

United States Senate  
WASHINGTON, DC 20510

August 19, 2020

The Honorable Mark A. Calabria  
Director  
Federal Housing Finance Agency  
400 7<sup>th</sup> Street SW  
Washington, DC 20024

Dear Director Calabria:

We write to express concern about the sudden announcement that Fannie Mae and Freddie Mac (the Enterprises) will begin charging an additional 50 basis points in up-front fees for all refinance loans delivered to the Enterprises on or after September 1, 2020. This additional fee will increase the cost to homeowners of refinancing their mortgages in the midst of an economic downturn.

The coronavirus (COVID-19) pandemic continues to threaten public health and our economy. Over the past six months, Congress, the Federal Reserve, and the Enterprises have taken extraordinary steps to stabilize markets and provide protections to help homeowners stay in their homes and shelter safely from this pandemic. Many families who are able to do so have also taken steps to make their home more affordable through refinancing, and the Enterprises have adopted policies to ease purchase and most refinance transactions in light of the challenges posed by COVID-19.

Given the Enterprises' commitment to facilitating mortgage lending and refinancing over the last few months, we were surprised to see an unexplained new fee added to the cost of refinance loans that will be implemented just three weeks after it was announced. This sudden additional charge will affect loans currently in the refinance process and could cause both confusion and increased costs for homeowners.

The Enterprises' charters state that one of their core purposes is to provide stability in the secondary mortgage market. We are concerned that this sudden change of the rules that will shift more of the financial burden to consumers could contradict that purpose. Additionally, the Enterprises and FHFA have offered no explanation for this change. We would therefore like to understand the Enterprises' request, and FHFA's approval, to raise costs on refinance transactions. Please respond to the following questions by August 26, 2020.

1. The increased fees are labeled as "adverse market" or "market condition" fees. Please describe the market conditions that the Enterprises and FHFA are trying to address with this fee and how a direct charge to homeowners was determined to be the most appropriate way to address those conditions.
2. It is vital that the Enterprises remain in a sound condition to fulfill their role in helping families. But families are also facing economic uncertainty. Why do the Enterprises and FHFA believe that individual homeowners are better suited to bear part of the cost of this economic downturn than the Enterprises?
3. Do the Enterprises and FHFA expect that lenders will pass the 50 basis point cost on to consumers when they are able to do so?

4. Have the Enterprises or FHFA projected the effect that this price change will have on the number of homeowners who refinance their loans over the coming six months? If so, please provide that projection. If not, why not?
5. Did the Enterprises or FHFA consider the effect that implementing this policy change will have on consumers whose loans are in process but cannot be closed and delivered prior to September 1, 2020, including possible increased costs and confusion? If so, why did the Enterprises and FHFA make the decision to proceed on a three week timeline? If not, why not?

We do not know the full effect that COVID-19 will have on our nation's health or on families' finances. If families can lower their monthly costs, including housing costs, it would help them weather the public health and economic crisis in the months ahead. An unexpected fee will not. We request that you immediately provide answers to the questions above and not proceed, or approve of proceeding, with any pricing or policy changes during this pandemic that are not intended to help homeowners, renters, and our housing system withstand this crisis.

Thank you for your prompt attention to this matter.

Sincerely,

/s/ Sherrod Brown  
United States Senator

/s/ Jack Reed  
United States Senator

/s/ Robert Menendez  
United States Senator

/s/ Jon Tester  
United States Senator

/s/ Mark R. Warner  
United States Senator

/s/ Elizabeth Warren  
United States Senator

/s/ Brian Schatz  
United States Senator

/s/ Chris Van Hollen  
United States Senator

/s/ Catherine Cortez Masto  
United States Senator

/s/ Doug Jones  
United States Senator

/s/ Tina Smith  
United States Senator

/s/ Kyrsten Sinema  
United States Senator

/s/ Richard J. Durbin  
United States Senator

/s/ Bernard Sanders  
United States Senator

/s/ Tammy Duckworth  
United States Senator