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Housing Policy Council Opposes Fannie Mae, Freddie Mac Price Increase

Leading trade association cites economic challenges and income disruptions in disagreement with adverse market refinance fee

Washington, D.C. - Ed DeMarco, President of the Housing Policy Council, issued the following statement in response to Fannie Mae and Freddie Mac's new adverse market refinance fee:

Yesterday, the Federal Housing Finance Agency (FHFA) used Fannie Mae and Freddie Mac to announce a price increase affecting virtually every refinanced mortgage securitized through these companies. At a time when the Federal Reserve is doing all it can to drive mortgage rates down in support of an economy imperiled by a national health crisis, it is hard to perceive either a public policy or safety and soundness reason for this change in mortgage pricing. Raising the cost of refinancing runs directly counter to the Federal Reserve's efforts. Further, it is inconsistent with the economic challenges families are facing and the economic condition of housing markets.

This is not 2008 and house prices are not collapsing after years of excess in housing. Rather, the country continues to face a shortage of housing, as house prices continue to rise, not fall. The country is confronting a public health crisis that has temporarily disrupted the income of many families. These conditions warrant special support for families and for the economy, not the rescission of such support. With lowered interest rates, refinancing one's mortgage typically lowers a family's monthly mortgage payment, providing them with extra cash for other bills. And, the lowered payment reduces that loan's default risk to Fannie Mae and Freddie Mac.

As conservator, FHFA is uniquely positioned to reassess the pricing decisions just announced. It can also readdress how such changes are introduced into the marketplace. Making the change effective immediately, September 1, disrupts the economics of good faith market transactions of thousands of loans already priced and in the pipeline. Finally, imposing an adverse market

charge should be accompanied by a clear explanation of the adverse market conditions requiring such a pricing adjustment.

HPC respectfully asks FHFA to reconsider this price change.

About HPC

The Housing Policy Council (HPC) is a trade association whose members are among the nation's leading mortgage originators, servicers, insurers & data/settlement service providers. Founded in 2003, HPC advocates for a competitive marketplace that embraces accountability, transparency, and consistency. Members of HPC are committed to working with all stakeholders to realize a resilient housing finance system that expands opportunity, improves the customer experience, and operates efficiently and safely.

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