

November 21, 2012

Edward DeMarco, Acting Director  
Office of the Director  
Federal Housing Finance Agency  
1700 G Street NW  
Washington DC 20552-0003

Dear Acting Director DeMarco:

Please accept this letter in response to the Federal Housing Finance Agency's recent proposal (*Federal Register* Notice No. 2012-N-13) to increase the fee paid by homebuyers in Florida and four other states (NY, NJ, CT, IL) to guarantee Government Sponsored Enterprise (GSE) mortgages. This increase in the state-level guarantee fee (g-fee) will set back Florida's recovering housing market by making it more difficult for Floridians to become home owners, and will place an unfair burden on new borrowers. The notice states this is an effort to recover costs that the GSEs incur in cases of mortgage default; however, many of the GSEs own actions have contributed to the backlog on foreclosure.

### **State-level guarantee pricing will affect future Florida Homebuyers & Mortgage Market**

The proposal estimates increased costs to borrowers of up to \$7.00 per month based on a \$200,000 mortgage. Additionally, FHFA can impose further increases as it deems appropriate. This will be in addition to the two g-fee increases that have already been imposed for this year and next by FHFA. This proposal is attempting to recover the costs for past loans by imposing a penalty on new borrowers in the form of higher mortgage rates and/or fees. These higher fees will make it even more difficult for otherwise credit-worthy new borrowers to qualify for financing. We are counting on these new borrowers, many of them first-time homebuyers, to purchase the inventory of foreclosed homes and assist with the recovery of Florida's real estate market. Current underwriting standards ensure that today's borrowers can afford the homes they are purchasing, making their loans better and less risky. This proposal will change the way the GSEs collect fees for guaranteeing credit risk into one that depends on state-specific mortgage default risks, a situation that could also impact investor appetite in the mortgage market. The shift would be a major change from the way the guarantee fee currently works, which seeks to smooth out regional differences in mortgage guarantee pricing.

Rick Scott, Governor

Board of Directors: Leonard Tylka, Chairman • Ken Reecy, Florida Department of Economic Opportunity  
Marilyn L. Carl • Mary L. Demetree • Lynn Hanfman • Clifford Hardy • Natacha Munilla • Jose "Joe" Sanchez • Bernard "Barney" Smith

Executive Director: Stephen P. Auger

**GSEs Actions contributed to Florida's foreclosures backlog**

Before the foreclosure crisis, judicial foreclosures in Florida took less than six months to complete. Since the foreclosure crisis, servicers, attorneys and other agents of the GSE's have engaged in "robosigning" and been unable to produce fundamental documents like mortgage notes. As a result, the GSE's were forced to impose moratoriums on foreclosures and servicers involved in these practices entered into a multi-billion dollar settlement with the state Attorneys General. The increase up to what the GSE's say is now a 660-day average for a foreclosure is a result of the misdeeds of the GSE's and their agents, not the fault of the Florida judicial system.

It is important to support initiatives that will help Florida, and our country, recuperate from the impact of the crash of the housing market. This proposal inhibits Florida homebuyers in aiding with that relief. I strongly urge your reconsideration of a state-level guarantee fee, as this unfairly hurts new borrowers and hinders Florida's recovering housing market. Please do not hesitate to reach out should you need anything further.

Sincerely,



Stephen P. Auger  
Executive Director

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