

Letter to editor – *Wall Street Journal* 5-3-11

Peter Wallison misses the point about why Fannie Mae, Freddie Mac, the Federal Home Loan Banks and the Federal Housing Administration were established in the first place. The point wasn't to provide the highest possible yields to investors in mortgage-backed securities, but to support a national housing policy that views homeownership as a good thing that should be within reach of hardworking American families.

Of course, our government's role in supporting homeownership should include proper oversight of underwriting standards to ensure that households which seek a home mortgage can make the payments over time. The government shouldn't reverse long-established housing policy that has been resoundingly successful for all but the most recent few years. Instead, the government's role should be to support a housing finance system in which home mortgages are safe and obtainable for qualified buyers.

You can argue that investors will continue to buy higher-yielding mortgage-backed securities that are not guaranteed by the federal government. But to do so ignores the fact that far fewer mortgages will be written in the first place, because many Americans won't be able to afford homeownership at the price at which lenders can offer it.

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