

September 15, 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.

America's Homeowner Alliance

American Bankers Association

American Escrow Association

American Land Title Association

Asian Real Estate Association of America

Center for Responsible Lending

Community Associations Institute

Community Home Lenders Association

Community Mortgage Lenders of America

Consumer Federation of America

Consumer Mortgage Coalition

Credit Union National Association

Homeownership Preservation Foundation

Housing Policy Council of the Financial Services Roundtable

Independent Community Bankers of America

The Leadership Conference on Civil and Human Rights

Leading Builders of America

Louisiana Bankers Association

Mortgage Bankers Association

National Association of Federal Credit Unions

National Association of Hispanic Real Estate Professionals

National Association of Home Builders

National Association of Mortgage Brokers

National Association of REALTORS®

National Association of Real Estate Brokers

National Community Reinvestment Coalition

National Council of State Housing Agencies

National Consumer Law Center (on behalf of its low-income clients)

National Housing Conference

Real Estate Services Providers Council, Inc.

The Realty Alliance

U.S. Mortgage Insurers

CC: The Honorable Jeb Hensarling, Chairman of the House Committee on Financial Services
The Honorable Maxine Waters, Ranking Member of the House Committee on Financial Services
The Honorable Richard Shelby, Chairman of the Senate Committee on Banking, Housing, & Urban Development
The Honorable Sherrod Brown, Ranking Member of the Senate Committee on Banking, Housing, & Urban Development
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