
FEDERAL HOUSING FINANCE AGENCY



STATEMENT

For Immediate Release
December 29, 2011

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Statement of FHFA Acting Director Edward J. DeMarco Regarding Implementation of Guarantee Fee Increase

“On Dec. 23, 2011, President Obama signed into law the Temporary Payroll Tax Cut Continuation Act of 2011. Among its provisions, this new law directs the Federal Housing Finance Agency (FHFA) to increase guarantee fees charged by Fannie Mae and Freddie Mac (the Enterprises) by no less than 10 basis points from the average guarantee fees charged by these companies in 2011 on single-family mortgage-backed securities.

This requirement is effective immediately, meaning that the average guarantee fees charged in 2012 need be at least 10 basis points greater than the average guarantee fees charged in 2011 and that this increase be remitted to the U.S. Treasury, rather than retained as reserves by the Enterprises. The law also requires FHFA to determine a schedule for guarantee fee increases over a two-year period that must satisfy other requirements of the law.

To begin implementation of these requirements, today I am directing Fannie Mae and Freddie Mac to announce before year-end to their seller-servicers that, effective April 1, 2012, the guarantee fee on all single-family residential mortgages shall increase by 10 basis points.

In early 2012, FHFA will further analyze whether additional guarantee fee increases are appropriate to ensure the new requirements are being met. FHFA will announce plans for further guarantee fee increases or other fee adjustments that will then be implemented gradually over the two-year implementation window, taking into consideration risk levels and conditions in financial markets. FHFA will monitor closely the increased guarantee fees imposed as a result of the new law throughout its effective period, which ends Oct. 1, 2021.”

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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.