

July 28, 2015

The Honorable Mike Crapo
U.S. Senate
239 Dirksen Senate Office Building
Washington, D.C. 20510

The Honorable Mark Warner
U.S. Senate
475 Russell Senate Office Building
Washington, D.C. 20510

Dear Senators Crapo and Warner:

The undersigned organizations write in support of your amendment, #2399, offered to H.R. 22, the legislative vehicle for a multi-year extension of the highway bill. Your amendment would remove a four-year extension of the 10-year, 10 basis point increase in Fannie Mae's and Freddie Mac's credit risk guarantee fees (g-fees) that originally passed Congress in 2011.

Our members were deeply troubled when the original increase passed in 2011. That increase has harmed homebuyers and consumers – and will continue to do so for the duration of the provision's 10-year lifespan. Since then, whenever Congress has considered using g-fees to cover the cost of programs unrelated to housing, our members have united to emphatically let Congress know that homeownership cannot, and must not, be used as the nation's piggybank. And now we are united again, to make that same statement regarding the use of these fees to pay for the highway bill.

G-fees are a critical risk management tool used by Fannie Mae and Freddie Mac to protect against losses from faulty loans. Increasing g-fees for other purposes – even just extending the current fee increase for four years – effectively taxes potential homebuyers and consumers looking to refinance their mortgages.

The nation's housing sector remains in a precarious state. Though we are continuing to see signs of improvement, we must avoid taking any steps that may retard that recovery and ultimately send our overall economy into another tailspin. The unintended impact of this proposed g-fee increase would 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 responsible borrowers in their homes. Furthermore, implementing yet another g-fee increase unrelated to housing needs will act to hinder the necessary reforms required of the GSEs in the years ahead.

We understand the 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 Fannie Mae and Freddie Mac from effectively managing their risk.

Thank you for your efforts to remove this troublesome provision from H.R. 22.

American Bankers Association

American Land Title Association

Community Home Lenders Association

Community Mortgage Lenders of America

Consumer Mortgage Coalition

Credit Union National Association

Housing Policy Council of the Financial Services Roundtable

Leading Builders of America

Mortgage Bankers Association

National Association of Federal Credit Unions

National Association of Home Builders

National Association of REALTORS®

U.S. Mortgage Insurers

Cc: The Honorable Mitch McConnell, Majority Leader
The Honorable Harry Reid, Minority Leader
The Honorable Richard Shelby, Chairman, Senate Committee on Banking, Housing, &
Urban Affairs
The Honorable Sherrod Brown, Ranking Member, Senate Committee on Banking, Housing,
& Urban Affairs