



2024 MBA National Advocacy Conference: Thoughts from Massachusetts

March 20, 2024

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 179 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.

AFFORDABLE HOUSING/MINORITY HOMEOWNERSHIP

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.

“The cost of housing is the biggest challenge facing the people of Massachusetts.” **Governor Maura Healey.**

“As a former local official, I’ve seen firsthand how new housing can transform communities and help them flourish.”

Lieutenant Governor Driscoll.

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:

- **Build More Housing Near Transit Act (S.3216 / H.R. 6199):** This legislation would provide incentives within targeted transportation grants to increase mobility options and access to affordable housing.
- **Neighborhood Homes Investment Act (S.657/H.R. 3940):** 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.1688/H.R. 3507):** 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.3684 /H.R. 7132):** 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 (H.R. 4231):** 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.

ADVOCACY ISSUES

- 1 **Affordable Housing/Minority Homeownership**
- 2 **Trigger Leads**
- 3 **Regulatory Clarity**
- 4 **Remote Online Notarization (RON)**
- 5 **BASEL III Endgame Concerns**

Massachusetts Mortgage Bankers Assoc.
185 Devonshire Street, Suite 703
Boston, MA 02110

Phone: (617) 570-9114
www.massmba.com

TRIGGER LEADS

When a consumer applies for a loan, a credit report is obtained resulting in an “inquiry” appearing on the applicant’s credit report showing the entity that has obtained a credit report. The report also indicates the specific type of loan being applied for. The inquiry indicates the consumer is in the market for a loan.

The national credit repositories (Experian, Trans Union and Equifax) can sell these inquiries [the “trigger”] that create leads [hence, “trigger leads”] to other mortgage originators.

The purchasers of the trigger leads then contact the consumer, in order to convince the applicant to do business with them. Many times, they are not fully explaining to the consumer who they are and that this was a lead they purchased from the credit bureau. Consumers often think they are speaking with the lender they applied to for a mortgage application.

With trigger leads, unlike a credit card solicitation, not everyone who buys a lead may be able or willing to actually extend credit.

Action Needed: Support and co-sponsor S.3502 /H.R. 7297 that would ban the use of “trigger leads” in all but a limited number of circumstances. We also support H.R. 4198.

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.

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.
- The CFPB’s “regulation by enforcement” approach leads to additional credit guidelines, duplicative consumer documentation and high legal/compliance costs that are ultimately passed along to the consumer.

REMOTE ONLINE NOTARIZATION

Remote Online Notarization (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.

- The SECURE Notarization Act creates federal minimum standards allowing notaries to perform safe and effective RON notarization in all states.

- 45 states and the District of Columbia have enacted RON legislation.

- The SECURE Notarization Act allows states the ability to set their own RON standards if they meet or exceed the national standards set forth in this legislation.

- 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.

- RON would allow deployed military personnel and their families to have important documents notarized while outside of the USA.

Action Needed: Thank you to House Representatives for the passage of H.R. 1059. We would encourage all Senators to co-sponsor and support passage of the S.1212.

BASEL III “ENDGAME”

The Basel Committee is a consortium of banks from 28 countries that introduced international regulatory reforms to mitigate risk by requiring banks to maintain leverage ratios and keep certain levels of reserve capital on hand. BASEL III was introduced in 2009 in response to the financial crisis of 2007-2008. Regulators across the world have worked for years to implement many of those standards, and the so-called “endgame,” agreed in 2017, is the final iteration.

The “endgame” proposal refines Basel’s approach to setting capital based on the riskiness of banks’ activities. This rulemaking will impact more than 36 large US banks that support the mortgage market that are not currently subject to the increased capital standards. Origination and servicing of mortgage loans will be impaired.

It is unclear how the proposal interacts with existing regulations such as the Community Reinvestment Act, creating the concern that these additional rules could stunt economic growth and diminish the lending capacity needed to support the creation of more affordable home ownership (and rental housing) from the largest providers of capital in the country.

The proposal contradicts many of the Biden Administration’s policy goals, including housing affordability (ownership and rental) and the closing of significant racial homeownership and wealth gaps.

Action Needed: – On November 12, 2023, the Senate Committee on Banking, Housing and Urban Affairs wrote a letter to the Federal Reserve, FDIC and OCC to withdraw the Basel III Endgame proposal. Please support this effort and urge them to repropose their “Basel III Endgame” rulemaking and incorporate MBA recommendations.