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**Carrie R. Hunt**  
Executive Vice President of Government Affairs  
and General Counsel

**National Association of Federally-Insured Credit Unions**

August 13, 2020

The Honorable Larry Kudlow  
Director  
United States National Economic Council  
1650 Pennsylvania Avenue NW  
Washington, D.C. 20502

**RE: Fannie Mae and Freddie Mac's Mortgage Refinance Fees**

Dear Director Kudlow:

On behalf of the National Association of Federally-Insured Credit Unions (NAFCU), I am writing to you regarding the recent policy change from Fannie Mae and Freddie Mac, the government-sponsored enterprises (GSEs), assessing a fee on mortgage refinance loans. NAFCU advocates for all federally-insured not-for-profit credit unions that, in turn, serve nearly 121 million consumers with personal and small business financial service products. Although NAFCU appreciates that the GSEs must limit their losses and protect against credit and liquidity risks during the COVID-19 pandemic and subsequent economic crisis, we encourage you to work with the Federal Housing Finance Agency (FHFA) to immediately reverse this policy decision and help credit unions assist their members deal with the impacts of these crises.

This "adverse market refinance fee", as outlined in Freddie Mac's Bulletin 2020-32 and Fannie Mae's Lender Letter (LL-2020-12), will have a negative impact on the housing market and could hurt economic recovery efforts. Although preserving the safety and soundness of our nation's mortgage industry is a top priority, credit unions and borrowers are facing significant challenges due to the pandemic and economic recession. This new fee puts credit unions in the difficult position of absorbing the cost or passing it onto their members as part of the cost of the refinance.

Borrowers are already facing challenges as they seek to refinance their mortgage loans for a lower interest rate to make their payments more affordable and free up cash to spend on other products or services. As a result of this "adverse market refinance fee", refinancing their mortgage loan may become uneconomical, increasing the likelihood that these borrowers seek a forbearance on their mortgage payments and potentially risk defaulting on their loan. On behalf of the credit union industry and their members, we urge you to take swift action to work with the FHFA to reverse this policy change.

Credit unions have already stepped up to the plate to help their members remain in their homes and offer other relief such as waiving fees and offering skip payment options. Credit unions are also facing ongoing operational difficulties due to the pandemic and anticipate an increase in loan modifications, troubled debt restructurings, defaults, and even bankruptcies as forbearance periods end, only further amplifying these difficulties. Furthermore, institutions may also see additional forbearance applications over the next few months as nearly 1 million Americans continue to file for unemployment insurance on a weekly basis. Credit unions should not be expected to absorb additional fees on refinance mortgages to protect borrowers from this additional cost as

they are already burdened with making advances on the payment of principle and interest for the first four months after a mortgage is sold to the GSEs, as well as paying taxes, insurance costs, and other fees required on loans in forbearance.

NAFCU requests that you urge the FHFA take immediate action to reverse this policy decision on mortgage refinance fees to prioritize America's struggling homeowners during the COVID-19 pandemic and ensuing financial crisis. Without quick action, this policy change may have a profoundly negative impact on the nation's economic recovery efforts as Congress and the Administration contemplate another stimulus bill to assist hardworking Americans that have been impacted by the virus.

I appreciate your attention to this time-sensitive matter of critical importance to our nation's economy and the health of the mortgage industry. If you have any questions or if I may be of assistance to you in any way, please do not hesitate to contact me directly or Ann Kossachev, NAFCU's Director of Regulatory Affairs, at 703-842-2212 or [akossachev@nafcu.org](mailto:akossachev@nafcu.org).

Sincerely,

A handwritten signature in black ink that reads "Carrie R. Hunt". The signature is written in a cursive, flowing style.

Carrie R. Hunt  
Executive Vice President of Government Affairs and General Counsel