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Statement of Ranking Member Elijah E. Cummings
Committee on Oversight and Government Reform

Hearing on “Credit Crunch: Is the CFPB Restricting Consumer Access to Credit?”
Subcommittee on TARP, Financial Services and
Bailouts of Public and Private Programs

July 24, 2012

I thank the Chairman for calling today’s hearing to examine the Consumer Financial Protection Bureau’s impact on consumer access to credit.

I welcome all of our witnesses, particularly the Bureau’s first Director, Mr. Cordray, who previously served as Ohio Attorney General.

Safe, affordable, and transparent credit can help Americans achieve their dreams. But toxic loans can turn people’s lives into nightmares.

The Bureau is helping to make sure that the consumer credit marketplace is free from landmines as American families look to buy a home, start a business, or send their kids to college. We do not have to strain to recall what those landmines look like. We are still living with the devastating effects of the 2007-2008 financial crisis.

One of the major causes of the crisis is that millions of Americans received loans—mortgages, credit cards, and even student loans—that contained hidden or harmful terms. In many cases, lenders knew those loans stood no reasonable chance of being repaid, but they made them anyway. We understand now that loans that are unsafe for borrowers are also unsafe for our entire financial system.

The financial crisis was not a natural disaster. It was created by people behaving in ways that may have made short-term sense, but that were harmful in the long-term.

Congress created the Bureau to help prevent this type of crisis from ever happening again. Through new rules and enforcement actions, the Bureau is already making the financial markets safer and better for consumers.

In only its first year of existence, the Bureau already has worked to do the following:

- Simplify and clarify the forms Americans use to get a home loan so the terms and costs of mortgages are clear;
- Simplify credit card contracts so negative terms are not disguised in legalese;
- Create student loan assessment tools to help students and their families evaluate the cost of college; and
- Write new rules to ensure that mortgages are made on the basis of the ability of borrowers to repay them—a marked improvement over industry standards before the crisis, which were often based on the unrealistic assumption that housing prices would always rise.

Today's hearing is about access to credit. I hope the Members here today do not forget the lesson of the financial crisis—that access to credit and the quality of that credit are inseparable.

The Bureau is the single agency devoted to ensuring that prudential lending standards focus not just on the needs of banks, but also the needs of consumers.

I look forward to hearing from our witnesses how the Bureau is accomplishing this vital mission.

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