

The Honorable John Boehner
Speaker, U.S. House of
Representatives
H-232, The Capitol
Washington, DC 20515

The Honorable Nancy Pelosi
Minority Leader, U.S. House of
Representatives
H-204, The Capitol
Washington, DC 20515

The Honorable Harry Reid
Majority Leader, United States Senate
S-230, The Capitol
Washington, D.C. 20510

The Honorable Mitch McConnell
Minority Leader, United States Senate
S-221, The Capitol
Washington, D.C. 20510

January 8, 2014

Dear Speaker Boehner, Leader Reid, Leader Pelosi, and Leader McConnell:

As the Senate currently debates an extension of emergency unemployment compensation benefits, and the House decides if and when to turn to such a debate, the undersigned organizations oppose the use of Fannie Mae's and Freddie Mac's credit risk guarantee fees (g-fees) to offset the cost of S. 1845, the Emergency Unemployment Compensation Extension Act.

G-fees are a critical risk management tool used by Fannie Mae and Freddie Mac to protect against losses from faulty loans, and should be used only to manage the companies' credit risk. Increasing g-fees for other purposes effectively taxes potential homebuyers and consumers wishing to refinance their mortgages. G-fee increases unrelated to housing could also act to hinder the necessary reforms required of the housing finance system.

We are united in our belief that using g-fees as a funding mechanism places an unnecessary burden on homeowners and prevents Fannie Mae and Freddie Mac from effectively managing their risk. To this end, we strongly supported the Johnson-Crapo Amendment to the Senate's budget resolution last spring, which requires any bill using GSE g-fees as an offset to be subject to a budget point of order. The amendment was cosponsored by all members of the Senate Banking Committee and passed by unanimous consent.

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, while possibly delaying implementation of the necessary reforms required of the GSEs. Therefore, as the Senate, and potentially the House, continues to debate the means by which to extend these emergency benefits, we urge you to oppose the use of guarantee fees as an offset to the cost of S. 1845, or any other longer-term solution that could emerge in either chamber.

American Bankers Association
American Land Title Association
Community Mortgage Lenders of America
Credit Union National Association
Housing Policy Council, Financial Services Roundtable
Mortgage Bankers Association
National Association of Federal Credit Unions
National Association of Home Builders
National Association of Realtors

cc: 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
All Members, House Financial Services Committee
All Members, Senate Banking Committee