
FEDERAL HOUSING FINANCE AGENCY



NEWS RELEASE

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Contact: Corinne Russell (202) 649-3032
Stefanie Johnson (202) 649-3030

FHFA Announces Increase in Guarantee Fees G-fee Report for 2010-2011 Released

Washington, DC – The Federal Housing Finance Agency (FHFA) today announced that it has directed Fannie Mae and Freddie Mac to raise guarantee fees (g-fees) on single-family mortgages by an average of 10 basis points. The changes to g-fee pricing represent a step toward encouraging greater participation in the mortgage market by private firms, a goal set forth in FHFA’s *Strategic Plan for Enterprise Conservatorships*.

“These changes will move Fannie Mae and Freddie Mac pricing closer to the level one might expect to see if mortgage credit risk was borne solely by private capital,” said Edward J. DeMarco, Acting Director of FHFA.

For loans exchanged for mortgage-backed securities (MBS), the increase will be effective with settlements starting Dec. 1, 2012. For loans sold for cash, the increases will be effective with commitments starting Nov. 1, 2012. Fannie Mae and Freddie Mac will work directly with lenders to implement the changes.

Also today, FHFA released its fourth annual report on single-family guarantee fees, covering the years 2010 and 2011. The report, required by the Housing and Economic Recovery Act of 2008, found that the average g-fee charged by Fannie Mae and Freddie Mac increased from 26 basis points in 2010 to 28 basis points in 2011. This and prior reports also found that mortgages that posed higher credit risk, on average, were subsidized by lower-risk loans, and that a majority of the single-family mortgages acquired by Fannie Mae or Freddie Mac came from a small group of large lenders. The guarantee fee changes announced today aim to address both issues.

The increase will:

- Make more uniform the g-fees that Fannie Mae and Freddie Mac charge lenders who deliver large volumes of loans as compared to those who deliver smaller volumes;
- Reduce cross-subsidies between higher-risk and lower-risk mortgages by increasing g-fees on loans with maturities longer than 15 years more than on shorter-maturity loans.

FHFA shortly will release for public input an approach to developing risk-based pricing at the state level.

[\(Link to Guarantee Fee Report\)](#)

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The Federal Housing Finance Agency regulates Fannie Mae, Freddie Mac and the 12 Federal Home Loan Banks. These government-sponsored enterprises provide more than \$5.7 trillion in funding for the U.S. mortgage markets and financial institutions.