NAMB 2026 Regulatory Initiatives

Driving Change for Affordability, Access, and Market Efficiency

Why These Regulatory Initiatives Matter: These regulatory priorities are designed to enhance affordability, expand access to homeownership, improve market efficiency, and ensure fair practices across the mortgage industry. By eliminating unnecessary barriers, reducing arbitrary restrictions, addressing pricing inequities, and expanding program eligibility, NAMB's 2026 regulatory initiatives will create a more inclusive, transparent, and functional housing finance system.

Eliminate or Reduce Loan-Level Price Adjustments (LLPAs)

Remove Unnecessary Barriers to Homeownership and Investment

Why It Matters:

Loan-Level Price Adjustments (LLPAs) add significant costs to mortgage transactions, particularly impacting investment properties, second homes, and borrowers with specific credit or financial profiles. These adjustments create affordability barriers and discourage productive investment in housing stock.

Consumer Impact:

- LLPAs increase upfront costs and monthly payments, making homeownership less affordable
- Investment property LLPAs discourage rental housing development, reducing rental supply and driving up rental costs
- Second home LLPAs limit opportunities for families to purchase vacation properties or properties to care for aging relatives
- Higher costs disproportionately affect first-time buyers and moderate-income families

Industry Impact:

- LLPAs create pricing complexity and reduce transparency in the mortgage process
- Higher costs reduce loan volume and limit broker opportunities to serve clients
- Investment property restrictions limit the development of rental housing supply, exacerbating the affordability crisis
- Arbitrary LLPA structures create competitive disadvantages for certain borrower profiles

Regulatory Solution:

- Eliminate LLPAs on investment properties and second homes to encourage housing supply development
- Reduce or eliminate LLPAs that disproportionately impact creditworthy borrowers
- ·Increase transparency in LLPA structures and justification
- Allow greater pricing flexibility for lenders and brokers to serve diverse borrower needs
- Ensure any risk-based pricing is actuarially justified and not punitive

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Reduce GSE Refinance Waiting Period on cash-out transactions from 12 Months to 6 Months

Enable Homeowners to Capture Market Opportunities Faster

Why It Matters:

The current 12-month waiting period before homeowners can refinance a GSE-backed loan limits their ability to take advantage of favorable rate changes, improved credit profiles, or changing financial circumstances. This arbitrary restriction keeps borrowers locked into higher rates and prevents them from optimizing their financial position.

Consumer Impact:

- Homeowners miss opportunities to reduce monthly payments when interest rates drop within the first year of homeownership
- The 12-month rule prevents borrowers from refinancing to eliminate PMI once they reach 20% equity through home appreciation or additional payments
- Recent homebuyers who experience improved credit scores or income cannot access better terms until a full year passes
- Cash-out refinancing to consolidate high-interest debt or make home improvements is delayed unnecessarily

Industry Impact:

- Arbitrary waiting periods reduce refinance volume and limit business opportunities for brokers
- Borrowers seek non-GSE alternatives that may be more expensive or less favorable
- Market responsiveness is limited, reducing efficiency in the mortgage market
- Brokers lose the ability to serve clients' evolving needs in a timely manner

Regulatory Solution:

- Reduce the GSE refinance waiting period from 12 months to 6 months for all refinance types
- Maintain appropriate underwriting and appraisal standards to ensure loan quality
- Allow flexibility for borrowers who have demonstrated payment performance and whose financial position supports refinancing
- Create streamlined refinance options within the 6-month window for rate/term refinances
- Consider eliminating waiting periods entirely for borrowers with strong payment history

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Address Rising Credit Report Costs and Regulate Rapid Rescore Pricing

Ensure Fair Pricing and Transparency in Credit Reporting Services

Why It Matters: Credit reporting agencies have significantly increased the cost of credit reports in recent years, placing an unfair financial burden on borrowers and mortgage professionals. Additionally, the cost and availability of rapid rescore services—which can help borrowers qualify by quickly updating credit information—vary widely and lack transparency or regulatory oversight.

Consumer Impact:

- Rising credit report fees increase the upfront costs of applying for a mortgage, creating barriers to homeownership
- Higher costs disproportionately impact first-time buyers and low-to-moderate income borrowers who are most price-sensitive
- Expensive or unavailable rapid rescore services prevent creditworthy borrowers from quickly correcting errors or updating positive account information
- Lack of transparency makes it difficult for consumers to understand what they're paying for and why

Industry Impact:

- Brokers and lenders absorb increased credit report costs to stay competitive, squeezing already tight margins
- Inconsistent pricing from credit reporting agencies creates unpredictability in the loan process
- Some lenders pass credit report costs to borrowers, making brokers less competitive
- Rapid rescore services, when available, can cost $100+ per tradeline, creating affordability challenges
- Lack of standardization in rapid rescore availability and pricing creates inequities in the market

The Rapid Rescore Problem: Rapid rescore is a valuable tool that allows borrowers to quickly update their credit reports with positive information—such as paying off a collections account or correcting an error—that can improve their credit score and loan eligibility. However:

- Pricing is inconsistent and often excessive ($30-150 per tradeline updated)
- Not all credit reporting agencies offer rapid rescore uniformly
- Turnaround times vary unpredictably
- Consumers are often unaware this service exists or how it could help them qualify

Regulatory Solutions:

- **For Credit Report Costs:**
  - Implement regulatory oversight of credit reporting agency pricing for mortgage-related credit reports
  - Require transparency in pricing structures and justification for cost increases
  - Cap fees to ensure affordability, particularly for tri-merge reports used in mortgage underwriting
  - Promote competition among credit reporting agencies to prevent monopolistic pricing
  - Explore standardized pricing models similar to those used in other regulated industries
- **For Rapid Rescore Services:**
  - Establish standardized pricing for rapid rescore services across all credit bureaus
  - Cap rapid rescore fees at reasonable levels (e.g., $25-50 per tradeline maximum)
  - Require all major credit bureaus to offer rapid rescore services on consistent timelines
  - Mandate clear turnaround time standards (e.g., 3-5 business days maximum)
  - Increase consumer awareness of rapid rescore availability and benefits
  - Require credit bureaus to disclose rapid rescore options when disputes or updates are submitted
  - Create regulatory framework under CFPB oversight to ensure fair practices

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Increase Area Median Income (AMI) Threshold to 130% for HomeReady and Home Possible Loans

Expand Access to Affordable Financing for Working Families

Why It Matters: The current 80% AMI threshold for HomeReady (Fannie Mae) and Home Possible (Freddie Mac) programs is too restrictive and excludes many moderate-income families who still face significant affordability challenges in today's housing market. Raising the threshold to 130% AMI would dramatically expand access to these valuable low-down-payment programs for working families who are priced out of homeownership.

Consumer Impact:

- The 80% AMI limit excludes many working families—teachers, nurses, firefighters, and other essential workers—who earn moderate incomes but still struggle with housing affordability
- In high-cost areas, even households earning above 80% AMI cannot afford conventional down payments and would benefit from 3% down payment options
- Raising the threshold to 130% AMI would allow significantly more families to access:
- 3% down payment requirements instead of 5% or more
- Reduced mortgage insurance costs compared to standard conventional loans
- Flexible underwriting that considers non-traditional income sources
- Homebuyer education that promotes sustainable homeownership
- Middle-income families are increasingly squeezed out of homeownership despite having stable employment and good credit

Industry Impact:

- Expanding eligibility creates more loan opportunities for brokers across broader market segments
- Increased volume in HomeReady and Home Possible programs supports business growth
- Brokers can better serve moderate-income communities and working families
- Greater access to affordable loan products helps close the homeownership gap and strengthens communities
- Reduces reliance on FHA loans, providing more product diversity

Current Market Reality: In many markets, 80% AMI is simply too low to reflect the actual affordability challenges faced by moderate-income families:

- In expensive metropolitan areas, 80% AMI may be $60,000-70,000 for a family of four
- Even families earning $90,000-120,000 (100-130% AMI) struggle to save for down payments while paying high rents
- Home prices have increased faster than incomes, making the 80% threshold increasingly inadequate
- The gap between 80% AMI and median income leaves many families without appropriate loan product options

Regulatory Solution:

- Increase the AMI threshold for HomeReady and Home Possible programs from 80% to 130%
- This aligns more closely with actual affordability challenges in today's housing market
- Expands access to low-down-payment options for working and middle-class families
- Maintains program integrity and underwriting standards while serving more creditworthy borrowers
- Helps bridge the homeownership gap for families earning moderate incomes who are currently underserved
- Creates parity with other affordable housing programs that already use higher AMI thresholds
- Provides greater flexibility in high-cost areas where 80% AMI is particularly restrictive

Broader Impact: Expanding AMI eligibility to 130% would:

- Help close racial and ethnic homeownership gaps, as many minority families fall in the 80-130% AMI range
- Support workforce housing by making homeownership accessible to essential workers
- Reduce pressure on FHA lending by providing competitive conventional alternatives
- Strengthen communities by promoting sustainable homeownership among working families
- Address the "missing middle" of borrowers who earn too much for traditional low-income programs but struggle with affordability

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