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Shelby Opening Statement at Hearing on Regulatory Burdens to Obtaining Mortgage Credit

April 16, 2015

WASHINGTON, DC – Thursday, April 16, 2015 – U.S. Senator Richard Shelby (R-Ala.), Chairman of the United States Senate Committee on Banking, Housing, and Urban Affairs, today delivered the following opening remarks during a full committee hearing on "Regulatory Burdens to Obtaining Mortgage Credit."

The text of Chairman Shelby's remarks, as prepared, is below.

"Months ago, this Committee began an examination of the regulatory landscape facing consumers, lenders and other financial market participants. Our goal has been to identify existing laws and regulations that create unnecessary barriers to economic growth. Some of these may also inadvertently restrict the availability of consumer credit or increase its cost.

"Today, we turn our attention to mortgages.

"Our witnesses are involved in each stage of the home-buying process, from the construction of the home to its selection and financing. We have asked them to discuss the state of housing markets across the country, including which lending laws and regulations are working and which can be improved.

"Five years after a sweeping new regulatory framework altered the mortgage market in unprecedented ways, it is time to re-examine its effectiveness and consequences.

"Dodd-Frank's stated intent is to protect consumers, but some of the regulations promulgated in response to the law have gone so far that they may actually prevent qualified consumers from owning a home. And, borrowers who are able to qualify for mortgages today may face an increased cost of credit due to these rules.

“I would hope that we can agree that laws and regulations that reduce mortgage availability or increase the cost of credit for those who do qualify are harming, not helping, consumers.

“While record-low mortgage rates in recent years may have balanced out an increased cost of mortgage credit due to new regulatory requirements, this trend will not continue indefinitely. When interest rates rise, I believe that the impact of these new rules and regulations on homeownership will be clear.

“Today, we will consider ways to refine current law so that it protects consumers while encouraging responsible homeownership. This should be an achievable bipartisan goal because members of this committee on both sides of the aisle have introduced and supported legislation in this area.

“I encourage others to consider ways in which we can work together to make the new regulatory framework true to its legislative intent of protecting consumers while increasing responsible access to credit.

“This goal can be accomplished without returning to the pre-crisis standards of lax underwriting and access to mortgage loans for those who cannot afford to repay them. In other words, any changes to the law should not erode consumer protection or encourage irresponsible lending practices.

“They should address the issue of creditworthy customers being denied loans or charged more for them because of existing laws and regulations.

“If done properly, such changes could make our financial system safer by allowing regulators to direct their limited resources towards more efficient regulation and ensuring better management of risk.

“I look forward to hearing from our witnesses and hope that their perspectives will help this committee identify specific issues that consumers face every day in purchasing homes and qualifying for credit.”

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