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Making It Happen

Fannie Gets More for Its Guarantees

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An Article Written By Kate Berry

Terry Wakefield, the chief executive of Wakefield Co., a Grafton, Wis., mortgage consultancy, said Fannie's 30-basis-point average guarantee fee is "the highest I've seen in 10 years."

That is "not a good sign" for the market, he said. However, "given the factual increase in foreclosures and delinquencies, I don't know how anyone could argue that a fee increase is imprudent. The g-fee has to reflect reality."

Similarly, Mr. Wakefield said that the GSE's "are notorious for following one another. I would be shocked if" Freddie "didn't raise their fees too."

In 1982, when Mr. Wakefield worked as consultant to Fannie on an early mortgage-backed security, guarantee fees averaged 25 basis points, he recalled.