Chairwoman Maxine Waters

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Waters and Clay Slam New Adverse Market Fee That Could Cost Homeowners Thousands of Additional Dollars

Washington, D.C., August 14, 2020

Today, **Congresswoman Maxine Waters (D-CA)**, Chairwoman of the House Committee on Financial Services, and **Congressman Wm. Lacy Clay (D-MO)**, Chair of the Subcommittee on Housing, Community Development and Insurance, issued the following statement after Fannie Mae and Freddie Mac (The Enterprises) announced that refinance mortgage loans sold to them after September 1 will include a new adverse-market refinance fee of 0.5 percent.

> "Last weekend, Trump addressed the nation and pretended to understand the struggles of suffering families and took four executive actions that do nothing to provide them with meaningful relief. Now, as further proof that those executive actions were merely for show, and likely as part of Director Calabria's inappropriate focus on taking steps to release the Enterprises from conservatorship during a national emergency, the FHFA approved a new policy that will make refinancing more expensive for homeowners," **said Chairwoman Maxine Waters**. "In recent months, many homeowners have opted to refinance their mortgages to take advantage of historically low interest rates and lower their monthly payments. Imposing thousands of dollars in additional costs on borrowers at a time when the Administration is supposed to be working on methods to help

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ICYMI- @RepAlGreen, Chair of the Subcmte on O&I, co-hosted Chairwoman Waters' @TheBlackCaucus town hall entitled, "Evictions, #COVID—19, & Black America: A Rental Housing Crisis." Check out his remarks & other Cmte activities in yesterday's

Administration is supposed to be working on methods to help families stay in their homes is just another example of tone-deaf policies put in place by Trump Administration officials who could care less about helping the American people weather this pandemic. I am urging the FHFA to reverse course immediately and allow homeowners a fighting chance."

"I wish to express my strongest objections to the FHFA's announcement that Fannie Mae and Freddie Mac will be able to raise prices on American consumers in the throes of a global pandemic. Under dark of night, the agency has, under the guise of a loan-level price adjustment, once again ignored conventional wisdom and added a new penalty that will prevent Americans from taking advantage of lower interest rates. This stealth policy-making deprives consumer groups and industry the opportunity to provide insight and feedback and also serves to further destabilize the fragile finances of many low-income and minority homeowners seeking to work their way over the bridge that is the racial wealth gap," **said Chair Wm. Lacy Clay**.

Background:

On June 25, Chairs Maxine Waters, Wm. Lacy Clay, and Congressman Juan Vargas co-led a **letter** to Mark Calabria, Director of the Federal Housing Finance Agency (FHFA) and Ben Carson, Secretary of the U.S. Department of Housing and Urban Development (HUD), calling on the agencies to amend their policies which penalize loans that go into forbearance prior to being insured by the Federal Housing Administration (FHA) or purchased by Fannie Mae or Freddie Mac (collectively "the Enterprises"), and unnecessarily resulting in increased costs for borrowers.

On July 27, Chairs Maxine Waters, Wm. Lacy Clay, and Congressman Denny Heck co-led a **letter** Dr. Mark Calabria, Director of the Federal Housing Finance Agency (FHFA), urging the agency to prioritize economic recovery amid the COVID-19 pandemic crisis by pausing a rulemaking that would set new capital requirements for Fannie Mae and Freddie Mac (collectively "the Enterprises") until after the pandemic. This rule represents a key step in Director Calabria's stated plans to release the Enterprises from conservatorship within the next few years, which could destabilize the housing market when our economy is still in recovery. The letter also urges FHFA to provide better analysis on how the rule would impact borrowers of color. In May, FHFA announced the 424-page rule that would establish a new, complex regulatory capital framework for the Enterprises.

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