

The Honorable Patty Murray  
Chairman  
Senate Budget Committee  
624 Dirksen Senate Office Building  
Washington, DC 20510

The Honorable Paul Ryan  
Chairman  
House Budget Committee  
205 Cannon House Office Building  
Washington, DC 20515

November 12, 2013

Dear Chairman Murray and Chairman Ryan:

The members of our organizations wish to express their collective opposition to the use of Fannie Mae and Freddie Mac's credit risk guarantee fees (g-fees) as a potential source of revenue in your ongoing efforts to reconcile the Senate and House versions of the Fiscal Year 2014 Budget Resolution.

Our members were deeply troubled in 2011 by the use of a 10 basis-point increase over the 2011 average g-fee to fund a two-month extension of payroll tax relief. That increase is already impacting potential homebuyers, as well as consumers looking to refinance their mortgages, and will continue to do so for a period of 10 years. When some in Congress proposed the use of g-fees to pay for extending that payroll tax relief, provide for coastal restoration, and offset the cost of immigration reforms, in each of these instances our members let Congress know that housing cannot, and must not, be used as the nation's "piggybank."

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 effectively taxes potential homebuyers and homeowners looking to refinance their mortgages.

The Senate spoke clearly on this issue when it unanimously adopted a bipartisan amendment, offered by Banking Committee Chairman Tim Johnson and Ranking Member Mike Crapo, that creates a budget point of order against the use of g-fees to pay for unrelated spending.

Though we are seeing signs of improvement in the real estate sector, we must avoid taking any steps that could keep housing consumers on the sidelines and hinder that recovery. Moreover, adopting another g-fee increase will further tie policymakers' hands just as Congress is beginning to consider broader housing finance reform legislation and a resolution to the conservatorship of Fannie Mae and Freddie Mac.

We respectfully request that you not use g-fees as a revenue source in any budget agreement. Thank you for your consideration of this very important matter.

Sincerely,

American Bankers Association  
American Land Title Association  
Community Mortgage Lenders of America  
Credit Union National Association  
Housing Policy Council  
Mortgage Bankers Association  
National Association of Federal Credit Unions  
National Association of Home Builders  
National Association of REALTORS®

cc: The Honorable John Boehner, Speaker of the House, U.S. House of Representatives  
The Honorable Nancy Pelosi, Minority Leader, U.S. House of Representatives  
The Honorable Harry Reid, Majority Leader, U.S. Senate  
The Honorable Mitch McConnell, Minority Leader, U.S. Senate  
The Honorable Jeb Hensarling, Chairman, House Committee on Financial Services  
The Honorable Maxine Waters, Ranking Member, House Committee on Financial Services  
The Honorable Tim Johnson, Chairman, Senate Committee on Banking, Housing and Urban Affairs  
The Honorable Mike Crapo, Ranking Member, Senate Committee on Banking, Housing and Urban Affairs