



## **Housing Finance Reform**

As Congress debates the future of Fannie Mae and Freddie Mac, the housing government-sponsored enterprises (GSEs), NAHB believes that it is crucial for the federal government to continue to provide a backstop for the housing finance system to ensure a reliable and adequate flow of affordable housing credit. While the status quo cannot be maintained, NAHB feels the federal backstop must be a permanent fixture in order to ensure a consistent supply of mortgage liquidity as well as to allow rapid and effective responses to market dislocations and crises. Fannie Mae and Freddie Mac should not be converted to government agencies, nor should their functions be completely turned over to the private market. By providing an explicit guarantee on securities backed by conforming conventional mortgages, and ensuring that any newly created secondary market entities operate with strong capital and self-funded insurance safeguards, Congress can ensure that the federal government is only called on to support the market under catastrophic situations while ensuring a reliable and adequate flow of affordable funds necessary to achieve the nation's housing and economic goals.