

News & Updates

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MHI Opposes FHFA's New Adverse Market Fee

The Federal Housing Finance Agency (FHFA) announced that Fannie Mae and Freddie Mac will be adding an Adverse Market Fee on refinance mortgages they purchase as of September 1, 2020. MHI has partnered with 19 national organizations representing the housing industry and consumer advocates to oppose this action. As a part of this effort, MHI is launching a grassroots campaign for our membership to weigh in with their congressional representatives in opposition to this move.

Below is the joint statement made by the coalition last week:

Wednesday night's surprise announcement by Fannie Mae and Freddie Mac (the GSEs) conflicts with the Administration's recent executive actions urging federal agencies to take all measures within their authority to support struggling homeowners. The additional 0.5% fee on Fannie Mae and Freddie Mac refinance mortgages will raise costs for families trying to make ends meet in these challenging times. In addition, the September 1 effective date means that thousands of borrowers who did not lock in their rates could face unanticipated cost increases just days from closing.

In spite of the fragility of the national economic recovery, the housing market has been able to withstand many of the most severe effects of the COVID-19 pandemic. The recent refinance activity has not only helped homeowners lower their monthly payments, but it is also reducing risk to the GSEs and taxpayers. At a time when the Federal Reserve is purchasing \$40 billion in agency mortgage-backed securities per month to help reduce the cost of buying or refinancing a home and stimulate the broader economy, this action by the GSEs raises those costs, contradicting and undermining Fed policy.

The pricing increase is particularly harmful for our nation's low- and moderate-income homeowners and for the emerging, but unsteady improvements to the national economy. The undersigned organizations strongly urge the Federal Housing Finance Agency, which had to approve this policy, to withdraw this ill-timed, misguided directive.

The White House also issued a written statement to the press expressing concerns about the action:

The White House has serious concerns with this action and is reviewing it. It appears only to help Fannie and Freddie and not the American consumer.

If you have any questions, please contact MHI's Advocacy and Communications Department at MHIgov@mfghome.org or 703-558-0675.

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