



**Statement of Deborah Sousa, Executive Director, on the behalf of the  
Massachusetts Mortgage Bankers Association  
Regarding Legislation to Increase Transfer Fees  
Joint Committee on Housing  
January 14, 2020**

Chairman Crighton, Chairman Honan, members of the Joint Committee, my name is Deborah Sousa and I am Executive Director of the Massachusetts Mortgage Bankers Association (MMBA). The MMBA represents approximately 239 lending institutions made up of banks, credit unions and mortgage lenders. We appreciate the opportunity to provide you with our opinion for several bills before the committee.

We are submitting written testimony on 12 bills before this committee today ranging in issues from Tenant Protections, Rent Control, Just Cause Evictions, and Emergency Supplemental Housing Bond Funding. All are important issues.

Today I would like to concentrate my verbal testimony on S.773 and the proposed new transfer fees and a few brief words about tenant right of first refusal.

**S.773:**

There are currently several bills in other committees allowing municipalities to impose transfer fees. **None of these bills or the bill before you have consistency regarding language or exemptions.**

S.773 allows municipalities to impose new transfer fees between .5% - 2% of the purchase price with exemptions for transfers to federal or state government and charitable organizations. **Any municipality can establish additional exemptions** – some of which are included in this bill.

**The MMBA strongly opposes all legislation imposing transfer fees for numerous reasons:**

- **The MMBA is deeply concerned about affordability.** Massachusetts is one of the most expensive states to purchase a home. Adding an additional .5% - 2% cost on top of down payments and closing costs will make the dream of homeownership nonexistent for the average homeowner. As an example – the median condo price in Dorchester is **\$517,924**. A 5% down payment together with a conservative amount in closing costs and escrows means a consumer would need **almost \$30,000 to purchase** that condominium. A transfer tax of up to 2% would require an **additional \$10,358.48** to purchase that home which is going to put homeownership out of the reach for many consumers.
- **The MMBA is deeply concerned if consistency is not maintained across each municipality.** Allowing municipalities to be able to set standards and exemptions for a transfer tax is a recipe for disaster. **As an example, S.773 has a \$2M exclusion** in the language of the bill however this is the only bill with this exclusion. **Instead, most bills allow each municipality to determine the exclusions.**

Lenders have the obligation to provide a loan estimate of closing costs to a consumer. The disclosure of a transfer tax needs to be 100% accurate. Imagine trying to provide accurate information to a consumer when each city and town has different exclusions and rates.

- **The MMBA is deeply concerned with disparate impact.** These bills could allow a community the ability to deny low-income or middle-income borrowers a transfer tax exemption.
- **The MMBA is deeply concerned with the clarity of information available to the consumer and other parties to determine the actual amount of transfer fees in a specific municipality.** As an example, here are some realistic challenges and questions that arise from the language in S.773:

The language in S.773 includes **exclusion for a purchase price below the mean purchase price based upon the previous twelve-month period**. Exactly how is a consumer going to obtain this information? Is it 12 months from the signing of the contract? Is it 12 months when they start searching for a home? What about neighborhoods such as Chestnut Hill that has Newton, Brookline and West Roxbury

areas within its border - how exactly would a situation like this impact mean purchase prices in each community?

We are strong advocates for the creation of affordable housing in the Commonwealth. We testified in favor of the Housing Choice bill and providing municipalities with a simple majority to make zoning changes to assist with this goal. **We strongly oppose creating transfer taxes that will hurt affordable housing more than help.**

**The MMBA strongly opposes S.773** and recommends that increasing transfer fees to fund affordable housing initiatives be part of a comprehensive study.

### Regarding a Tenants Right to Purchase

**H.1256, H.1303, H.1315 and S.801**

**The MMBA strongly recommends that a specific exemption be included for mortgage foreclosure sales.**

- These bills have timing issues and do not recognize that an offer agreement is a legally binding contract and once an initial offer is accepted by a seller, they are contractually obligated to sell the property.
- The bills will delay and ultimately could depress the market and may lose the original buyer if the tenant can't perform since the law does not have any requirement that a tenant or a tenant association produce a commitment so the seller must wait until the closing for the tenant to perform.
- Realistically, if the tenants are not able to eventually purchase the property, an owner would most likely not be able to sell the property for 4 months or more depending upon the real estate market.

**The MMBA opposes H.1256, H.1303, H.1315 and S.801.**

We would like to offer the MMBA and our membership as a resource to you for any questions or clarifications on the impact of any bills in this committee.

Thank you for the opportunity to provide you with verbal testimony before the Committee.