July 22, 2021

The Honorable Kyrsten Sinema   The Honorable Rob Portman
United States Senate   United States Senate
317 Hart Senate Office Building   448 Russell Senate Office Building
Washington, DC 20510   Washington, DC 20510

Dear Senator Sinema and Senator Portman:

As the Senate continues its negotiations on the Bipartisan Infrastructure Framework, our organizations respectfully request that you refrain from utilizing Fannie Mae and Freddie Mac ("the GSEs") guarantee fees ("g-fees") as a source of funding offsets. As representatives of institutions that span the entire housing finance ecosystem, we firmly believe that g-fees should only be used as originally intended: as a critical risk management tool to protect against potential mortgage credit losses and to support the GSEs' charter duties.

We have indicated on numerous occasions that we were deeply troubled when g-fees were raised by 10 basis points for 10 years to fund a two-month period of payroll tax relief in 2011. That increase harmed homebuyers by raising the cost of homeownership in all parts of the country – and continues to do so during the provision's decade-long lifespan, which expires in September. Since then, whenever Congress or the Administration has considered using g-fees to cover the cost of non-housing-related programs, our organizations have united to emphatically let lawmakers know that homeowners cannot, and must not, be used as the nation's "piggybank." We are united again to reaffirm our opposition to the Congress's potential use of these fees for any funding offset that may be contemplated.

G-fees are a critical risk management tool used by the GSEs to cover operating costs and losses that occur in their operations. Increasing g-fees for other purposes effectively taxes potential homebuyers, as well as existing homeowners seeking to refinance their mortgages. It is important to note that g-fees are included within the cost structure of all mortgages, including those for first-time homebuyers, veterans, and rural communities.

Given today's housing affordability and supply constraints, lawmakers must avoid taking any steps that may exacerbate affordability challenges, which could in turn have negative consequences for the broader economy. The unintended effects of any proposed g-fee increase or extension will be to raise the cost of homeownership for all Americans, and low- to moderate-income and underserved individuals in particular. In addition, it would curtail refinance activity that helps to keep creditworthy borrowers in their homes. Moreover, implementing yet another g-fee increase will hinder policymakers' abilities to execute the necessary reforms required of the GSEs in the years ahead.

We understand the critical need for funding offsets. We are united, however, in our belief that using g-fees as a funding mechanism is wholly inappropriate and shifts the burden of paying for infrastructure-related initiatives to the country's current and future homeowners. The benefits of affordable homeownership accrue to families, communities, and our national economy; we simply cannot allow these benefits to be jeopardized by efforts to raise g-fees unnecessarily.

Thank you for your consideration of this very important matter.

Sincerely,

American Bankers Association
American Land Title Association
Asian Real Estate Association of America
CCIM Institute
Community Home Lenders Association
Community Mortgage Lenders of America
Consumer Federation of America
Council for Affordable and Rural Housing
Credit Union National Association
Housing Policy Council
Independent Community Bankers of America
Institute of Real Estate Management
Leading Builders of America
Manufactured Housing Institute
Mortgage Bankers Association
National Apartment Association
National Association of Federally-Insured Credit Unions
National Association of Hispanic Real Estate Professionals
National Association of Home Builders
National Association of REALTORS®
National Council of State Housing Agencies
National Housing Conference
National Multifamily Housing Council
U.S. Mortgage Insurers

Cc: All Senators