



2019 Beacon Hill Day

June 12, 2019

About the MMBA

The Massachusetts Mortgage Bankers Association (MMBA) is the Commonwealth's trade association representing the real estate finance industry. Founded in 1974, the MMBA is the largest mortgage association in New England and is one of the most successful in the country. The association works to ensure the continued strength of the Commonwealth's residential real estate markets; to expand homeownership prospects through affordability; and to extend access to affordable housing. The MMBA promotes fair and ethical lending practices and promotes excellence and integrity among real estate finance professionals through a wide range of educational programs, advocacy and industry-wide publication.

The Massachusetts Mortgage Bankers Association (MMBA) represents 239 lending institutions made up of equal representation between depository institutions (banks and credit unions) and non-depository institutions (independent mortgage banker companies, mortgage brokers and all ancillary companies) which facilitate mortgage transactions throughout the Commonwealth.

ADVOCACY ISSUES

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- 3 **Funding Through Transfer Taxes**
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Massachusetts Mortgage Bankers Assoc.
185 Devonshire Street, Suite 703
Boston, MA 02110 /Phone: (617) 570-9114

An Act to Promote Housing Choices

The MMBA supports the Housing Choice Initiative which will assist in an increase of housing production in Massachusetts.

Under this bill, cities and towns can adopt new local zoning standards by a simple majority vote, as opposed to a two-thirds vote. This change would make it easier for municipalities to ease zoning laws that regulate multifamily housing development and parking, potentially resulting in a growth of the construction of new housing and the services they require.

These resources and incentives are invaluable tools to help municipalities create more affordable housing. The median price of homes currently listed in Boston is \$625,000, according to MAR, while the median rental price now approaches \$3,200 per month in many parts of the city, according to Apartmentguide.com. For low-income residents, this continues to be a critical issue.

The MMBA believes that the Act to Promote Housing Choices initiative will spur significant housing production and provide municipalities with tools and incentives to drive the creation of much needed new housing stock.

Action Needed: The MMBA STRONGLY SUPPORTS passage of H.3507 to create new housing in Massachusetts.

Regulating Appraisal Management Companies

Per the Dodd Frank Wall Street Reform Act, licensing of appraisal management companies must be in place by **August 10, 2019**.

There is no opposition to this bill which places appraisal management companies (AMC's) under the supervision of the Board of Registration for Real Estate Appraisers and empowers the State Board to adopt rules and regulations to implement the bill.

Most appraisals are ordered through AMC's and if this bill is not passed before the August deadline it will cause havoc in the mortgage industry.

Action Needed: The MMBA STRONGLY SUPPORTS passage of H.1114 and asks legislators to quickly pass this legislation to regulate appraisal management companies as mandated by Dodd-Frank. H.1114 is currently in the House Ways and Means Committee.

Funding Through Transfer Taxes

There are several bills which would fund initiatives through taxes on the sale of a home. Although our members are concerned with the environment and affordable housing, we strongly believe that funding these initiatives through transfer fees will create a barrier to homeownership.

S. 10 - An Act providing for climate change adaptation infrastructure investments in the Commonwealth proposes a transfer tax in the form of a 50% increase in the deeds excise tax which will cost thousands of additional fees to purchase and sell a home. We **oppose** this initiative as it places an unfair and disproportionate burden upon home buyers and sellers to fund these infrastructure initiatives.

There are 9 bills which propose increases in closing costs to fund the Community Preservation Trust (CPT). Part of the goal of the CPT is to increase affordable housing in participating communities which is a concept that we are supportive of – **however how we fund the CPT is important!**

- 2 bills (**H.2644** and **H.2501**) we **oppose** because these bills give authority to the Commissioner of Revenue to increase fees without any caps to fund the CPT which is a dangerous precedent.
- 2 bills (**H.1769** and **S.773**) we **oppose** because it would allow municipalities to impose a real estate transfer fee between .5% -2% of the sales price.
- **H.2423 (oppose)** is specific to Somerville and allows Somerville to impose a fee up to 2% of the sales price to fund the CPT.
- 3 bills (**H.2463**, **H.2616** and **S.1618**) we **support** because it gives reasonable and specified increases to recording fees to fund the CPT.
- 1 bill (**H.3669**) establishes a Martha's Vineyard Trust. We **oppose** this bill because it gives authority to the trust to adopt regulations and procedures to fund the mission.

Action Needed: The MMBA STRONGLY OPPOSES unlimited increases in closing fees or transfer fees. Funding of the CPT or global climate change initiatives by transfer fees places a large burden on a small share of the population **and will reduce the ability of new and current homebuyers to purchase or sell a home.**

Electronic Notarization

In-person Electronic notarization allows notarial acts electronically without the use of paper -parties are still required to be physically present. **H.3293** would allow for in-person eNotarization. **H.3292** would establish a commission to identify best practices for electronic notarization.

Action Needed: The MMBA STRONGLY SUPPORTS in-person electronic notarization legislation.

Mandatory Energy Audits and Scoring

Our members are concerned with the environment and we support energy efficiency in homes and consumers' access to energy audits. However, there is a difference between a consumer having access and voluntarily obtaining an energy audit and the Commonwealth mandating energy inspections and creating a scoring system for properties which may result in a negative impact on the Massachusetts housing economy; stigmatize older homes resulting in a decline in value and perhaps the unintended consequence of redlining neighborhoods.

Legislation should protect consumers by ensuring that those who perform energy audits are objective, fully trained, licensed and the consumer has a method to dispute energy audit results.

Action Needed: The MMBA STRONGLY OPPOSES H.2894, H.2887, S.1983 and S.1922 which give broad authority without legislative oversight; and mandated energy audits and scoring. The MMBA suggests the following:

- Energy audits should be voluntary;
- Energy Auditors should be licensed and objective
- Consumer protections within legislation

Judicial Review:

H.3300, H.3384, H.1482, S.868 and S.964 all implement a system of judicial review for all residential mortgage foreclosures.

These bills give judges broad authority to modify the underlying mortgage or "grant any other appropriate relief". This is a significant increase in judicial power and will create uncertainty both for banks and for credit unions that hold mortgages in their portfolios as well as those loans that are sold into the secondary market. A mortgage is a contract between two parties – the lender and the borrower – legislators should exercise caution before moving forward with legislation that allows judges to modify that contract unilaterally.

In addition, S.868 would require mandatory mediation and implement a 2-year (up to 10 year) moratorium on non-judicial foreclosures. We already have federal and state laws which mandate loan modification programs providing significant protections for at-risk borrowers. Conclusions derived from the Final Report of the Foreclosure Impacts Task Force indicated mandatory mediation is duplicative of current initiatives and unnecessary. A moratorium of foreclosures would significantly impact mortgage lending availability in Massachusetts ultimately hurting consumers.

Action Needed: The MMBA STRONGLY OPPOSES legislation mandating judicial review, mandatory mediation and moratoriums on foreclosures.