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September 8, 2014

**New York State Coalition for  
Excellence in Homeownership Education  
c/o 255 Orange St  
Albany, NY 12210**

**www.nyscxhe.org**

*VIA INTERNET: FHFA.gov*

Melvin L. Watt

Director

Federal Housing Finance Agency (FHFA)

Office of Policy Analysis and Research

400 Seventh Street SW, Ninth Floor

Washington, D.C. 20024

**Re: FHFA, Fannie Mae and Freddie Mac Guarantee Fees: Request for Input**

Dear Director Watt:

Thank you for the opportunity to comment on the guarantee fees (g-fees) charged by Fannie Mae and Freddie Mac. The 40-member New York State Coalition for Excellence in Homeownership Education (“CXHE”) submits this letter in strong opposition to proposed increases in g-fees.

CXHE members provide homeownership counseling to first time homebuyers. We are concerned that the g-fees charged by Fannie Mae and Freddie Mac have a direct, and significant impact on the affordability of residential mortgage credit. The fees unnecessarily penalize credit worthy customers and depress real estate markets. We understand that the GSE’s current book of business is very strong and that in 2013, they fully repaid their government bailout. Serious delinquency rates on Freddie Mac owned mortgages since 2008 are below 0.25% [[1]](#endnote-1). Strengthening the soundness and profitability of the portfolio can come through better credit and income underwriting standards as required by the Consumer Financial Protection Bureau’s “Ability to Repay” rule, rather than increased g-fees.

As housing counseling agencies, we are concerned about how much weight is placed on credit scores in setting g-fees. We work very hard to help consumers achieve credit scores above 740, where g-fees are lowest. But achieving scores that high can be difficult for low-income first time homebuyers as the credit scoring models favor older, credit using customers. Credit scores reward use of credit cards that many low-income households choose not to open; reward long time credit that many young households have not had a chance to develop; and reward a mix of credit including a mortgage loan that these families have not yet obtained. In meeting the missions of the GSEs, consideration must be made to alternative credit, ability to repay, and use of housing counseling that helps first time homebuyers get smart about affordable homeownership.

CXHE members also provide homeownership counseling to homeowners facing foreclosure, the vast majority of whom are at risk of losing their home due to lost income as a result of the recession. We are strongly opposed to the state-level guarantee pricing proposal that penalizes New York State homebuyers. As further described in a letter to you from New Yorkers for Responsible Lending dated 9/8/2014, we agree that the reasoning behind the proposal is fundamentally flawed because it presumes that foreclosing lenders bear no responsibility for protracted foreclosure processes when, in fact, in New York it is foreclosing lenders and servicers who control the pace of the judicial foreclosure process. Recent court decisions, research, and the continued experience of foreclosure prevention advocates clearly show that lenders and servicers are responsible for the delays in New York’s foreclosure process. It is therefore inappropriate to penalize New York borrowers for delays in the foreclosure process that are directly attributable to the conduct of the foreclosing lenders and servicers.

Thank you for the opportunity to comment. The FHFA needs to looks beyond credit scores in setting g-fees that make housing less affordable for first time buyers and mortgages more difficult to obtain. And New York homebuyers should not be penalized for delays in the foreclosure process by actions by lenders and servicers. The consumer protections enacted in New York State benefit lenders as homeowners work to reinstate their mortgage, thereby reducing losses to lenders and helping families and communities maintain strong housing values.

We strongly encourage the FHFA to reconsider this proposal.

Sincerely,

NYS Coalition for Excellence in Homeownership Education

1. http://www.freddiemac.com/investors/pdffiles/investor-presentation.pdf [↑](#endnote-ref-1)