



February 15, 2012

The Honorable Dave Camp
Chairman, Conference Committee
H.R. 3630, the "Temporary Payroll Tax Cut
Continuation Act of 2011" 341
Cannon House Office Building
Washington, DC 20515

The Honorable Max Baucus
Vice Chairman, Conference Committee
H.R. 3630, the "Temporary Payroll Tax Cut
Continuation Act of 2011"
511 Hart Senate Office Building
Washington, DC 20510

Dear Chairman Camp and Vice Chairman Baucus:

As the congressional conference committee completes negotiations on an extension of the payroll tax cut, unemployment benefits, and Medicare reimbursements, the National Housing Conference urges you not to use Fannie Mae's and Freddie Mac's credit risk guarantee fees (g-fees) as a source of funding for purposes other than minimizing the loss exposure to these two government-sponsored enterprises (GSEs), investors and taxpayers.

The recently enacted "Temporary Payroll Tax Cut Continuation Act of 2011" funds a two-month extension of the payroll tax cut, unemployment benefits, and Medicare reimbursements through a 10 basis point (bp) increase in the average g-fee charged by Fannie Mae and Freddie Mac for the next 10 years. Diverting these fees away from their intended purpose will serve as a de-facto tax increase on homebuyers and raise costs on the very same Americans the underlying bill sought to help. We further believe this provision hinders necessary housing finance reforms in the years ahead, as any effort to alter the GSEs' role in the market would result in a loss of federal revenue.

Given the practical and public policy ramifications of the existing 10 bps increase, we ask the conference committee negotiating an extension of these provisions through the remainder of 2012 to reject further g-fee increases as a means to offset the legislation. Additionally, we urge you to reject measures that would increase Ginnie Mae's g-fees or FHA mortgage premiums (either single-or multi-family) that we believe would disproportionately harm low-and moderate-income borrowers, first-time homebuyers, renters with modest incomes, and other populations if those funds were to be directed to the Treasury and used as an offset to pay for a ten-month extension of the current law.

We appreciate the attempts by Congress to provide financial relief to the middle class, as well as foster job creation. However, we remain firm in our opposition to increasing g-fees and FHA premiums for reasons other than minimizing the GSEs' or FHA's risk exposure, shoring up capital reserves, and ensuring the liquidity of the secondary mortgage market.



Since 1931, NHC has been dedicated to ensuring safe, decent and affordable housing for all Americans. NHC has earned its strong reputation as the United Voice for Housing by actively engaging and convening its membership in nonpartisan advocacy for effective housing policy solutions at the local, state and national levels.

Thank you for your consideration of this very important matter.

Sincerely,

A handwritten signature in black ink that reads 'Ethan Handelman'. The signature is fluid and cursive, written in a professional style.

Ethan Handelman
Vice President for Policy and Advocacy

cc: Members, Conference Committee on H.R. 3630, the "Temporary Payroll Tax Cut Continuation Act of 2011"