

United States Senate

WASHINGTON, DC 20510

July 22, 2015

The Honorable Mitch McConnell
Majority Leader
United States Senate
Washington, DC 20510

The Honorable Harry Reid
Democratic Leader
United States Senate
Washington, DC 20510

Dear Leader McConnell and Leader Reid:

We ask that you uphold the Fiscal Year 2016 Budget Resolution, which prohibits the use of guarantee fees charged by Fannie Mae and Freddie Mac to be scored as an offset.

The purpose of the guarantee fee is to guard against prospective Fannie and Freddie credit losses from borrower defaults. Using guarantee fees in spending legislation double-counts revenue. Further increases of guarantee fees should be used to protect taxpayers from mortgage losses and as repayment for the bailout, not for unrelated programs.

Each time guarantee fees are extended, increased and diverted for unrelated spending, homeowners are charged more for their mortgages and taxpayers are exposed to additional risk. Attempts to increase or extend these fees makes it more difficult to reform our housing finance system and wind down Fannie Mae and Freddie Mac.

To ensure that transfers from Fannie and Freddie to the Treasury Department are not used, Section 3110 of the Fiscal Year 2016 Budget Resolution prohibits the Congressional Budget Office from including guarantee fees when calculating offsets for legislation. As such, any legislation which purports to use guarantee fees to offset a portion of its cost will actually be in direct violation of PAYGO, with the overspending contained in the bill serving to greatly increase the deficit.

It is our collective responsibility to uphold our bipartisan budget scoring rule to protect against overspending that would increase the deficit. We urge you to follow-through on the commitment to not use Fannie and Freddie as a piggybank in the Budget Resolution and remove the extension of guarantee fees from the transportation reauthorization.

Sincerely,



Mike Crapo
United States Senator



Mark Warner
United States Senator