Wall Street Journal

Letter to the Editor: "We Need Conforming Loan Limits Extended for Now"

Your editorial "Fannie Mae's Revivalists" (July 22) claims that the market for nonconforming loans is healthy enough to fill the void that a drop in conforming loan limits will bring, citing all of two private-label mortgage securitizations which have taken place since the 2008 financial crisis. Unfortunately, two securitizations is nothing to brag about and is not an indication of a market ready to take on the onslaught of additional demand. Furthermore, the editorial cites a claim by LendingTree LLC, that those with excellent credit can put 10% down and obtain a nonconforming loan. Evidence for this claim is lacking. In fact, this completely contradicts the Journal's own reporting on June 25, "Tighter Lending Crimps Housing," describing the current struggle of home buyers unable to obtain nonconforming loans with credit scores over 800, no debt, and who are willing to put 50% down.

I am a conservative Republican and an outspoken advocate of limited government. I do not like the fact that two government-owned corporations dominate a market from which private participants have long since retreated. I have authored the Housing Finance Reform Act as a practical solution to give all market participants the certainty required for private capital to return.

Instead of blindly clinging to ideology at a time when Americans need solutions, I have proposed a short-term extension of the conforming loan limits to keep certainty in a recovering economy. The housing market must recover before the economy can bounce back, and we should not adopt policies that will further depress that market. These conforming limit levels should not be permanent, but my bill will give policy makers enough time to eliminate the GSEs and debate and implement a new housing finance system.

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