

Issue Update

Policymakers are increasingly focused on addressing housing affordability challenges across markets. Housing prices remain elevated, placing sustained financial pressure on consumers by reducing affordability, limiting access to homeownership, and straining household budgets. Significant attention has been focused on boosting and improving housing supply across all jurisdictions. Bipartisan legislation such as the ROAD to Housing Act and the Housing for the 21st Century Act emphasizes zoning reform, regulatory streamlining, and expanded financing tools to accelerate construction, particularly for entry-level and workforce housing. At the same time, proposals like the Housing Supply Fund Act aim to channel capital through Community Development Financial Institutions and nonprofits to preserve affordable units and support underserved borrowers.

More importantly, on March 13, President Trump issued two separate Executive Orders (EO) that have the potential to broadly impact housing and mortgage finance. The EOs—"Promoting Access to Mortgage Credit" and "Removing Regulatory Barriers to Affordable Home Construction"—call for a comprehensive review of housing finance while initiating rulemaking and increased focus towards eliminating provisions that hamper mortgage efficiencies, especially for community banks. By stripping away administrative obstacles and disproportionate compliance burdens, these actions aim to lower borrowing costs for families and stimulate new housing construction across the country.

Why It Matters

Housing affordability remains a critical economic challenge impacting consumers, communities, and the broader financial system. Persistent supply-side barriers, elevated prices, and constrained inventory continue to stifle homeownership and strain household budgets. ABA believes recent Executive Orders provide a vital opportunity to reform complex mortgage regulations. By simplifying and streamlining the regulatory framework, we can significantly reduce mortgage costs and expand credit access without compromising consumer protections. ABA will continue to advocate for a comprehensive review of current rules to ensure they are balanced, transparent, and conducive to lowering costs and reinvesting in all communities.

Recommended Action Items

The current TRID disclosure regime should be reformed to replace no-tolerance provisions with a "single tolerance" standard of 10%. Any non-credit fees not subject to the 10% tolerance would continue to be regulated under RESPA's "Good Faith" standard. Fixing the rigid tolerance provisions would greatly streamline operations and add savings that would be passed on to consumers. Moreover, consistent with EO directives, regulatory agencies should establish clear, predictable TRID cure provisions that allow for the straightforward correction of good-faith technical errors without the threat of disproportionate legal or financial penalties.

The CFPB should revise the HMDA regulations so that only institutions that originate at least 200 closed-end mortgage loans in each of the two preceding calendar years must collect and report the data. Additionally, the Bureau should eliminate all requirements to collect and report data on home equity lines of credit (HELOCs), regardless of origination volume. Finally, to ensure community lenders can focus on serving local homebuyers rather than navigating costly administrative red tape, HMDA should be

amended to eliminate burdensome reporting requirements for discretionary data points that exceed statutory mandates.

Regulators should reduce capital treatment for loans held in portfolio to encourage banks – and especially community banks that can be more responsive to local and smaller loan borrowers – to reenter the mortgage market and level a playing field that has been tilted toward the GSEs by letting them operate without sufficient capital for more than 18 years.

Regulators should recalibrate capital requirements for MSAs to reflect actual risk profile and economic importance. Better capital treatment for MSAs will encourage more banks to retain servicing, which benefits consumers, particularly those that incur financial hardship, and improved access to local financing for mortgages and other loan needs.

The CFPB should reexamine regulations under the Real Estate Settlement Procedures Act to ensure they achieve the statutory goals in today’s digital marketplace. Modernizing anti-kickback provisions (Section 8)—such as clarifying the rules for marketing services agreements or desk rentals—would fix laws that are poorly suited to modern and digital markets.

Update federal standards to enhance the accessibility of affordable, factory-built housing. These include—(i) amending 203(k) program to include all types of ADUs; (ii) eliminate permanent chassis requirement for manufactured homes.

Create HUD pilot program to expand access to FHA-backed mortgages under \$100,000. In addition, require CFPB to evaluate impact of points and fees restrictions for qualified mortgage loans.

Raise the cap on bank public welfare investments, including affordable housing and community development projects, from 15% to 20%. Require OCC and FRB to report every two years on public welfare investments made by banks.

Strengthen federal government’s commitment to addressing housing needs through Opportunity Zones, a critical economic development tool aimed at incentivizing investments, spurring community revitalization, and creating jobs in distressed and low-income communities across the United States.