



## 2025 MBA National Advocacy Conference: Thoughts from Massachusetts

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### 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 165 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 **Tax Policies for Real Estate Finance and Increasing Housing Supply**
- 2 **Trigger Leads: A Consumer Confusion Risk**
- 3 **GSE Reform: A Responsible Path Out of Conservatorship**
- 4 **Reduce Regulations and Eliminate Restrictions That Limit Housing Supply**
- 5 **AI, Remote Notarization & Data Privacy: Balancing Innovation & Protection**
- 6 **False Claims Act: Protect FHA Lending Access**
- 7 **VA Loan Servicing: Aligning With FHA/USDA Protections**

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### **Tax Policies for Real Estate Finance and Increasing Housing Supply**

Sound tax policy fuels job creation, homeownership, and new construction. Several real estate-related tax provisions introduced in the last Congress would lower costs and expand access to credit, especially for underserved communities.

#### Key priorities include:

- **199A pass-through deduction:** Extend the deduction for pass-through businesses such as LLCs and S Corps. which allows for a portion of qualified business income to be deducted.
- **Capital Gains Tax Rate:** Maintain current rates to avoid discouraging property sales.
- **Deferred tax treatment of income related to Mortgage Servicing Rights (MSR's):** MSR's help to decrease cost and increase availability of mortgage lending. Defer tax on (MSRs) until income is actually received.
- **Home Sale Exclusion:** Current law excludes up to \$250,000 (single) or \$500,000 (married) of gains on the sale of a primary residence. We support doubling of the exclusion limits and indexing for inflation to encourage property owners to sell homes and create family wealth.
- **Mortgage Insurance (MI) Deduction:** Allowing borrowers to deduct MI premiums makes homeownership more affordable. Reinstate and make permanent for first-time and lower-income buyers.
- **Neighborhood Homes Investment Act:** Provides a tax credit to rehab vacant and blighted homes which will revitalize neighborhoods and increase affordable housing.
- **The Affordable Housing Credit Improvement Act (AHCIA):** Expands the Low-Income Housing Tax Credit encouraging private investment to preserve and build 2M+ affordable units.

#### Action Needed:

- ✓ Include these items in future tax packages.
- ✓ Support pro-housing tax policy to increase supply and improve affordability.

### **TRIGGER LEADS: A Consumer Confusion Risk**

When a consumer applies for a mortgage, the credit bureaus record a "hard inquiry." This data, including the fact that the consumer is shopping for a mortgage, is then sold as a "trigger lead" to other lenders. These lenders aggressively contact the borrower—often within hours—without disclosing that they are not the original lender. This creates consumer confusion, undermines trust, and introduces potentially misleading sales tactics at a vulnerable time in the homebuying process.

## **TRIGGER LEADS (CONT):**

### **Action Needed:**

- ✓ **Pass legislation to prohibit the sale of trigger leads except in narrow, regulated circumstances.**
- ✓ **Build on Senate passage of S.3502 from the last Congress.**

## **GSE Reform: A Responsible Path Out of Conservatorship**

Fannie Mae and Freddie Mac (the GSEs) play a crucial role in stabilizing the mortgage market by buying loans from lenders, pooling them, and selling them as mortgage-backed securities (MBS). This process ensures liquidity, lowers borrowing costs, and expands access to credit.

Since 2008, the GSEs have been in conservatorship under the federal government. Any transition out of conservatorship must preserve market confidence and avoid disrupting access to mortgage credit.

We believe that the plan must include the creation of an explicit “fully paid for” federal backstop for GSE mortgage-backed securities (MBS) and provide FHFA appropriate regulatory powers. This guarantee endures that the MBS are backed by the federal government, providing stability and liquidity in the mortgage market. It is a long-term solution, ensuring that the government’s support is not contingent on future taxpayer contributions, this providing a reliable framework for investors and banks.

### **Action Needed:**

- ✓ **Include an explicit, fully funded federal backstop for GSE-issued MBS.**
- ✓ **Provide appropriate regulatory authority to FHFA.**
- ✓ **Ensure reforms support continued access to mortgage credit for all borrowers.**

## **Reduce Regulations and Eliminate Restrictions That Limit Housing Supply**

Zoning restrictions, lengthy permitting processes, and regulatory hurdles account for up to 40% of the cost of multifamily housing. These barriers limit supply and drive-up housing prices for everyone. No one bill will solve the housing crisis, but a combination of regulatory reform and legislation will alleviate the shortage.

**Several bills from the 118<sup>th</sup> Congress reduced these constraints:**

- **Reducing Regulatory Barriers to Housing Act:** Offers best practices to streamline permitting.
- **Housing Supply & Innovation Framework Act:** Provides local guidance for effective zoning reform.
- **Rural Housing Service Reform Act of 2023:** Supports rural housing by allowing ADUs and more flexible loan assumptions.

### **Action Needed:**

- ✓ **Advance legislation that reduces federal and local barriers to housing production.**
- ✓ **Modernize USDA loan rules to promote affordable rural housing.**

## **AI, Remote Notarization & Data Privacy: Balancing Innovation & Protection**

- **Artificial Intelligence (AI):** AI already helps streamline mortgage underwriting and fraud detection. New legislation should focus on generative AI risks—not disrupt decades-old, automated tools that are already well-regulated.
- **Remote Online Notarization (RON):** RON allows consumers to close mortgages securely from anywhere. The House passed H.R. 1777 last Congress; a bipartisan Senate companion is expected soon.
- **Data Privacy:** Consumers deserve strong protections, but data use is essential for efficient loan processing. Overly broad laws or private enforcement rights could harm both lenders and borrowers.

### **Action Needed:**

- ✓ **Focus AI regulation on real harms, not safe industry tools.**
- ✓ **Pass RON-enabling legislation nationwide .**
- ✓ **Create a federal privacy framework that protects data and preserves innovation.**

## **False Claims Act: Protect FHA Lending Access**

In the past, lenders faced billion-dollar penalties under the False Claims Act (FCA) for minor paperwork errors on FHA loans—errors that did not contribute to defaults. This made many banks exit the FHA space, reducing options for first-time and lower-income buyers. A 2019 HUD-DOJ agreement created a better enforcement structure that allows administrative resolution before DOJ involvement.

### **Action Needed:**

- ✓ **Maintain the current three-step enforcement structure.**
- ✓ **Amend any new FCA legislation to avoid unintended harm to FHA lending**

## **VA Loan Servicing: Aligning With FHA/USDA Protections**

FHA and USDA loans offer a “partial claim” option—an interest-free government loan to help borrowers catch up after hardship. This tool helps prevent foreclosure while protecting federal insurance funds.

VA loans do not have this option, leaving veteran borrowers more vulnerable.

### **Action Needed:**

- ✓ **Introduce legislation creating a VA partial claim option.**
- ✓ **Ensure veteran borrowers have access to modern, flexible foreclosure alternatives.**

### **What Congress Can Do Now**

- **Pass bipartisan reforms that support housing access, affordability, and fairness.**
- **Modernize outdated rules that drive up costs or reduce consumer options.**
- **Support targeted tax, technology, and servicing policies that reflect today’s housing market.**
- **Work with MMBA & MBA—resources for technical guidance and real-world insight.**