



FANNIE MAE AND FREDDIE MAC SINGLE-FAMILY GUARANTEE FEES IN 2024

December 2025



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Executive Summary

Fannie Mae and Freddie Mac (the Enterprises) were chartered by Congress to provide stability and liquidity to the nation's secondary mortgage market, as well as to promote broad access to mortgage credit. They primarily do so by issuing securities backed by mortgage loans they acquire and guaranteeing timely payments to investors in these securities. In 2024, the Enterprises collectively acquired more than \$650 billion of single-family mortgages.

The Enterprises charge guarantee fees, both ongoing and upfront, to cover the costs of providing these guarantees. These fees serve as the primary source of revenue for the Enterprises and, in doing so, drive profitability and capital accumulation. Despite this, guarantee fees generally represent a small portion of the total monthly mortgage payment for most borrowers. In 2024, the average guarantee fee across the Enterprises' single-family loan acquisitions was 65 basis points – or 0.65 percent of the loan amount per year. This compares to average interest rates for 30-year fixed-rate mortgages that were between 6.1 percent and 7.2 percent during the year.

The Housing and Economic Recovery Act of 2008 (HERA) requires FHFA to conduct an ongoing study of the guarantee fees charged by the Enterprises and to annually submit a report to Congress on the results of the study.¹ Pursuant to these requirements, this report presents an analysis of the guarantee fees charged by the Enterprises in 2024, along with a comparison to those fees charged in 2023.

In summary, the Enterprises' average guarantee fee of 65.2 basis points on 2024 single-family loan acquisitions declined slightly from 65.5 basis points in 2023. This modest change reflected a reduction in upfront fees, partially offset by an increase in ongoing fees. Upfront fees declined due to the Enterprises' acquisition during 2024 of certain loans with limited guarantee fees designed to support the Enterprises' housing mission. The rise in ongoing fees was driven by changes in the product mix, the continued effects of a purchase money market, and capital return requirements.

¹ See Section 1601 of the Housing and Economic Recovery Act of 2008, Public Law 110-289, 122 Stat 2824 at <https://www.congress.gov/110/plaws/publ289/PLAW-110publ289.pdf>.



Guarantee Fees: Background

Guarantee fees enable the Enterprises to acquire mortgage loans from lenders (or “sellers”²), issue securities backed by these mortgage loans (mortgage-backed securities, or MBS), and guarantee to investors the timely payment of principal and interest on these MBS. In doing so, the Enterprises facilitate the effective channeling of funds from the global capital markets into the domestic mortgage market, making mortgage credit more accessible and affordable for American homebuyers.

The Enterprises acquire loans through two primary channels: the MBS swap and the cash window. In the MBS swap channel, a seller exchanges a group of loans for an MBS guaranteed by Fannie Mae or Freddie Mac, which the seller can then sell in the secondary market. By contrast, in the cash window acquisition channel, also called the whole loan conduit, a seller delivers loans to an Enterprise in exchange for cash payment. The Enterprises then bundle these loans into guaranteed MBS and sell them in the secondary market. Generally, larger sellers use the MBS swap channel, while smaller sellers are more likely to sell loans for cash.

The Enterprises acquire loans through two channels, MBS swap and cash window.

The Enterprises charge a guarantee fee in exchange for retaining the credit risk on the loans and guaranteeing timely payments to MBS investors.^{3,4} Investors typically pay a premium for Enterprise MBS over private-label MBS due to the guarantee of principal and interest, as well as the strong liquidity of the Enterprises’ MBS market.

The level of the guarantee fees is set to cover the costs of providing the guarantee. These costs encompass expected credit losses, administrative costs, and the cost of capital required to guarantee single-family loans.

² The term “seller” refers to an entity that is the ultimate seller of a loan to the Enterprises, which may include mortgage originators that sell directly to the Enterprises or mortgage aggregators that purchase mortgages from other financial institutions and resell the loans to the Enterprises.

³ Although the Enterprises are always the ultimate guarantors of their MBS, they may choose to retain the full credit risk or, through their credit risk transfer (CRT) programs, pay private entities to bear some of the credit risk.

⁴ Private holders of MBS assume market risk—the risk that the value of the security may decline due to changes in market interest rates.



The Enterprises charge two types of guarantee fees: ongoing and upfront. An ongoing fee is a monthly charge over the life of the loan, built into the loan's interest rate, that varies by product type (e.g., 30- or 15-year fixed-rate loans).

Ongoing fees presented in this report include the net gain or loss generated from buy-up/buy-down transactions, in which the Enterprise buys from or sells to the seller a portion of the loan's ongoing interest to allow for loans to be pooled more flexibly during the creation of MBS.

Ongoing fees are based primarily on product type, such as whether the loan is a 30-year fixed-rate or a 15-year fixed-rate loan.

An upfront fee is a one-time payment made by sellers at loan delivery and is passed through to borrowers. Upfront fees serve as the Enterprises' main form of risk-based pricing because they vary with factors such as loan-to-value (LTV) ratio, credit score, property type, and occupancy.⁵ Higher-risk loans generally pay higher upfront fees. The Enterprises introduced risk-based pricing through upfront fees in 2008. Certain upfront fees are aligned across the Enterprises.⁶ In this report, FHFA presents upfront fees in an annualized form.⁷

Upfront fees are based primarily on specific risk attributes.

Key risk attributes for upfront fees include, but are not limited to:

- Loan-to-value (LTV) ratio
- Borrower credit score
- Type of refinance (rate-term or cash-out)
- Occupancy type (e.g., investment properties or second homes)
- Property type (e.g., condominiums, multi-unit properties, manufactured homes)
- Adjustable-rate mortgages (ARMs) with high LTVs
- Minimum mortgage insurance coverage
- Loan size compared with the baseline conforming loan limit
- Presence and amount of subordinate financing (second liens)

⁵ See Enterprise upfront fees at <https://www.fanniemae.com/content/pricing/llpa-matrix.pdf> and https://guide.freddiemac.com/euf/assets/pdfs/Exhibit_19.pdf.

⁶ *Ibid.*

⁷ For the purposes of reporting to FHFA, the Enterprises annualize upfront fees by dividing the upfront fee for a given loan by that loan's specific present value multiplier (PVM). For example, a loan with an upfront fee of 60 basis points and a PVM of 4 would have an annualized upfront fee of $60/4 = 15$ basis points. PVMs are modeled by the Enterprises, based on interest rates and loan characteristics.



Upfront fees are assessed on a layered basis, with separate fees applied for each risk attribute of a loan. For example, a loan that is both an investment property and has a high LTV ratio would incur the fees associated with each attribute, which are then added together to determine the total upfront fee. In contrast, certain borrowers may not be charged upfront fees under specific programs that offer reduced or waived fees to support eligible borrowers.⁸

Profitability of Providing the Guarantee

FHFA estimated the Enterprises' profitability gaps, defined as the differences between the revenue an Enterprise received for guaranteeing MBS payments and its estimated total costs of providing their guarantee. Revenue in the profitability gap calculation includes the Enterprises' ongoing and upfront guarantee fees. Total costs in the calculation include: (1) expected default costs arising from the failure of some borrowers to make their payments under anticipated economic conditions; (2) the cost of holding capital, reflecting regulatory capital maintained to protect against borrower defaults under severe stress scenarios and a minimum return on capital; (3) general and administrative expenses; and (4) 10 basis points allocated to the U.S. Department of the Treasury as required by the Temporary Payroll Tax Cut Continuation Act of 2011 (TCCA). The TCCA fee was extended to 2032 by the Infrastructure Investment and Jobs Act in November 2021.

The profitability gap is estimated for each newly acquired loan, and loan-level gaps are aggregated by segment. A positive or zero gap indicates that the Enterprise's revenue for the loan is sufficient to cover its costs at the specified minimum return threshold. A negative gap indicates that revenue does not cover costs at this return threshold. A negative gap does not imply that the loan or segment is unprofitable; rather, it indicates that the Enterprise expects to earn a return on capital below its overall minimum return threshold.

FHFA defines profitability gap as the difference between guarantee fees received for a mortgage loan and the estimated total cost of providing the guarantee. The profitability gap serves as the measure of estimated profitability accounting for a minimum rate of return on capital.

Two primary factors contribute to changes in profitability gaps over time. The first is annual

⁸ See Enterprise upfront fees at <https://www.fanniemae.com/content/pricing/llpa-matrix.pdf> and https://guide.freddiemac.com/euf/assets/pdfs/Exhibit_19.pdf.



updates to the assumptions underlying cost and return estimates. For example, the Enterprises model expected default costs and estimate capital costs using: (1) assumptions about economic variables, including house prices, interest rates, unemployment, and discount rates, and (2) their regulatory capital framework. Higher costs generally reduce the profitability gap for a given level of revenue, while lower costs increase it. The second factor is changes in the mix of risk characteristics within each year's acquisitions. Because profitability gaps vary significantly by segment, shifts in the Enterprises' annual acquisition mix directly affect overall profitability gaps.

In addition, the Enterprises limit guarantee fees on certain loans to fulfill their housing mission. Such pricing is consistent with the Federal Housing Enterprises Financial Safety and Soundness Act of 1992 and the Enterprises' charter acts, which provide that Enterprise activities include purchases of mortgages on housing for low- and moderate-income families that may feature lower returns than the returns earned on other activities. However, FHFA expects each Enterprise to earn a minimum return on capital on its aggregate quarterly single-family acquisitions.

Guarantee Fee and Profitability Gap Results for 2024

The Enterprises' 2024 single-family pricing frameworks reflected the significant changes introduced by FHFA in 2022 and 2023. FHFA did not implement additional significant changes to the Enterprises' single-family pricing framework in 2024.

FHFA continues to ensure a level playing field across sellers. The Senior Preferred Stock Purchase Agreements prohibit single-family pricing differentiation based on a seller's size, charter type, or volume of business.⁹ This prohibition encourages robust competition and benefits borrowers.

This year's report compares average guarantee fees and average profitability gaps on Enterprise loan acquisitions between 2023 and 2024. It provides details by segment, including year, product type, and loan purpose; risk class (LTV ratio and credit score); and seller delivery volume. These details allow for attribution of changes in the average guarantee fee and the average profitability gap to changes over time in the acquisition composition. Because this report uses economic concepts rather than accounting data to analyze guarantee fees, certain

⁹ This condition was added to the Senior Preferred Stock Purchase Agreements by letter agreements executed in January 2021.



metrics in this report differ from similar metrics reported in the published financial statements of the Enterprises, which are prepared in accordance with Generally Accepted Accounting Principles.

I. Study Population

Table 1: Total Study Population – Dollar and Loan Volume

	2023	2024	Change 2023 to 2024
Dollars (in Billions)	\$609	\$665	\$56
Loans (in Millions)	1.9	2.0	0.1

The study population consists of single-family mortgages acquired by the Enterprises under their standard underwriting and delivery guidelines from January 1, 2023, through December 31, 2024. Loan counts and acquisition dollar volumes slightly increased in 2024 compared to 2023, largely due to a drop in interest rates from a high of 7.8 percent in 2023 to a high of 7.2 percent in 2024. Compared to 2023 acquisitions, the Enterprises' 2024 acquisitions featured a marginally smaller proportion of home purchase loans (83 versus 87 percent) and a marginally higher proportion of refinance loans (4 versus 8 percent).

II. Average Guarantee Fees by Year, Product, and Purpose

Table 2: Average Guarantee Fees by Year

	2023	2024
Total G-Fee (bps)	65.5	65.2
Ongoing Fee (bps)	47.5	49.1
Upfront Fee (bps)	18.0	16.1
Total Gap (bps)	2.1	-0.6

The average total guarantee fee (G-Fee) was 65.2 basis points in 2024, slightly down from 65.5 basis points in 2023. This modest change reflected a reduction in upfront fees partially offset by an increase in ongoing fees. Average upfront fees declined from 18.0 basis points in 2023 to 16.1 basis points in 2024 as FHFA encouraged the Enterprises to acquire certain mission-related loans with limited guarantee fees. Those and other pricing components are under review at



this time.

The rise in ongoing fees from 47.5 basis points to 49.1 basis points was driven by changes in the product mix and the continued effects of a purchase money market. Further, the countercyclical features of FHFA’s regulatory capital framework also exerted upward pressure on capital costs and, therefore, ongoing fees in 2024.

The average profitability gap in 2024 was negative 0.6 basis points compared to 2.1 basis points in 2023. The decline was due to product mix and changes in Enterprises’ projected costs, including the Enterprises’ capital costs. The negative profitability gap indicates that the expected profitability on new loans was below the minimum return on capital threshold.

Table 3: Average Guarantee Fees by Year, Product, and Purpose

	2023			2024		
	UPB Share	G-Fee (bps)	Gap (bps)	UPB Share	G-Fee (bps)	Gap (bps)
By Product Type						
30-year Fixed	95%	66	1.8	94%	66	-1.0
15-year Fixed	3%	47	2.7	3%	47	1.7
Other Fixed Terms	1%	65	14.5	2%	62	10.5
ARM Loans	1%	64	7.1	1%	67	8.2
By Loan Purpose						
Purchase	87%	64	-0.4	83%	63	-3.2
Rate-Term Refinance	4%	64	3.8	8%	64	0.5
Cash-Out Refinance	9%	84	26.0	9%	85	22.5

Product Type Segment:

Loan shares by product type were largely unchanged between 2023 to 2024. The 30-year fixed rate product accounted for 94 percent of the study population, followed by 15-year fixed rate, other terms, and ARM loans. Elevated mortgage rates in 2024 prompted borrowers to select longer loan terms to enhance affordability.

Average guarantee fees by product type were largely stable, with modest changes observed



only for select smaller products. Average guarantee fees remained constant on 30-year and 15-year fixed rate products at 66 basis points and 47 basis points, respectively. Average fees on ARMs increased by 3 basis points from 64 to 67 basis points. The average fee on loans with other fixed terms decreased from 65 to 62 basis points.

Profitability gaps declined for all products, except for ARM loans. The decreases were driven by increases in Enterprise costs, with capital costs serving as a key contributor.

Loan Purpose Segment:

Loan shares by loan purpose shifted modestly toward rate-term refinances. Mortgage interest rates remained elevated throughout the year, with average 30-year fixed-rate mortgage rates above 6 percent. As a result, 2024 acquisitions were predominantly home purchase loans (at 83 percent). A short-lived decline in rates in October 2024 prompted an uptick in refinancing, increasing the UPB share of rate-term refinances to 8 percent in 2024, up from 4 percent in 2023.

Average guarantee fees by product type were largely stable from 2023 to 2024. Home purchase and rate-term refinance loans reflected fees of 63 basis points and 64 basis points, respectively. By comparison, the average fee on cash-out refinances was 85 basis points in 2024, up 1 basis point from 2023.

Profitability gaps across loan purpose declined for all segments. The profitability gap on home purchase loans decreased by 2.8 basis points to -3.2 basis points. It decreased by 3.3 basis points to 0.5 basis points for rate-term refinances, and by 3.5 basis points to 22.5 basis points for cash-out refinances.



III. Average Guarantee Fees by Risk Class

Table 4: Average Guarantee Fees by Risk Class

	2023			2024		
	UPB Share	G-Fee (bps)	Gap (bps)	UPB Share	G-Fee (bps)	Gap (bps)
By LTV Ratio						
<=80	59%	68	9.5	61%	67	5.5
>80-90*	16%	66	-4.0	15%	67	-7.1
>90*	26%	59	-11.2	24%	60	-12.0
By Credit Score						
<660	2%	87	-3.6	2%	87	-9.6
660-719	16%	76	-5.5	14%	76	-9.4
>=720	81%	63	3.8	83%	63	1.2

*Loans with LTV ratios greater than 80 percent require credit enhancement, which often takes the form of private mortgage insurance. The coverage required increases with an increase in LTV ratios.

LTV Segment:

Average guarantee fees decreased for loans with an LTV ratio less than or equal to 80 percent and increased for loans with an LTV ratio greater than 80 percent in 2024. The average fees decreased by 1 basis point to 67 basis points for loans with an LTV ratio less than or equal to 80 percent. The average fees increased by 1 basis point to 67 basis points for loans with an LTV ratio greater than 80 percent but less than or equal to 90 percent. The average fees increased by 1 basis point to 60 basis points on loans with an LTV ratio greater than 90 percent.

The Enterprises' charters require credit enhancement on single-family acquisitions when a loan's original LTV ratio exceeds 80 percent. The Enterprises typically fulfill this requirement by acquiring loans with mortgage insurance provided by approved private mortgage insurers. The private mortgage insurers absorb losses before the Enterprises, reducing the credit risk taken on by the Enterprises. As a result, the Enterprises' guarantee fees on loans with original LTV ratios exceeding 80 percent are lower than they would be absent this credit enhancement, because credit losses are first borne by the private mortgage insurers.

Profitability gaps decreased by 4 basis points on loans with an LTV ratio less than or equal to 80



percent. Profitability gaps deteriorated further for the higher LTV segments.

Credit Score Segment:

Average guarantee fees remained unchanged and profitability gaps declined for all credit score segments, particularly for the segment with lower credit scores. Profitability gaps decreased by 6 basis points to -9.6 basis points for loans with credit scores below 660. Profitability gaps decreased by 3.9 basis points to -9.4 basis points for loans with credit scores greater than or equal to 660 and below 720. Profitability gaps decreased by 2.6 basis points to 1.2 basis points for loans with credit scores greater than or equal to 720.

IV. Average Guarantee Fees by Seller Volume

Table 5: Average Guarantee Fees by Channel and Seller Volume

	2023			2024		
	UPB Share	G-Fee (bps)	Gap (bps)	UPB Share	G-Fee (bps)	Gap (bps)
MBS Swap						
Small	1%	51	-20.3	1%	54	-18.1
Medium	28%	65	0.8	26%	64	-2.8
Large	71%	67	3.4	73%	66	-0.3
Cash Window						
Small	37%	64	1.4	33%	64	0.4
Medium	62%	64	1.2	58%	65	0.3
Large	1%	54	-9.9	8%	63	-1.6

Together, the Enterprises acquired loans from 1,776 sellers in the study population in 2024, with each Enterprise individually acquiring loans from about 1,000 sellers. FHFA divided these sellers into three groups based on their share of total Enterprise acquisition volume. The seller volume groups are comprised of those sellers with a share of total Enterprise acquisition volume at or above 2 percent (Large), greater than or equal to 0.1 percent and less than 2 percent (Medium), and below 0.1 percent (Small), within each year studied. Generally, smaller sellers tend to sell loans for cash, and larger sellers exchange loans for MBS. The cash window provides a service for small sellers, as it allows for smaller transaction sizes. Large sellers tend to prefer MBS swaps, as this provides them with liquid, marketable securities.



In the cash window channel, the Enterprises hold the acquired loans in portfolio until they can be securitized. In the process, the Enterprises take on additional risk and costs, including but not limited to liquidity risk and hedging costs. The Enterprises also receive additional non-guarantee fee compensation for these risks and costs.

Average fees increased across several channels and seller sizes in 2024: for small sellers in the MBS swap channel and for medium and larger sellers in the cash window channel. Average fees decreased or remained unchanged for the rest of channels and seller sizes. Profitability gaps decreased for most channels and seller sizes, except for small sellers in the MBS swap channel and large sellers in the cash window channel. For the MBS swap channel, average guarantee fees decreased by 1 basis point to 66 basis points for large sellers, by 1 basis point to 64 basis points for medium sellers, and increased by 3 basis points to 54 basis points for small sellers.

For the MBS swap channel, profitability gaps decreased by 3.7 basis points to -0.3 basis points for large sellers. Profitability gaps decreased by 3.6 basis points to -2.8 basis points for medium sellers. Profitability gaps increased by 2.2 basis points to -18.1 basis points for small sellers though small sellers do not typically deliver loans through MBS swaps.

For the cash window channel, average fees remained flat at 64 basis points for small sellers. Average fees increased by 1 basis point to 65 basis points for medium sellers. Average fees increased by 9 basis points to 63 basis points for large sellers.

For the cash window channel, profitability gaps decreased by 1 basis point to 0.4 basis points for small sellers. Profitability gaps decreased by 0.9 basis points to 0.3 basis points for medium sellers. Profitability gaps increased by 8.3 basis points to -1.6 basis points for large sellers.



Appendix: Timeline of Key Changes in Guarantee Fees from 2008 to 2025

Date	Change
March 2008	The Enterprises increased ongoing fees and added two new upfront fees: a fee based on the borrower's LTV ratio and credit score, and a 25-basis point adverse market fee.
Late 2008 through 2011	The Enterprises gradually raised fees and refined their upfront fee schedules.
December 2011	Pursuant to the Temporary Payroll Tax Cut Continuation Act of 2011, FHFA directed the Enterprises to increase the ongoing fee for all loans by 10 basis points. The Enterprises pay this fee to the U.S. Department of the Treasury. This fee increase was effective with April 2012 deliveries and was set to expire after 10 years.
August 2012	FHFA directed the Enterprises to raise fees by an additional 10 basis points on average to better compensate for credit risk exposure. FHFA directed the Enterprises to raise fees more on loans with terms longer than 15 years than on shorter-term loans to better align the profitability gaps and to make fees more uniform across sellers with varying loan delivery volumes. These changes were effective with December 2012 MBS deliveries.
December 2013	FHFA directed the Enterprises to increase ongoing fees by 10 basis points, change upfront fees to better align pricing with credit risk characteristics, and remove the 25-basis point adverse market fee for loans in all but four states. However, in January 2014, FHFA suspended the implementation of these changes pending review.
April 2015	FHFA completed its fee review and directed the Enterprises to eliminate the adverse market fee in all markets and add targeted increases for specific loan groups effective with September 2015 deliveries. These changes were approximately revenue-neutral with little or no impact for most borrowers.
July 2016	Based on findings from FHFA's quarterly guarantee fee reviews, the Agency directed the Enterprises to set minimum ongoing guarantee fees by product type, effective in November 2016, consistent with FHFA's responsibility to ensure the safety and soundness of the Enterprises.
September 2018 & March 2019	The Enterprises implemented a 25-basis point upfront fee for loans on second homes where the LTV ratio exceeds 85 percent.
April 2020	FHFA allowed the Enterprises to purchase loans in forbearance, with an upfront fee add-on of 500 basis points for first-time homebuyers and 700 basis points for all others, effective for loans closed through December 31, 2020, following multiple extensions.



Date	Change
August 2020	FHFA directed the Enterprises to introduce a 50-basis point upfront adverse market refinance fee, effective December 1, 2020, for cash-out and rate-term refinances. The Enterprises excluded loans with a principal balance less than or equal to \$125,000, those associated with HomeReady/Home Possible, and construction-to-permanent loans meeting certain criteria.
July 2021	FHFA announced that the Enterprises would eliminate the adverse market refinance fee for loan deliveries effective August 1, 2021.
November 2021	The Infrastructure Investment and Jobs Act extended to 2032 the existing 10-basis point ongoing fee arising from the Temporary Payroll Tax Cut Continuation Act of 2011, which was due to expire in 2022. The Enterprises remit the proceeds from this fee to the U.S. Department of the Treasury.
January 2022	FHFA announced targeted increases to upfront fees for certain high balance loans and second home loans, effective April 1, 2022.
October 2022	FHFA announced the elimination of upfront fees for certain homebuyers and affordable products. Upfront fees were eliminated for first-time homebuyers at or below 100 percent of area median income, and below 120 percent in high-cost areas; HomeReady and Home Possible loans; HFA Advantage and HFA Preferred loans; and single-family loans supporting the Duty to Serve program. Targeted increases to upfront fees for cash-out refinances were announced, effective February 1, 2023.
January 2023	FHFA announced recalibrated upfront fee grids for purchase, rate-term refinance, and cash-out refinance loans, effective May 1, 2023.

