

# United States Senate

August 20, 2020

The Honorable Mark A. Calabria  
Director  
Federal Housing Finance Agency  
400 7th Street, SW  
Washington, D.C. 20219

Dear Director Calabria,

Thank you for the work that you and your staff are doing to promote the smooth and orderly functioning of America's housing market during these turbulent times. We write in regard to the market refinance fee that was recently announced by the Government Sponsored Enterprises (GSE) Fannie Mae and Freddie Mac. That the Federal Housing Finance Agency (FHFA) would allow the GSEs to take this course of action, during what is universally agreed to be a period of great economic distress, is surprising and deeply troubling. We therefore request that you immediately act to require that the GSEs withdraw this fee to prevent further harm to everyday Americans and our economy.

Members of Congress on both sides of the aisle may have differing opinions as to the nature of the GSE conservatorship arrangement, but the crucial role that the GSEs play in our housing market is indisputable. Absent their role in mortgage finance, it would be harder or perhaps even impossible in these times for middle-class families to afford a 30-year fixed rate mortgage. For families who have been fortunate enough to become homeowners before the onset of the COVID-19 pandemic, the GSE guarantee has allowed such families to take advantage of historically low interest rates and gain much-needed financial flexibility through the mortgage refinancing process.

It is therefore greatly distressing that FHFA and the GSEs would announce a 50 basis point fee for all refinancing loans with no consultation with Congress and no notice to external stakeholders. While there is precedent for this type of charge going back to 2007, the 2007 charge was announced on December 5, 2007, and implemented on March 1, 2008. That's over 11 weeks of notice compared to the two weeks for this most recent fee. A two-week timeline is excessively fast and pulls the rug out from consumers and lenders alike who are in the process of refinancing. We sincerely hope that lenders and consumers will not feel blindsided, and that this fee will not further curtail lending during this challenging period.

This type of fee is difficult enough to price in during the best of times; in the midst of a global health pandemic with a vaccine not yet in sight, there is no rational explanation for this course of action in the manner and speed that you have taken. Beyond harming borrowers and lenders, the

\$1,400 that this fee would cost a borrower refinancing a \$300,000 loan is more than the \$1,200 that taxpayers have received in recovery rebates from the federal government.

Sincerely,



M. Michael Rounds  
United States Senator



Kevin Cramer  
United States Senator



Jerry Moran  
United States Senator



Jon Tester  
United States Senator



Tina Smith  
United States Senator



Thom Tillis  
United States Senator



Steve Daines  
United States Senator



Martha McSally  
United States Senator