SFC Structured Finance Coalition

Congressional Insiders Club

MEMBER SPOTLIGHT

Rep. Barry Loudermilk (R, GA-11)

Congressman Barry Loudermilk represents Georgia's 11th Congressional District, which includes all of Bartow and Cherokee counties as well as portions of Cobb and Fulton counties. Before being elected to Congress in 2014, he was a small business owner for over 20 years and served in the Georgia State legislature for nine years. A Georgia native, Rep. Loudermilk holds an Associate Degree in Telecommunications Technology, and a Bachelor of Science in Occupational Education and Information Systems Technology. He proudly served in the U.S. Air Force for eight years and is also the former owner of an Information Technology services business.

In Congress, Rep. Loudermilk serves on the House Financial Services Committee where he works on two Subcommittees: Financial Institutions and Consumer Credit and Oversight and Investigations. He also serves on the House Administration Committee and as a member of the Republican Study Committee.

What role should the legislative branch play in ensuring healthy and robust capital markets for American families and businesses?

Congress' legislative role in capital markets should be to balance several priorities. For one, we must ensure robust disclosure and other protections for investors. Additionally, we must make sure that regulatory burdens on the private sector are not excessive and do not harm the capital markets and capital formation. We must also be cognizant of the need to enable the private sector to innovate and develop new ways to do business.
Congress was designed to be very responsive to the people, so we have a unique responsibility of communicating our constituents' real-world challenges to the SEC and other financial regulators, and making changes legislatively when necessary. When regulatory burdens are excessive, we should work to limit them, and when investors are not receiving adequate disclosures or other protections, we should work to strengthen them.

How do we encourage the flow of private capital within the housing finance market so that, in the event of an economic downturn, taxpayers are not on the hook for future losses?

To me, this is one of the most important issues in housing finance reform. Fortunately, I often hear that several industries- private mortgage insurers and reinsurers, for example- are working with the GSEs to expand the role of private capital in housing finance, and they are also interested in growing their role in the system. Not only would increasing the role of private capital improve taxpayer protections, it would also potentially benefit the system overall by making it more competitive and efficient. Absent the enactment of comprehensive housing finance reform, Congress should consider requiring the GSEs to engage in even more credit risk transfers, particularly on the front end of the mortgage, which is where most credit risk exists.

What role should the Federal government play in housing finance, specifically as it relates to the Government Sponsored Enterprises (Fannie Mae and Freddie Mac)?

We must have a robust housing finance system that enables Americans to buy homes and pursue the American dream. In order to facilitate that, the GSEs should operate only in those areas that the private sector cannot fulfill. Unfortunately, Fannie Mae and Freddie Mac have not only ventured into areas that the private sector is able and willing to do, they have at times engaged in risky business activities such as guaranteeing mortgage credit with very low down payments. The GSEs have entered into new lines of business that unfairly compete with the private sector- including spending billions of dollars that would otherwise have gone to taxpayers- on new technology, numerous patents, and other areas. The role of the GSEs should be reduced to only those functions necessary to maintain an orderly and competitive market.

Now that Fannie Mae and Freddie Mac are in their 10th year of Conservatorship, what is Congress' role in determining their future, and how does that interact with the role currently being played by regulatory agencies like the FHFA?

Reforming the GSEs would best be done legislatively so the changes are permanent and are informed by the input of all stakeholders. The FHFA has an important role to fill as the regulator of the GSEs, but the FHFA has at times permitted the GSEs to engage in risky business practices that present undue taxpayer risk. In the future, the relationship between the FHFA and the enterprises it supervises- and serves as their conservator- should be overseen carefully by Congress and the FHFA Office of Inspector General.

Where do rules, regulations, and regulatory oversight in the housing finance market need to be strengthened? Where should they be pared back or right-sized?

There are some niche regulatory issues in housing finance that need to be fixed. For one, I have proposed legislation that would provide relief from the CFPB's TRID rule to charitable mortgage lenders that are making zero percent interest mortgage loans. Additionally, one of the GSEs has been actively lobbying Congress, which is a violation of the enterprise's terms of their conservatorship. Congress should pass legislation which would place the lobbying prohibition into statute. More broadly, Congress should examine the policies that may be roadblocks to depository institutions making more single family mortgage loans, since new home construction has been stagnant in many areas of the country, and many families are being priced out of owning a home.

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