

March 6, 2020

The Honorable Nancy Pelosi  
Speaker  
U.S. House of Representatives  
H-232, The Capitol  
Washington, DC 20515

The Honorable Kevin McCarthy  
Minority Leader  
U.S. House of Representatives  
H-204, The Capitol  
Washington, DC 20515

The Honorable Mitch McConnell  
Majority Leader  
United States Senate  
S-230, The Capitol  
Washington, DC 20510

The Honorable Charles Schumer  
Democratic Leader  
United States Senate  
S-221, The Capitol  
Washington, DC 20510

Dear Speaker Pelosi, Leader McConnell, Leader McCarthy and Leader Schumer:

As Congress continues its work throughout the remainder of the year, our organizations respectfully request that you refrain from utilizing Fannie Mae and Freddie Mac (“the GSEs”) guarantee fees (“g-fees”) as a source of funding offsets. As representatives of institutions that span the entire housing finance ecosystem, we firmly believe that g-fees should only be used as originally intended: as a critical risk management tool to protect against potential mortgage credit losses.

As we have indicated on numerous occasions, we were deeply troubled when g-fees were raised by 10 basis points for 10 years to fund a two-month period of payroll tax relief in 2011. That increase harmed homebuyers by raising the cost of homeownership in all parts of the country – and continues to do so during the duration of the provision’s decade-long lifespan, which expires in 2021. Since then, whenever Congress or the Administration has considered using g-fees to cover the cost of non-housing-related programs (such as those addressing infrastructure, immigration, or the environment), our organizations have united to emphatically let lawmakers know that homeownership cannot, and must not, be used as the nation’s “piggybank.” We are united again to reaffirm our opposition to the Congress’s potential use of these fees for any funding offset that may be contemplated.

G-fees are a critical risk management tool used by the GSEs to cover operating costs and losses that occur in their operations. Increasing g-fees for other purposes – as was included in the President’s Fiscal Year 2021 budget proposal – effectively taxes potential homebuyers, as well as existing homeowners seeking to refinance their mortgages. It is important to note that g-fees are included within the cost structure of all mortgages in securities backed by the GSEs and are paid by borrowers over the entire life of their loans. Over a 30-year term, 10 basis points in g-fees amounts to an additional \$5,100 in mortgage

payments on the average GSE loan amount of \$255,000. We applaud Senators David Perdue and Robert Menendez and Representatives Brad Sherman and Lee Zeldin for introducing bipartisan legislation in the 116<sup>th</sup> Congress that would prohibit the use of g-fees as a budgetary offset, and we urge both chambers to take up this legislation as quickly as possible.

Today's housing market continues to show strength, but lawmakers must avoid taking any steps that may exacerbate affordability challenges, which could in turn have negative consequences for the broader economy. The unintended effects of any proposed g-fee increase or extension – no matter how well-intended – will be to raise the cost of homeownership for middle-class Americans, while curtailing refinance activity that helps to keep creditworthy borrowers in their homes. Moreover, implementing yet another g-fee increase will hinder policymakers' abilities to execute the necessary reforms required of the GSEs in the years ahead.

We understand the critical need for funding offsets. We are united, however, in our belief that using g-fees as a funding mechanism is wholly inappropriate and shifts the burden of paying for non-housing-related initiatives to the country's current and future homeowners. The benefits of affordable homeownership accrue to families, communities, and our national economy; we simply cannot allow these benefits to be jeopardized by efforts to raise g-fees unnecessarily.

Thank you for your consideration of this very important matter.

**American Bankers Association  
American Escrow Association  
American Land Title Association  
Asian Real Estate Association of America  
Center for Responsible Lending  
Community Associations Institute  
Council for Affordable and Rural Housing  
Credit Union National Association  
District of Columbia Association of REALTORS  
Enterprise Community Partners, Inc.  
Housing Policy Council  
Independent Community Bankers of America  
Institute of Real Estate Management  
Leading Builders of America  
Manufactured Housing Institute  
Mortgage Bankers Association  
National Apartment Association**

**National Association of Federally-Insured Credit Unions**  
**National Association of Home Builders**  
**National Association of Housing Cooperatives**  
**National Association of Real Estate Brokers (NAREB)**  
**National Association of REALTORS®**  
**National Community Reinvestment Coalition (NCRC)**  
**National Community Stabilization Trust**  
**National Council of State Housing Agencies**  
**National Fair Housing Alliance**  
**National Housing Conference**  
**National Housing Resource Center**  
**National Multifamily Housing Council**  
**National NeighborWorks Association**  
**The Community Mortgage Lenders of America**  
**The Realty Alliance**  
**U.S. Mortgage Insurers**

Cc: The Honorable Mike Crapo, Chairman, Senate Committee on Banking, Housing and Urban Affairs  
The Honorable Sherrod Brown, Ranking Member, Senate Committee on Banking, Housing and Urban Affairs  
The Honorable Maxine Waters, Chairwoman, House Committee on Financial Services  
The Honorable Patrick McHenry, Ranking Member, House Committee on Financial Services