Ban or Regulate Trigger Leads to Protect Consumers and Reduce Industry Risk

Talking Point: Trigger leads occur when consumer credit inquiries for a mortgage result in the sale of their contact information to competing lenders or brokers. This practice undermines trust, confuses borrowers, and often opens the door for predatory lending or identity theft.

- **Consumer Impact:** Borrowers become overwhelmed with unsolicited calls, emails, and texts from competitors, leading to mistrust in the mortgage process. Some borrowers mistakenly act on misleading offers, such as promises of better rates or terms, only to end up with unfavorable loans. Additionally, this practice increases the risk of identity theft by exposing sensitive personal information to bad actors.
- **Industry Impact:** Trigger leads erode the hard-earned trust between brokers and their clients, which is critical in the highly personalized mortgage process. Many lenders may face challenges retaining clients when competitors use trigger leads, which can sometimes result in misleading offers or confusion for borrowers.
- **Example:** A borrower working with a trusted broker is suddenly inundated with calls claiming they qualify for better rates. These offers often contain hidden fees or inflated costs, derailing the original mortgage process and damaging the borrower's financial position.
- **Legislative Solution:** Enact federal legislation banning or heavily regulating the sale of trigger leads, ensuring borrower information remains private and the mortgage process is transparent. Similar consumer privacy laws, like those in the telecom industry, provide a successful precedent.

NAMB

Advocate for the Gold Star Spouse Act to Honor Military Families

Talking Point: The Gold Star Spouse Act would ensure surviving spouses of fallen service members retain their VA home loan benefits, even if they choose to remarry. Current law removes these benefits upon remarriage, creating financial hardship for surviving families.

- **Consumer Impact:** Surviving spouses often face significant emotional and financial burdens. Losing access to VA home loan benefits upon remarriage can force families to refinance into higher-cost loans or lose their homes. This unfair penalty punishes individuals seeking to rebuild their lives.
- **Industry Impact:** By preserving benefits for Gold Star spouses, brokers and lenders can better serve a population that has already sacrificed so much. This creates goodwill and ensures that military families can remain in stable housing situations.
- **Example:** A widow of a service member uses her VA benefits to purchase a home for her family. Upon remarrying, she loses her VA loan eligibility and faces unaffordable refinancing options, threatening her homeownership status. The Gold Star Spouse Act would eliminate this unnecessary hardship.
- **Legislative Solution:** Pass the Gold Star Spouse Act to ensure surviving military spouses retain their VA loan benefits for life, regardless of remarriage, acknowledging their sacrifice and promoting financial stability.

NAMB

Support the VA Modernization Act to Expand Veterans' Homeownership Opportunities

Talking Point: The VA Home Loan Modernization Act of 2025 introduces three main updates to the VA home loan program to simplify processes, address modern needs, and provide new options for veterans:

- **Section 1: Update Maximum Loan Guaranty Limits 38 USC 3703(a)**
  - **Simplifies guaranty entitlement calculations** that currently have multiple paragraphs covering very small loans which are no longer available in the mortgage market.
  - **Veterans retain a guaranty of 25% of the loan amount** for loans without prior entitlement use or borrowers with no outstanding unrestored entitlement.
  - For veterans with previously used but unrestored entitlement, the maximum guaranty is 25% of the Freddie Mac conforming loan limit, reduced by any previously used entitlement.
- **Section 2: Update the Energy Efficiency Mortgage Program (EEM) 38 USC 3710(d)**
  - The EEM program has been a demonstration program since its inception in 1992 and has not been updated since then to track the cost of construction.
  - **Makes the energy efficiency program permanent.**
  - **Updates the maximum improvement amount to $15,000**, as long as the increase in monthly payments is offset by utility cost savings.
- **Section 3: Veterans Equity Conversion Mortgage 38 USC 3710 and 3715**
  - Updates the rules regarding refinancing a Veteran's home to allow financing a property with no outstanding loans in order to implement the changes for a Veterans Equity Conversion Mortgage.
  - **Introduces a Veterans Equity Conversion Mortgage (VECM)** under 38 USC 3715 to assist aging veterans.
- **Consumer Impact:**
  - **Updating the Loan Guaranty Limits** ensures veterans have a simplified and consistent guaranty calculation, providing greater clarity and borrowing power, especially for loans aligned with current market conditions.
  - **The VA HECM** would allow older veterans to access their home equity to fund retirement, healthcare costs, or home improvements without selling their homes.
  - **Energy Efficient Mortgages** incentivize veterans to upgrade their homes with energy-saving features, reducing utility costs and improving housing affordability.
- **Industry Impact:** These new programs would diversify loan offerings for brokers, increase loan volume, and provide tools to serve veterans better. EEMs also align with the growing demand for sustainable housing options.
- **Example:** A retired veteran living on a fixed income could use a VA HECM to install solar panels and upgrade insulation, significantly lowering energy costs while staying in their home.
- **Legislative Solution:** Support the VA Modernization Act to provide veterans with modern financial tools that address today's housing and energy challenges, empowering them to achieve long-term financial security.

NAMB

Push for the Reauthorization of the National Flood Insurance Program (NFIP)

Talking Point: The NFIP is vital for ensuring affordable flood insurance in high-risk areas, but rising premiums and lapses in authorization create uncertainty for homeowners, lenders, and the housing market.

- **Consumer Impact:** Homeowners in flood-prone areas often face skyrocketing flood insurance premiums, which make homeownership unaffordable. Additionally, a lapse in the NFIP's authorization prevents borrowers from closing on homes requiring flood insurance, derailing transactions and harming local economies.
- **Industry Impact:** Without the NFIP, lenders face increased risk exposure, while brokers lose transactions due to delayed or canceled closings. Rising premiums disproportionately affect low-income and minority communities, widening the homeownership gap.
- **Example:** A low-income family in a coastal area may be forced to sell their home because rising flood insurance premiums make it impossible to afford their mortgage payment. Reauthorizing the NFIP with reforms would provide stability and affordability for these families.
- **Legislative Solution:** Support long-term reauthorization of the NFIP with measures to:
  - Cap annual premium increases.
  - Provide subsidies for low-income borrowers.
  - Invest in flood mitigation efforts to reduce future risks.

NAMB

Address the Rising Cost of Credit Reports to Protect Consumers and Mortgage Brokers

Talking Point: Credit reporting agencies have significantly increased the cost of credit reports in recent years, placing a financial burden on both borrowers and mortgage professionals.

- **Consumer Impact:** Rising credit report fees, often passed on to borrowers, increase the upfront costs of applying for a mortgage. This disproportionately impacts first-time buyers and low-income borrowers, creating an unnecessary barrier to entry for homeownership.
- **Industry Impact:** Brokers and lenders often absorb these increased costs to stay competitive, squeezing margins and making it harder to serve clients effectively. Additionally, inconsistent pricing from credit reporting agencies creates unpredictability in the loan process.
- **Example:** A broker helping a first-time homebuyer sees credit report fees triple over three years, forcing them to either absorb the cost or raise fees, jeopardizing the borrower's ability to afford the loan.
- **Legislative Solution:** Advocate for oversight and regulation of credit reporting agencies to:
    - Cap fees to ensure affordability and predictability.
    - Increase transparency in credit reporting costs and practices.
    - Promote competition among credit reporting agencies to prevent monopolistic pricing.

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