



strength in members.

August 25, 2020

The Honorable Mark Calabria
Director
Federal Housing Finance Agency
400 7th Street, SW
Washington, DC 20219

BY EMAIL ONLY

Re: Opposition to New GSE Adverse Market Refinance Fees

Dear Director Calabria:

On behalf of the New York Credit Union Association, which has represented the interests of both state and federally chartered credit unions for over 100 years, I am writing this letter to express the Association's strong opposition to Fannie Mae and Freddie Mac's decision to impose a 50 basis point fee on mortgage refinances starting September 1st. If the GSEs go forward with these plans, it will have a disproportionate impact on middle-class home owners as well as small to medium size credit unions which rely on the GSEs operating fairly and in good faith in order to have access to the secondary market.

The COVID-19 pandemic has imposed an unprecedented amount of uncertainty onto the economy. One of the few bright spots has been mortgage lending in general and mortgage refinances in particular. By taking advantage of historically low interest rates, consumers have been able to save thousands of dollars. The imposition of this fee is effectively a tax on homeowners precisely when we should be aiding consumers to save money and organize their resources in a way which encourages economic growth and saving.

In imposing the fee, the GSEs took the highly unusual step of applying this tax to mortgages which settle with the GSEs starting September 1st. This means that lenders will have to absorb the cost of this increase for almost two months. The GSEs should not discount the impact this will have on small to medium size institutions which rely on fairly priced access to the secondary market in order to offer loans to their members. In response to the pandemic, many of these institutions are already offering forbearances on mortgage loans and suffering a sharp decrease in lending activity which may very well impact their financial strength in the coming months. Now is not the time to be imposing a fee which by some estimates will increase origination costs by \$1,400.

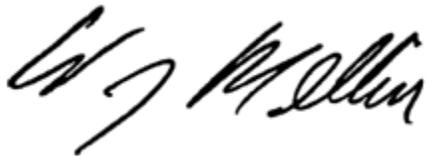
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Page 2

There is still time for the GSEs to reconsider or at least modify the refinance fee. Any perceived benefit the GSEs believe they will receive from rushing out this new tax on the American homeowner may very well be off-set by the pernicious impact it will have on lenders and borrowers alike.

Sincerely,

A handwritten signature in black ink, appearing to read "W. J. Mellin". The signature is fluid and cursive, with the first name "W. J." and the last name "Mellin" clearly distinguishable.

William Mellin
President/CEO