



NATIONAL  
ASSOCIATION of  
REALTORS®

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February 1, 2012

United States Senate  
Washington, DC 20510

Dear Senator:

On behalf of the 1.1 million members of the National Association of REALTORS®, I respectfully urge you to resist using the guarantee fees (g-fees) charged by Fannie Mae and Freddie Mac to fund a 10-month extension of the payroll tax.

The recently enacted "Temporary Payroll Tax Cut Continuation Act of 2011" funds a two-month extension of the payroll tax cut, unemployment benefits, and Medicare reimbursements through a 10 basis point (bp) increase in the average g-fee charged by Fannie Mae and Freddie Mac for the next 10 years. Diverting these fees away from their intended purpose is a de-facto tax increase on homebuyers and raises costs on the very same Americans the underlying bill sought to help.

The increases associated with the two-month extension, which go into effect on April 1, 2012 and run through September 30, 2021, are estimated to cost consumers approximately \$4000 - \$5400 over 30 years on a \$200,000 loan. Any additional increase to "pay-for" an extension throughout the remainder of 2012 will cost consumers significantly more, and could effectively halt a fragile recovery in the housing sector.

Given the practical and public policy ramifications of the existing 10 bps increase, we ask you to reject further g-fee increases as a means to offset the costs of an extension. Additionally, we urge you to reject measures that would increase Ginnie Mae's g-fees or FHA mortgage premiums (both single- and multi-family) that will disproportionately harm low- and moderate-income borrowers, first-time homebuyers, renters with modest incomes, and others when those funds are diverted to the Treasury and used as an offset to pay for a ten-month extension of the current law.

We appreciate the attempts by Congress to provide financial relief to the middle class, as well as foster job creation. However, we must first do no harm. At this point in the housing recovery, housing cannot afford to be Congress's piggy bank.

Thanks you for the opportunity to share our opinion on this serious matter.

Sincerely,

Maurice "Moe" Veissi  
2012 President, National Association of REALTORS®



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