Resolution No. ___28___

Date: January 15, 1987
City: Dallas, TX

NAHB Resolution

Title: GNMA Loan Guarantee and Commitment Ceiling

Original Sponsor: Subcommittee on Secondary Market/Standing Committee on Mortgage Finance

WHEREAS, the Administration has recently proposed an increase in the Government National Mortgage Association's fee for guaranteeing mortgage pass-through securities from six to 10 basis points; and

WHEREAS, the GNMA guarantee program has consistently operated at a profit, has accumulated substantial reserves and has paid only a small amount of claims during its 17 year history: and

WHEREAS, the fee increase is not based on an actuarial analysis of the reserve needs of the program; and

WHEREAS, parties affected by the increase have not been afforded an opportunity to comment on the action: and

WHEREAS, an increase in the fee could lead to an increase in the mortgage costs of home buyers: and

WHEREAS, GNMA is experiencing substantial losses on its mobile home program; and

WHEREAS, the Administration's fiscal 1988 budget proposal places the GNMA guarantee commitment ceiling at a level significantly below fiscal 1986 commitment activity,

NOW, THEREFORE, BE IT RESOLVED that the National Association of Home Builders urge the Administration and Congress to maintain the Government National Mortgage Association guarantee fee at the current level, and that any future proposals to alter the guaranty fee be promulgated in accordance with accepted administrative rulemaking procedures,

BE IT FURTHER RESOLVED that NAHB urge Congress to eliminate the credit ceiling for the GNMA guarantee commitment program, and

BE IT FURTHER RESOLVED that GNMA review its policy of providing guarantees on securities for mobile home loans in light of recent losses.

Board of Directors Action:	Approved
Joint Executive/Resolutions Committee Action:	Recommends Approval
Resolutions Committee Action:	Recommends Approval
Standing Committee on Mortgage Finance Action:	Recommends Approval
Subcommittee on Secondary Market Action:	Recommends Approval