
FEDERAL HOUSING FINANCE AGENCY



NEWS RELEASE

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FHFA Report Concludes Fannie Mae and Freddie Mac Guarantee Fees Declined in 2008-2009

Washington, DC – The Federal Housing Finance Agency (FHFA) has found that the average total “g-fee” charged by Fannie Mae and Freddie Mac on single-family mortgages fell in 2009 relative to 2008, from 25 basis points to 22 basis points. The second annual report on Enterprise guarantee fees, *Fannie Mae and Freddie Mac Single-Family Guarantee Fees in 2008 and 2009*, concludes that the decline in the total guarantee fees charged by each Enterprise in 2009 resulted from significant improvement in the credit profile of the single-family mortgages they acquired relative to 2008.

There were improvements across the product, credit score and LTV ratio spectrums, as 15-year-fixed-rate mortgages grew as a share of total acquisitions, borrower credit scores improved, and fewer loans with low down payments were acquired. The share of mortgages with risk layering also fell significantly. The improvement in the credit profile of acquisitions more than offset the effect of the g-fee pricing increases implemented by the Enterprises in 2008 and 2009, resulting in the decline in total guarantee fees charged in 2009.

For mortgages acquired in 2009, each Enterprise set the g-fees at levels sufficient to cover expected costs and to provide a modest return on capital. The sole exception to this policy was for loans originated under the Home Affordable Refinance Program (HARP), which offers the Enterprises a benefit in the form of reduced credit exposure. Although the g-fees charged for HARP loans were not expected to achieve the targeted rate of return, the new loans should perform better than the mortgages they refinanced and the g-fees charged for these loans are generally higher than the fees on the original mortgages.

The FHFA report, required by the Housing and Economic Recovery Act of 2008, studies the fees charged by the Enterprises for guaranteeing securities backed by single-family mortgages that are not insured or guaranteed by the federal government and that finance properties with four or fewer residential units. Those fees cover projected credit losses from borrower defaults over the life of the loans, administrative costs, and a return on capital.

[Link to Report](#)

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The Federal Housing Finance Agency regulates Fannie Mae, Freddie Mac and the 12 Federal Home Loan Banks. These government-sponsored enterprises provide more than \$5.9 trillion in funding for the U.S. mortgage markets and financial institutions.