

September 13, 2021

Charlie Oppler
2021 President

Bob Goldberg
Chief Executive Officer

ADVOCACY GROUP

Shannon McGahn
Chief Advocacy Officer

The Honorable Brad Sherman
U.S. House of Representatives
2181 Rayburn House Office Building
Washington, DC 20515

Dear Representative Sherman:

On behalf of the National Association of REALTORS® (NAR), we seek a fix to a recent proposal that would use guarantee fees (g-fees) charged by Fannie Mae and Freddie Mac (the GSEs) as a budget offset. G-fees are a critical risk management tool used by the GSEs to protect against loan losses and should be used only to manage the companies' operations and credit risk. NAR strongly opposes the use of g-fees for any use other than its intended purpose—to cover losses that occur in the natural course of GSE business.

NAR understands the need to fund government programs and investments in critical infrastructure, but effectively imposing a tax on housing is not prudent given the continued need for stability in the housing sector. It makes little sense to tax mortgage originations or refinances of middle-class Americans in order to generate the desired revenue to cover unrelated expenditures.

The U.S. faces historical housing market challenges, including: A housing shortage of nearly 6 million units; nearly 1.5 million homeowners who will need help transitioning out of forbearance; unprecedented low homeownership rates for the Black and Latino communities; and, continuing efforts to expand homeownership to underserved rural and urban markets. It is imperative we focus all efforts on overcoming these challenges instead of adding additional impediments to potential homeowners.

The use of g-fees for non-housing purposes only hinders efforts to address the homeownership challenges described above. Consequently, we believe that the GSEs' guarantee fees should be set by the enterprises or their conservator to fund their operations in fulfillment of their congressionally designated charter duties, and that Congress should not codify these fees to fund other priorities as in the recent infrastructure bill.

We believe Congress could rectify this misuse of g-fees by linking any excess revenues to housing related expenditures, ideally in a new institution within the FHFA, whose task it is to allocate these funds to various charter-related and housing activities that support the expansion of stable and sound homeownership as needs evolve over time. Specifically, such a structure

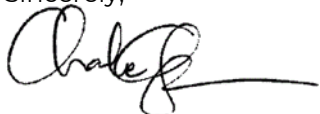


could be used to help fund investments in owner-occupied housing through initiatives like the HOME Investment Partnerships Program and for the Housing Trust Fund. At a minimum, g-fees should be linked to the GSEs' charter duties and the needs of the housing market.

Historically, housing has been an engine of both economic and social growth and investing in those goals remains salient today. The GSEs' congressionally chartered duties include support for a national mortgage market and ensuring that qualified borrowers have access to credit in all markets in both good and bad economic times. Raising guarantee fees as an offset for unrelated government expenditures undermines this mission and taxes middle-class American homebuyers to pay for it.

REALTORS® thank you for your leadership on this important issue.

Sincerely,

A handwritten signature in black ink, appearing to read "Charlie Oppler", with a long horizontal flourish extending to the right.

Charlie Oppler
2021 President, National Association of REALTORS®