunch that occurred early in the pandemic, which hit short-term funding sources, including non-bank commercial real estate lenders who originate commercial and multifamily real estate/CMBS loans and whose warehouse lines were subjected to margin calls when loan and CMBS values dropped. While the market stabilized with some intervention by the Federal Reserve and CREFC’s successful efforts to include CMBS in TALF, the report recommends a review of structural vulnerabilities and the role leveraged nonbanks may have played in the repo market. If necessary, FSOC recommends regulators take action to address the vulnerabilities.

## **CRE Lending**

FSOC is also monitoring potential CRE mortgage defaults and declines in property valuations for spillover effects into the broader economy. The report notes that small- and mid-size banks tend to have higher concentrations of CRE loans, which makes them vulnerable to losses and tightening credit. CMBS also was a focus in the body of the report, which noted that CMBS servicers are bound by contract and “do not directly face losses.” The report contrasted this with banks and insurance companies who have “wide discretion over loans’ terms and are more likely to offer mortgage modifications than are servicers of non-agency CMBS.” In CREFC’s view, the CMBS servicing discussion in the report highlighted a lack of clarity on the part of regulators as it relates to the CMBS market.

For its CRE recommendations, FSOC urged regulators to continue to monitor volatility in valuations, the performance of CRE loans, and the level of CRE concentration at banks. The FSOC also recommended that regulators encourage banks and nonbanks to strengthen their capital and liquidity buffers to

support their loss-absorption capacity. CREFC will continue to engage with regulators as they examine CRE.

In addition, we understand that **Treasury Secretary Yellen will also focus on the risk that climate change poses on the financial system.** During her confirmation hearing, she shared her intention to establish a senior-level team within the Treasury Department that focuses on financial system risks stemming from climate change and on related tax policy incentives. As reported by *Politico*, Yellen stated that "climate change is an existential threat. Both the impact of climate change itself and policies to address it could have major impacts, creating stranded assets, generating large changes in asset prices, credit risks and so forth that could affect the financial system. These are very real risks."

### **Additional Resources**

[Click here](#) for CREFC's Biden Transition Guidebook, which includes articles on:

1. Key leaders in Congress who will set economic and financial policy for the next two years.
2. Key cabinet nominees who will impact CRE and the process for nominee confirmation hearings.
3. How a divided Congress organizes itself.

[CREFC's Regulatory Leadership Tracker](#)

Cabinet Nominees			
Department/Agency	Previous Official	Nominated	Status
Agriculture	Sonny Perdue	<a href="#">Tom Vilsack</a>	Nominated
Commerce	Wilbur Ross	<a href="#">Gov. Gina Raimondo (RI)</a>	Nominated
Defense	Mark Esper	<a href="#">Gen. Lloyd Austin</a>	Confirmed
Education	Betsy DeVos	<a href="#">Dr. Miguel Cardona</a>	Nominated
Energy	Dan Brouillette	<a href="#">Jennifer Granholm</a>	Nominated
Health and Human Services	Alex Azar	<a href="#">Xavier Becerra (AG, D-CA)</a>	Nominated
Homeland Security	Pete Gaynor	<a href="#">Alejandro Mayorkas</a>	Nominated
Housing and Urban Development	Ben Carson	<a href="#">Rep. Marcia Fudge (D-OH)</a>	Nominated
Interior	David Bernhardt	<a href="#">Deb Haaland (D-NM)</a>	Nominated
Justice	Jeffrey Rosen	<a href="#">Merrick Garland</a>	Nominated
Labor	Eugene Scalia	<a href="#">Mayor Marty Walsh (Boston)</a>	Nominated
State	Mike Pompeo	<a href="#">Anthony Blinken</a>	Confirmed
Transportation	Elaine Chao	<a href="#">Pete Buttigieg</a>	Nominated
Treasury	Steve Mnuchin	<a href="#">Janet Yellen</a>	Confirmed
Veterans Affairs	Robert Wilkie	<a href="#">Denis McDonough</a>	Nominated
Cabinet-Level Appointees			
Department/Agency		Nominated	Status
Council of Economic Advisors	Tyler Goodspeed	<a href="#">Cecilia Rouse - Chair</a>	Nominated
Office of Management and Budget	Russell Vought	<a href="#">Neera Tanden - Director</a>	Nominated
Climate Envoy	Office Not Established	<a href="#">John Kerry</a>	No Confirmation Needed
Miscellaneous Positions			
Department/Agency		Nominated	Status
National Economic Council	Larry Kudlow	<a href="#">Brian Deese - Director</a>	No Confirmation Needed
Domestic Climate Policy Council	Office Not Established	<a href="#">Gina McCarthy - National Climate Adviser</a>	No Confirmation Needed

Click here for [executive orders](#), including: actions, proclamations, memoranda and agency directives that President Biden signed his first week in office. *NBC* provides a [full list of executive actions](#) taken to date. These actions are primarily focused on addressing the COVID-19 pandemic and reversing President Trump's actions.



# Biden Transition Guidebook



## **For further reading**

- The most powerful Zoom call in the world [Politico](#)
- Biden Administration Will 'Speed Up' Efforts To Put Harriet Tubman On \$20 Bill [NPR](#)
- Chairwoman Waters Announces Financial Services Subcommittee Leadership press [release](#)
- Chairwoman Waters Announces Financial Services Subcommittee Assignments press [release](#)

*Please contact [Justin Ailes](#), [Sairah Burki](#), [David McCarthy](#) and [Christina Perez](#) with questions on the Biden Transition.*