

August 20, 2020

Dr. Mark Calabria
Director
Federal Housing Finance Agency
400 7th Street, S.W.
Washington, D.C. 20024

Dear Director Calabria:

We write to you, representing our member banks of all sizes in every state, urging you to use your power as regulator and conservator of Fannie Mae and Freddie Mac to rescind the 50 basis point fee on refinance loans announced last week by those entities.

The new fee, referred to as an “adverse market refinance fee,” will harm consumers in urban, rural, and suburban communities across the country.

Borrowers have been helped by the historically low interest rates, allowing them to refinance their loans into significantly lower monthly payments and achieve a better financial position during these uncertain times. The impact of the additional charges imposed by Fannie and Freddie will raise a family’s cost to refinance by roughly \$1,400 on an average-sized loan, perhaps threatening their ability to qualify for advantageous loans. The augmented prices will have an acute impact on lower-income borrowers, potentially putting such families’ ability to refinance into a lower-rate loan out of their reach entirely.

In light of this sudden change in pricing, banks that have already provided borrowers with a locked-in price for loans in their pipeline will be hit with unexpected costs, jeopardizing their ability to provide mortgage services to their communities and throwing the refinance market into disarray.

While other federal entities are doing their utmost to keep rates low and the President has issued orders directing agencies to use all powers within their means to assist struggling homeowners in the current economic crisis, it is unfathomable that FHFA would allow Fannie Mae and Freddie Mac to undercut those efforts.

We urge you to direct Fannie Mae and Freddie Mac to rescind this fee increase. It is ill-advised and clearly contrary to current efforts aimed at supporting a crisis-stricken economy while homeowners persevere through a public health crisis.

Sincerely,

Alabama Bankers Association
Alaska Bankers Association
Arizona Bankers Association
Arkansas Bankers Association
California Bankers Association
Colorado Bankers Association
Connecticut Bankers Association
Delaware Bankers Association

Florida Bankers Association
Georgia Bankers Association
Hawaii Bankers Association
Idaho Bankers Association
Illinois Bankers Association
Indiana Bankers Association
Iowa Bankers Association
Kansas Bankers Association
Kentucky Bankers Association
Louisiana Bankers Association
Maine Bankers Association
Maryland Bankers Association
Massachusetts Bankers Association
Michigan Bankers Association
Minnesota Bankers Association
Mississippi Bankers Association
Missouri Bankers Association
Montana Bankers Association
Nebraska Bankers Association
Nevada Bankers Association
New Hampshire Bankers Association
New Jersey Bankers Association
New Mexico Bankers Association
New York Bankers Association
North Carolina Bankers Association
North Dakota Bankers Association
Ohio Bankers League
Oklahoma Bankers Association
Oregon Bankers Association
Pennsylvania Bankers Association
Puerto Rico Bankers Association
Rhode Island Bankers Association
South Carolina Bankers Association
South Dakota Bankers Association
Tennessee Bankers Association
Texas Bankers Association
Utah Bankers Association
Vermont Bankers Association
Virginia Bankers Association
Washington Bankers Association
West Virginia Bankers Association
Wisconsin Bankers Association
Wyoming Bankers Association

cc: The Honorable Steven Mnuchin
Secretary
United States Treasury

Larry Kudlow
Director
United States National Economic Council

The Honorable Mike Crapo
Chairman
Senate Banking, Housing and Urban Affairs Committee

The Honorable Sherrod Brown
Ranking Member
Senate Banking, Housing and Urban Affairs Committee

The Honorable Maxine Waters
Chairwoman
House Financial Services Committee

The Honorable Patrick McHenry
Ranking Members
House Financial Services Committee

Members of the United States Senate

Members of the United States House of Representatives