



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 202 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

- 1 **Affordable Housing/Minority Homeownership**
- 2 **Appraisal Issues**
- 3 **Regulatory Clarity**
- 4 **Remote Online Notarization (RON)**
- 5 **Tax Reform**

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AFFORDABLE HOUSING

Access to and affordability of owner-occupied and rental housing continues to challenge multiple communities across the country. Increasing homeownership opportunities for low-moderate income borrowers and minorities is a priority.

"Our big problem in Massachusetts right now, especially for young people and young families, is we just don't have any supply," Governor Charlie Baker said. "Whenever anything goes on the market, because there's no supply, it gets bid up by those who are out there looking for a place to buy, and that just pushes everybody farther and farther away from where they work and then requires them to spend tons of time getting to and from work or to and from school, and this is just something we need to get done."

Action Needed: The MMBA strongly believes that the issue needs to be addressed on Federal, State and Local levels Congress should examine policies; consider legislation; and encourage state and local governments to enact or expand policies that provides greater accessibility to safe, affordable, and sustainable mortgage financing options for low- to moderate-income and minority borrowers.

The MMBA encourages co-sponsor and support of:

- **Affordable Housing Credit Improvement Act (S. 1136 /H.R. 2573)** This legislation would expand and strengthen the Low-Income Housing Tax Credit (LIHTC) by building more than two million new affordable rental housing units over the next decade
- **Neighborhood Homes Investment Act (S. 98 /H.R. 2143):** This legislation provides a tax credit to rehabilitate blighted single-family homes and help revitalize neighborhoods across America
- **Yes In My Backyard (YIMBY) Act (S. 1614/H.R. 3198):** This legislation would provide the federal government with new tools to encourage localities to remove legal and regulatory barriers that impede new construction and housing development.
- **Housing Supply and Affordability Act (S. 902 and H.R. 2126).** This legislation would create the Local Housing Policy Grant (LHPG) program administered by HUD to support local efforts to expand housing supply.
- **Downpayment Toward Equity Act (S. 2920 and H.R. 4495).** This legislation would address existing racial wealth and homeownership gaps by providing down payment and other financial assistance for first-generation and first-time homebuyers.

Appraisal Bias

Recently there have been allegations against the appraisal profession that some appraisals were influenced by discrimination. Media reports, and private and publicly funded studies, document stories of before and after appraisals of Black owned homes where the appraisers' opinions of value differ, sometimes significantly, leading to conclusions the first appraiser discriminated.

Several solutions to combat racial bias in appraising have surfaced on the federal level. These include training on Fair Housing and revisions to the USPAP Ethics Rule; shifting the work of the Appraisal Standards Board and the Appraisal Qualifications Board to a new federal agency and establish significant financial penalties imposed on appraisers who are found to have discriminated.

Action Needed:

The MMBA encourages co-sponsor and support of:

- **Homebuyer Assistance Act (H.R. 3008)**, which would restore licensed residential appraisers to the FHFA roster.
- **The Real Estate Valuation and Improvement Act (H.R. 2553)**: This bill establishes the Interagency Task Force on Real Estate Valuation to harmonize among specified agencies and entities the underwriting standards that govern residential and commercial real estate valuations. The task force must also study racial disparities in the valuation and price of certain residential real estate. The bill also establishes a grant program for states, nonprofit organizations, and institutions of higher education to promote diversity and inclusion in the appraisal profession.

REGULATORY CLARITY

The MMBA encourages the CFPB to replace 'regulation by enforcement or announce' policy with an approach focused on issuing clear rules, supplemented by authoritative written guidance where necessary. Such guidance should be reliable, timely, and issued in accordance with a clearly defined regulatory process that invites stakeholder input. Authoritative written guidance ensures consistent consumer treatment, facilitates efficient compliance and reduces implementation costs.

During the COVID-19 pandemic, Mortgage Servicers have provided critical relief during the pandemic implementing CARES Act forbearance. Our members report that the vast majority of borrowers are out of forbearance and making timely mortgage payments.

Action Needed:

- Encourage the CFPB to provide more guidance that facilitates compliance; provide advance notice with time for implementation and ensure the CFPB does not revert to using enforcement actions for regulatory goals.
- To consider legislative proposals aimed at improving access to financial services for consumers with limited English proficiency (LEP).
- To consider legislative proposals providing for government translation of government forms and disclosures, and include clear compliance expectations.

Remote Online Notarization

Remote Online Notarization, or RON, is the use of audio/visual technology to complete a notarial act when the principal is not in the same physical location as the notary public. Notarial acts are a necessary component of the residential loan closing process and we have learned through the pandemic how crucial it is that consumers be allowed to use this technology.

RON is designed with a multi-layered approach to fraud prevention, using technology not available in the traditional paper-based process. The document signer would be identified through at least two forms of identity proofing, and an A/V recording of a signing would be created by employing tamper-evident technologies to secure electronic records.

Massachusetts is one of the last remaining states still working on RON. The MMBA has been part of an industry stakeholder's coalition working on this legislation that we are hopeful will be passed. The passage of federal RON legislation would assist and encourage this state initiative.

Action Needed: The MMBA strongly encourages legislators to co-sponsor and support passage of the SECURE Notarization Act (H.R. 3962 / S.1625).

Tax Reform

Treatment of Gain on Sale of Home

Under current law, certain taxpayers can exclude from tax a portion of the capital gain on the sale of a primary residence. This applies to taxpayers who have used the home as their principal residence for two out of the previous five years and the amount allowed is \$250k (\$500k for married filers). The TCJA passed without making any changes to this provision.

Action Needed: The MMBA supports current tax law that allows homeowners to exclude a portion of the gains on the sale of a home, as we believe this provision is critically important to wealth building and retirement savings and increases velocity within the residential marketplace by suitably incentivizing the "move-up" middle class home buyer and opening entry level housing supply for first-time buyers

MBA also believes that Congress should consider indexing this provision for inflation, given the pricing and affordability challenges faced by homebuyers in individual markets throughout the country

Capital Gains Tax Rate:

Under current law, capital gains are taxed at a lower rate than ordinary income.

Action Needed: The MMBA recommends that capital gains continue to receive preferential tax treatment relative to ordinary income to incentivize long-term investments