

August 17, 2020

Senator Roger Wicker
555 Dirksen Senate Office Building
Washington, DC 20510

Senator Cindy Hyde-Smith
702 Hart Senate Office Building
Washington, DC 20510

Congressman Trent Kelly
1005 Longworth House Office Building
Washington, DC 20515

Congressman Bennie Thompson
2466 Rayburn House Office Building
Washington, DC 20515

Congressman Michael Guest
230 Cannon House Office Building
Washington, DC 20515

Congressman Steven Palazzo
2349 Rayburn House Office Building
Washington, DC 20515

Sent via Electronic Delivery

Dear Senator Wicker, Senator Hyde-Smith, Congressman Kelly, Congressman Thompson, Congressman Guest, and Congressman Palazzo:

As a broad coalition of organizations representing the financial services and housing industries in Mississippi, we write to express our shared concern with the surprise announcement made last week by the Federal Housing and Finance Administration (FHFA) that Fannie Mae and Freddie Mac (the Enterprises) will be charging a 50 basis point fee on certain refinance purchases beginning on September 1. We fear that this new fee – essentially a tax increase on homeowners – will have a negative economic impact in our state during an already difficult time. The undersigned organizations respectfully request that the Mississippi Congressional Delegation take action to delay this new fee before it takes effect.

Significantly, we believe this new fee (referred to as a “loan level price adjustment” or LLPA), which the FHFA claims they are instituting due to economic uncertainty, directly conflicts with President Trump’s recent executive actions urging federal agencies to explore any and all measures within their authority to help struggling homeowners and renters coping with the current economic crisis caused by the COVID-19 pandemic. As you know, countless Mississippians are struggling with economic challenges, and we believe this LLPA comes at an

inopportune time. This fee will directly harm Mississippi borrowers seeking to ease their economic burden by refinancing into historically low interest rates. Indeed, this LLPA will significantly increase the amount the average borrower will pay to refinance depending on the size of the loan. Even more concerning, this fee increase may harm lower-income borrowers in Mississippi disproportionately, creating new difficulties for these borrowers that seek to refinance. Right now, as these lower-income borrowers struggle with so many economic challenges, refinancing should be an important and affordable tool that lenders can use to help borrowers restructure payments. Making this process more expensive for these borrowers, particularly now, seems to us to be very counter-productive.

We are also concerned that this fee will have an immediate, adverse impact on the current refinance market, as it could harm many borrowers who are currently attempting to refinance but who have not locked in their rate. These borrowers will suddenly be faced with new costs days before closing. Also, the long-term impact on the refinance market could threaten the economic recovery at a time when the administration has ordered agencies to do everything possible to support the recovery and struggling Americans.

On behalf of the undersigned organizations, we urge you to help struggling Mississippians by taking action to encourage the FHFA to rescind this unexpected fee. Thank you for your attention to this urgent matter.

Sincerely,

Mississippi Bankers Association
BIPEC
Mississippi Manufactured Housing Association
Mississippi Credit Union Association
Land Title Association of Mississippi
Mississippi Home Corporation
Home Builder's Association of Mississippi
Mississippi Mortgage Bankers Association
Mississippi REALTORS®