

**The 194th General Court of the Commonwealth of Massachusetts
2025-2026
Bill Summary**

Bill No: H1110

Title: AN ACT TO PROTECT CONSUMERS BY FURTHER DEFINING SUBPRIME LOANS

Sponsor: Representative Tackey Chan

Committee: Financial Services

Hearing Date: April 15th, 2025

Reporting Date: June 14th, 2025

Similar Matters: N/A

Prior History: H974 (2023-2024) Favorable HWM

Current Law:

Chapter 184 of the General Laws is hereby amended by striking out section 17B and inserting in place thereof the following section.

Summary:

This bill proposes an amendment to Chapter 184 of the General Laws by adding a new provision to regulate subprime loans for first-time home loan borrowers. The proposed amendment requires mortgagees to obtain written affirmative consent from borrowers for a variable or adjustable-rate subprime loan on owner-occupied, 1 to 4 family residential property in the commonwealth. Additionally, the borrower must receive certification from a counselor with a third-party nonprofit organization that the mortgagor has received counseling on the advisability of the loan transaction.

The third-party nonprofit organization must be approved by the United States Department of Housing and Urban Development, a housing financing agency of the Commonwealth, the Massachusetts Homeownership Collaborative, or the regulatory agency that has jurisdiction over the mortgagee. The Commissioner of the division of banks will maintain a list of approved counseling programs. Before closing the loan, the mortgagee must obtain evidence that the borrower has completed an approved counseling program. If a subprime mortgage loan is made by a mortgagee in violation of this section, the variable or adjustable-rate terms of the loan shall not be enforceable.

This proposed amendment also exempts first-time home loans that are a Qualified Mortgage pursuant to 12 CFR 1026.43(b)(1) and meets the specifications of 12 CFR 1026.43(e)(1)(i) from the provisions of this section as of January 1, 2022. The commissioner of banks will issue directives or guidelines or adopt regulations to administer and carry out this section and to further define the terms used in this section.

