

February 1, 2012

The Honorable Dave Camp  
Chairman, Conference Committee  
H.R. 3630, the "Temporary Payroll Tax Cut  
Continuation Act of 2011"  
341 Cannon House Office Building  
Washington, DC 20515

The Honorable Max Baucus  
Vice Chairman, Conference Committee  
H.R. 3630, the "Temporary Payroll Tax Cut  
Continuation Act of 2011"  
511 Hart Senate Office Building  
Washington, DC 20510

Dear Chairman Camp and Vice Chairman Baucus:

As the congressional conference committee begins negotiating an extension of the payroll tax cut, unemployment benefits, and Medicare reimbursements, the undersigned organizations urge you not to use Fannie Mae's and Freddie Mac's credit risk guarantee fees (g-fees) as a source of funding for purposes other than minimizing the loss exposure to these two government-sponsored enterprises (GSEs), investors and taxpayers.

The recently enacted "Temporary Payroll Tax Cut Continuation Act of 2011" funds a two-month extension of the payroll tax cut, unemployment benefits, and Medicare reimbursements through a 10 basis point (bp) increase in the average g-fee charged by Fannie Mae and Freddie Mac for the next 10 years. Diverting these fees away from their intended purpose will serve as a de-facto tax increase on homebuyers and raise costs on the very same Americans the underlying bill sought to help. We further believe this provision hinders necessary housing finance reforms in the years ahead, as any effort to alter the GSEs' role in the market would result in a loss of federal revenue.

Given the practical and public policy ramifications of the existing 10 bps increase, we ask the conference committee negotiating an extension of these provisions through the remainder of 2012 to reject further g-fee increases as a means to offset the legislation. Additionally, we urge you to reject measures that would increase Ginnie Mae's g-fees or FHA mortgage premiums (either single- or multi-family) that we believe would disproportionately harm low- and moderate-income borrowers, first-time homebuyers, renters with modest incomes, and other populations if those funds were to be directed to the Treasury and used as an offset to pay for a ten-month extension of the current law.

We appreciate the attempts by Congress to provide financial relief to the middle class, as well as foster job creation. However, we are united in our opposition to increasing g-fees and FHA premiums for reasons other than minimizing the GSEs' or FHA's risk exposure, shoring up capital reserves, and ensuring the liquidity of the secondary mortgage market.

Thank you for your consideration of this very important matter.

Sincerely,

American Escrow Association  
American Land Title Association  
Consumer Federation of America  
Community Associations Institute  
Community Mortgage Banking Project  
Consumer Mortgage Coalition  
Community Mortgage Lenders of America  
Habitat for Humanity International  
Leading Builders of America  
National Association of Hispanic Real Estate  
Professionals

National Association of Home Builders  
National Association of Neighborhoods  
National Association of REALTORS®  
National Community Reinvestment Coalition  
National Housing Conference  
Mortgage Bankers Association  
Real Estate Services Providers Council, Inc.  
(RESPRO®)  
The Realty Alliance  
The National Urban League

cc: Members, Conference Committee on H.R. 3630, the "Temporary Payroll Tax Cut Continuation Act of 2011"