

August 13, 2020

Dr. Mark Calabria  
Director  
Federal Housing Finance Agency  
400 7th Street, S.W.  
Washington, D.C. 20024

Dear Director Calabria:

On behalf of the members of the American Bankers Association (ABA), representing banks of all sizes in every state, I am writing to express the significant concerns our members have regarding Wednesday night's surprise announcement by Fannie Mae and Freddie Mac (the Enterprises) that they will charge a 50 basis point fee on refinances they purchase beginning on September 1. We respectfully request that you intervene and rescind this new fee.

The new fee, referred to as a "loan level pricing adjustment," (LLPA) contravenes the Administration's recent orders directing agencies to use all powers within their means to assist struggling homeowners in the current economic crisis. Instead, this fee will directly harm borrowers seeking to refinance into historically low interest rates by increasing the amount they will pay by approximately \$1,400 on an average-sized loan. More troublingly, it will impact lower-income borrowers even more, potentially putting the ability to refinance into a lower-rate loan out of their reach entirely.

Adding this fee and making it effective in less than three weeks' time will throw the current refinance market into disarray. Borrowers who have a refinance in process but who have not locked in their rate will suddenly be faced with new costs, perhaps threatening their ability to move forward. Longer term, the fee puts downward pressure on the entire refinance market, threatening economic recovery. While other federal entities are doing their utmost to keep rates low and ABA members are working diligently to help borrowers into more affordable options, the Enterprises and the FHFA should not be taking actions that stymie those efforts.

This fee is bad public policy at this challenging time for the nation. On behalf of the members of the American Bankers Association, I urge you to use your authority to rescind this fee. Thank you for your attention to this urgent matter.

Sincerely,



cc: **The Honorable Steven Mnuchin**

Secretary  
United States Treasury

**Larry Kudlow**

Director  
United States National Economic Council

**The Honorable Mike Crapo**

Chairman  
Senate Banking, Housing and Urban Affairs Committee

**The Honorable Sherrod Brown**

Ranking Member  
Senate Banking, Housing and Urban Affairs Committee

**The Honorable Maxine Waters**

Chairwoman  
House Financial Services Committee

**The Honorable Patrick McHenry**

Ranking Members  
House Financial Services Committee