



August 25, 2020

The Honorable Mark A. Calabria  
Director  
Federal Housing Finance Agency  
400 7th St., S.W.  
Washington, DC 20219

Dear Director Calabria:

On behalf of America's credit unions, we are writing to provide you with an update regarding the negative impacts of the recently announced 0.5% fee increases for certain refinanced mortgages purchased by the Federal National Mortgage Association (Fannie) and the Federal Home Loan Mortgage Corporation (Freddie, and together with Fannie the GSEs) beginning on September 1st. As you consider how to respond to concerns expressed throughout the industry, including the August 14, 2020, letter from CUNA President and CEO Jim Nussle, we believe it is important to update you about these impacts that the announcement has had on credit unions across the country.

As you know, credit unions work closely with members to determine the best loan products and terms to help them meet their financial needs, and this holds true for members interested in refinancing. Credit unions provide consumers with good faith estimates of closing costs, interest rates and other loan terms well in advance of loan closing so they can understand and determine if refinancing will help them reduce monthly payments, pay off high interest debts and/or make a large purchase. Unfortunately, the fee's September 1, 2020, effective date has caused significant disruptions to applications throughout credit union loan pipelines.

The requirement to quickly incorporate the fee into credit union analyses and systems has resulted in delays in processing and communicating loan terms to current applicants. Unfortunately, those borrowers who had not locked in rates and terms will see their refinancing costs rise at the very last moment. Furthermore, for borrowers who are further down the pipeline and have locked interest rates, credit unions themselves will have to absorb all the costs of this fee. For one of our largest mortgage originators, that cost is over \$1,000,000 -- an amount they did not expect when they underwrote these loans or accounted for them in their budget. For our smaller credit unions, the cost will be lower but will still represent a substantial hit. For example, one credit union in Oklahoma has reported that they will have to absorb \$250,000-\$275,000 in additional costs due to this fee, representing a substantial percentage of their anticipated net income.


Unlike large banks, which can absorb these costs with greater ease, credit unions use profits from refinancing to benefit their members. As a result, every unanticipated dollar that they use to pay this fee is a dollar that cannot be used to provide better and lower-cost services to members or provide patronage dividends at a time when they are needed the most.

On behalf of America's credit unions and their 120 million members, we ask that you give all due consideration to the requests to rescind this fee. We appreciate your willingness to engage on this issue and stand ready to work with you to improve the housing refinance market in a manner that benefits all participants.

Sincerely,



Jim Nussle, President and CEO  
Credit Union National Association



Diana Dykstra, AACUL Chair  
President and CEO  
California & Nevada Credit Union Leagues



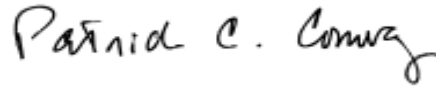
Daniel McCue, President and CEO  
Alaska Credit Union League



Caroline Willard, President and CEO  
Cornerstone Credit Union League



Dan Schline, President and CEO  
Carolinas Credit Union League



Patrick Conway, President and CEO  
CrossState Credit Union Association



Bruce Adams, President & CEO  
Credit Union League of Connecticut



Jeff Olson, President and CEO  
Credit Union Association of the Dakotas



Ron McLean, President and CEO  
Cooperative Credit Union Association



Dennis Tanimoto, President and CEO  
Hawaii Credit Union League



Brad Douglas, President and CEO  
Heartland Credit Union Association



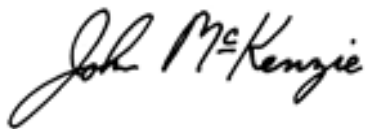
Todd Mason, President and CEO  
Maine Credit Union League



Tom Kane, President and CEO  
Illinois Credit Union System



John Bratsakis, President and CEO  
Maryland | DC Credit Union Association



John McKenzie, President and CEO  
Indiana Credit Union League



Dave Adams, President and CEO  
Michigan Credit Union League & Affiliates



Murray Williams, President and CEO  
Iowa Credit Union League



Mark Cummins, President and CEO  
Minnesota Credit Union Network



Debbie Painter, President and CEO  
Kentucky Credit Union League



Charles Elliott, President and CEO  
Mississippi Credit Union Association



Patrick La Pine, President and CEO  
League of Southeastern Credit Unions



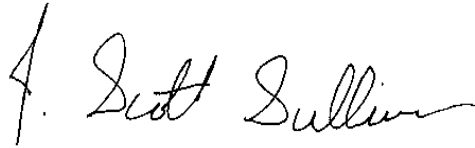
Tracie Kenyon, President and CEO  
Montana's Credit Unions



Bob Gallman, President and CEO  
Louisiana Credit Union League



Scott Earl, President and CEO  
Mountain West Credit Union Association



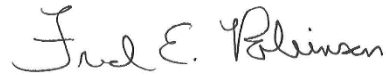
J. Scott Sullivan, President and CEO  
Nebraska Credit Union League & Affiliates



Paul Mercer, President and CEO  
Ohio Credit Union League



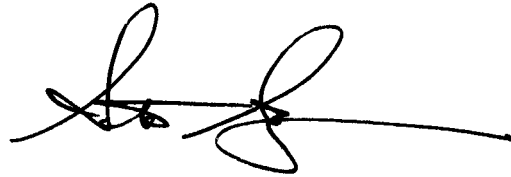
Paul Stull, President and CEO  
Credit Union Association of New Mexico



Fred Robinson, President and CEO  
Tennessee Credit Union League



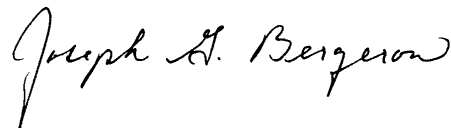
William Mellin, President and CEO  
New York Credit Union Association



Scott Simpson, President and CEO  
Utah Credit Union Association



Troy Stang, President and CEO  
Northwest Credit Union Association



Joe Bergeron, President and CEO  
Association of Vermont Credit Unions



Rick Pillow, President and CEO  
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Ken Watts, President and CEO  
West Virginia Credit Union League



Brett Thompson, President and CEO  
Wisconsin Credit Union League