



Capito Opening Statement at the Financial Services Subcommittee Hearing



6/18/13

Washington, D.C. – Financial Institutions and Consumer Credit Subcommittee Chairman Shelley Moore Capito (WV-02) delivered the following opening remarks at today's hearing entitled, "Examining How the Dodd-Frank Act Hampers Home Ownership."

Remarks as prepared for delivery: *"This morning's hearing is the second installment in a series of hearings this subcommittee is holding on the effect the Consumer Financial Protection Bureau's Ability to Re-pay rule will have on the availability of mortgage credit for consumers.*

"Last hearing we heard from representatives from the CFPB about the status of the rule and the feedback they are hearing from market participants. There was almost unanimous agreement from members of the subcommittee that the rule, in its current form, could lead to a constriction of credit when it goes into effect in January 2014. The CFPB must give these concerns serious consideration and address them in order to avoid significant market disruption.

"In the last six weeks the CFPB has issued amendments to the rule addressing concerns that have already been raised. Although these revisions attempt to provide clarity to lenders, the need for these changes highlights the fundamental problem with the Ability to Re-Pay rule. Mortgage lending can be highly subjective business, especially in rural and underserved areas. This element of relationship based decision making is completely ignored by the premise of the rule. It will be nearly impossible for the CFPB to endlessly amend the rule to accommodate the ability of lenders to make these relationship based loans. Unfortunately, the end result will be some consumers losing access to credit and the ability to own their own home.

"This morning we will hear from mortgage professionals who are best able to determine the real effects this rule will have on the mortgage market. We are here today to not only learn about the how this rule will affect the availability of mortgage credit, but also begin the discussion of better ways to preserve access to mortgage credit and protect consumers.

"I fear that without significant revision or repeal of the rule in its entirety, the consumers that proponents of the rule are attempting to protect will be the very consumers that are blocked out of the system. Without significant changes, consumers who live in rural areas with low property values will see a change in the availability of credit. The consequences of this rule, whether intended or unintended, will be very real these communities.

"In fact, one of our witnesses today is concerned that the institution he represents may no longer be able to offer a charitable program for low income borrowers. This program has been in existence since 1951 and has helped residents of Ohio County, West Virginia who otherwise could not, attain the goal of homeownership. This is exactly the type of case by case local lending that will be threatened by rigid federal standards."