



**Senate Financial Institutions and Technology Committee  
Proponent Testimony on SR 115  
May 23, 2023**

Chairman Wilson, Vice Chair Hackett, Ranking Member Smith, and members of the Senate Financial Institutions and Technology Committee, thank you for the opportunity to provide written testimony in support of Senate Resolution 115 (SR 115), which would call upon the President of the United States to direct the Federal Housing Finance Agency (FHFA) to rescind its new loan level pricing adjustments (LLPAs) that would raise fees on certain homebuyers.

Formed in 1910, Ohio REALTORS® is the state’s largest professional trade association with approximately 37,000 members representing both residential and commercial practitioners, as well as auctioneers and appraisers. We also represent homeowners, homebuyers, as well as investors and support policies to protect private property rights. Ohio REALTORS® has been working closely with the National Association of REALTORS® (NAR) to determine the impact of the pricing changes from the FHFA to Fannie Mae and Freddie Mac that will raise upfront fees paid by some borrowers. While Ohio REALTORS® supports efforts to improve the fee setting processes, we believe some of the proposed changes should be reconsidered as they would increase fees on homebuyers during a time when mortgage rates are already spiking.

The proposed change to the LPA structure includes a reduction in fees for borrowers with credit scores below 680 as well as for borrowers with higher credit scores but lower down payments. We appreciate the effort to reduce payments for these borrowers given the recent increase in mortgage rates and housing affordability challenges facing all homeowners. Nevertheless, this fee reduction was accompanied by an increase in LLPAs on borrowers with credit scores above 680 who make downpayments between 5 percent to 25 percent. This group represents a significant segment of borrowers and embodies many middle-class Americans. This fee increase will only magnify the affordability issues plaguing homebuyers in Ohio. The chart below shows the potential impact of the changes being proposed by the FHFA based on a borrower’s credit rating and debt-to-income ratios.

	May 1st LPA Changes Converted to Annual Rate Add-ons									
	< 30.00%	30.01 – 60.00%	60.01 – 70.00%	70.01 – 75.00%	75.01 – 80.00%	80.01 – 85.00%	85.01 – 90.00%	90.01 – 95.00%	95.01 – 97.00%	
>760	0	-5	-5	-10	2.5	2.5	0	-10	-12.5	
760-779	0	-5	-5	-5	7.5	7.5	5	-5	-10	
740-759	0	-5	-2.5	-2.5	12.5	15	10	-2.5	-5	
720-739	0	0	0	5	10	15	10	7.5	-5	
700-719	0	0	-2.5	-2.5	2.5	10	5	2.5	-12.5	
680-699	0	0	2.5	-2.5	0	7.5	5	2.5	-7.5	
660-679	0	0	-5	-17.5	-17.5	-12.5	-10	-12.5	-20	
640-659	0	-10	-2.5	-25	-15	-15	-15	-17.5	-25	
<640	-10	-7.5	0	-17.5	-5	-7.5	-12.5	-20		

Source: NAR Calculation based on Enterprises LPA Grids

We support SR 115 and thank you and Senator Brenner for introducing it. Now is not the time to increase fees on borrowers. Ohio REALTORS® would urge the FHFA to rescind this proposal as NAR and other industry partners work with policymakers on a solution that does not harm homebuyers.

Sincerely,



Scott Williams  
Chief Executive Officer  
Ohio REALTORS®