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