

DRAFT

September 8, 2015

The Honorable John Boehner
Speaker
U.S. House of Representatives
H-232, The Capitol
Washington, D.C. 20515

The Honorable Nancy Pelosi
Minority Leader
U.S. House of Representatives
H-204, The Capitol
Washington, D.C. 20515

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

The Honorable Harry Reid
Minority Leader
United States Senate
S-221, The Capitol
Washington, DC 20510

Dear Speaker Boehner, Leader Pelosi, Leader McConnell and Leader Reid,

As Congress returns to Washington, and congressional leaders resume their negotiations for a long term transportation reauthorization, our organizations respectfully request that you refrain from utilizing Fannie Mae and Freddie Mac's ("the GSEs") credit risk guarantee fees ("g-fees") as a source of funding for any extension of highway programs or any other purpose beyond supporting the companies' safety and soundness.

G-fees are a critical risk management tool used by Fannie Mae and Freddie Mac to protect against losses from loans that default. Increasing g-fees for other purposes – even just extending the current incremental fee increase added to offset the cost of the payroll tax holiday for four years – imposes an unjustified burden on the housing finance system. It is important to note that g-fees are included within the cost structure for all Fannie Mae and Freddie Mac backed mortgages and are paid by borrowers over the entire life of their loans. Thus any increase imposed now would continue to be paid by borrowers with GSE mortgages for many years beyond the proposed 3-year imposition of the additional fee.

The nation's housing market remains in a precarious state. The unintended impact of this proposed g-fee increase extension will be to keep housing consumers on the sideline, preventing the absorption of our nation's large real-estate owned inventory, as well as curtailing refinance activity that is needed to keep creditworthy borrowers in their homes. Such a fee would be a regressive tax, imposing the largest burden on low- and moderate-income borrowers and borrowers with low wealth who already face serious obstacles in obtaining fair and sustainable credit. Moreover, many of these borrowers struggling to obtain homeownership are disproportionately Latino and African-American. Adding an additional fee to mortgages for unrelated expenses would only increase the hurdles these families already face in achieving the American dream of homeownership.

We understand the critical need to reauthorize highway programs. However, we are united in our belief that using g-fees as a funding mechanism for this purpose shifts the burden to homeowners and the housing sector in a manner that prevents the GSEs from effectively managing their risk and managing their duty to ensure that creditworthy borrowers from underserved communities has access to sustainable credit.

Thank you for your consideration of this very important matter.

American Bankers Association

American Land Title Association

Center for Responsible Lending
Community Home Lenders Association
Community Mortgage Lenders of America
Consumer Federation of America
Consumer Mortgage Coalition
Credit Union National Association
Housing Policy Council of the Financial Services Roundtable
Independent Community Bankers of America
Mortgage Bankers Association
National Association of Federal Credit Unions
National Association of Home Builders
National Association of REALTORS®
National Community Reinvestment Coalition
National Consumer Law Center (on behalf of its low-income clients)

CC: The Honorable Paul Ryan, Chairman of the House Committee on Ways & Means
The Honorable Sander Levin, Ranking Member of the House Committee on Ways and Means
The Honorable Bill Shuster, Chairman of the House Committee on Transportation & Infrastructure
The Honorable Peter DeFazio, Ranking Member of the House Committee on Transportation & Infrastructure
The Honorable James Inhofe, Chairman of the Senate Committee on Environment & Public Works
The Honorable Barbara Boxer, Ranking Member of the Senate Committee on Environment & Public Works
The Honorable Orrin Hatch, Chairman of the Senate Committee on Finance
The Honorable Ron Wyden, Ranking Member of the Senate Committee on Finance
The Honorable John Thune, Chairman of the Senate Committee on Science, Commerce, & Transportation
The Honorable Bill Nelson, Ranking Member of the Senate Committee on Science, Commerce, & Transportation

