

HOUSE No.

The Commonwealth of Massachusetts

PRESENTED BY:

Tackey Chan

To the Honorable Senate and House of Representatives of the Commonwealth of Massachusetts in General Court assembled:

The undersigned legislators and/or citizens respectfully petition for the adoption of the accompanying bill:

An Act to protect consumers by further defining subprime loans.

PETITION OF:

NAME:	DISTRICT/ADDRESS:	DATE ADDED:
<i>Tackey Chan</i>	<i>2nd Norfolk</i>	<i>1/8/2025</i>

HOUSE No.

[Pin Slip]

[SIMILAR MATTER FILED IN PREVIOUS SESSION
SEE HOUSE, NO. 974 OF 2023-2024.]

The Commonwealth of Massachusetts

**In the One Hundred and Ninety-Fourth General Court
(2025-2026)**

An Act to protect consumers by further defining subprime loans.

Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:

1 SECTION 1. Chapter 184 of the General Laws, as appearing in the 2022 Official Edition,
2 is hereby amended by striking out section 17B ½ and inserting in place thereof the following
3 section:-

4 No mortgagee who makes a loan to a first-time home loan borrower, to be secured by a
5 mortgage on owner-occupied, 1 to 4 family residential property in the commonwealth, shall
6 make a subprime loan at a variable or adjustable rate of interest unless the mortgagor
7 affirmatively opts in writing for the variable or adjustable rate subprime loan and receives
8 certification from a counselor with a third-party nonprofit organization that the mortgagor has
9 received counseling on the advisability of the loan transaction; provided, further that said third
10 party nonprofit organization shall have been approved by: (1) the United States Department of
11 Housing and Urban Development; (2) a housing financing agency of the commonwealth; (3) the

12 Massachusetts Homeownership Collaborative; (4) or the regulatory agency which has
13 jurisdiction over the mortgagee. The commissioner of the division of banks shall maintain a list
14 of approved counseling programs. At or before closing such a loan, the mortgagee shall obtain
15 evidence that the mortgagor has completed an approved counseling program. If such subprime
16 mortgage loan is made by a mortgagee in violation of this section, the variable or adjustable rate
17 terms of the loan shall not be enforceable and the mortgagee shall only be entitled to collect an
18 interest rate equal to the lesser of the original interest rate, including any discounted rate, or the
19 current adjusted interest rate throughout the remaining term of the loan. The commissioner of
20 banks shall issue directives or guidelines or adopt regulations to administer and carry out this
21 section and to further define the terms used in this section.

22 A first-time home loan that is a Qualified Mortgage pursuant to 12 CFR 1026.43(b)(1)
23 which meets the specifications of 12 CFR 1026.43(e)(1)(i) shall be exempt from this section as
24 of January 1, 2022.