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AI GOVERNANCE INTELLIGENCE

BREAKING: Trump Administration Unveils National AI Legislative Framework

What It Does. What It Doesn't. What It Means for Mortgage Banking.

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EXECUTIVE SUMMARY

Today, March 20, 2026, the White House released a four-page legislative framework titled *National Policy Framework for Artificial Intelligence: Legislative Recommendations*. The document addresses six policy objectives — plus a seventh section on federal preemption of state AI laws, which the Administration treats as the structural prerequisite for the other six. The framework's centerpiece: **federal preemption of state AI laws that impose "undue burdens."**

This is not a bill. It is not an executive order. It is a set of legislative recommendations from the White House to Congress. But for mortgage bankers, the signal matters as much as the statute. The framework reveals where the Administration wants the regulatory center of gravity to land — and where the legal uncertainty will concentrate over the next twelve to eighteen months.

This handout provides a practitioner-level breakdown: what the framework actually proposes, what it does not do, where it aligns with existing mortgage banking compliance obligations, and where it creates new gaps. No hype. Just the analysis you need to brief your board, advise your clients, or adjust your compliance program.

I. WHAT THE FRAMEWORK ACTUALLY PROPOSES

The framework document contains seven numbered sections. Here is each one, translated from political framing into operational substance:

1

Protecting Children & Empowering Parents

Requires AI platforms likely accessed by minors to implement features reducing sexual exploitation and self-harm risks. Establishes commercially reasonable age-assurance requirements. Empowers parents with account controls. Affirms existing child privacy protections apply to AI systems. Explicitly preserves state authority to enforce CSAM laws, even for AI-generated material. Cautions Congress against open-ended liability because excessive litigation.

2

Safeguarding Communities & Small Business

Codifies the “Ratepayer Protection Pledge” — residential ratepayers should not bear increased electricity costs from AI data center construction. Streamlines federal permitting for on-site data center power generation. Augments federal law enforcement capacity for AI-enabled impersonation scams and fraud targeting seniors. Provides AI resources to small businesses: grants, tax incentives, and technical assistance programs.

3

Intellectual Property & Creators

Takes a deliberate non-position on the central copyright question: the Administration “believes that training of AI models on copyrighted material does not violate copyright laws” but acknowledges counterarguments and recommends letting courts decide. Proposes collective licensing frameworks for rights holders to negotiate compensation from AI providers without antitrust liability. Recommends a federal digital replica framework protecting voice, likeness, and identifiable attributes from unauthorized AI use, with First Amendment exceptions for parody, satire, and news reporting.

4

Preventing Censorship & Protecting Free Speech

Prohibits the federal government from coercing AI providers to ban, compel, or alter content based on partisan or ideological agendas. Provides a redress mechanism for Americans affected by government-directed AI censorship. This pillar carries political subtext — the Administration has framed certain state algorithmic fairness requirements as compelled “ideological bias.” The December 2025 EO explicitly cited Colorado’s algorithmic discrimination provisions as forcing AI models to produce “false results.”

5

Enabling Innovation & American AI Dominance

Establishes regulatory sandboxes for AI applications. Opens federal datasets for AI training in AI-ready formats. No new federal rulemaking body — the framework explicitly opposes creating a standalone AI regulator. Instead, existing sector-specific regulators (OCC, CFPB, FTC, etc.) retain jurisdiction, supported by industry-led standards. This is the core deregulatory thesis.

6	**Workforce Development & AI Education** Incorporates AI training into existing education and workforce programs, including apprenticeships. Funds land-grant institutions for AI technical assistance and youth development. Studies task-level workforce displacement.

7	**Federal Preemption of State AI Laws (The Big One)** Congress should preempt state AI laws imposing “undue burdens.” States retain police powers for generally applicable laws: child safety, fraud prevention, consumer protection. States retain authority over zoning for AI infrastructure and their own government procurement/use of AI. States may NOT regulate AI development (characterized as “inherently interstate”). States may NOT unduly burden Americans’ use of AI for activity lawful without AI. States may NOT penalize AI developers for a third party’s unlawful conduct involving their models. Note: The preservation of “generally applicable” state laws means that UDAAP-equivalent state statutes, fair lending laws, and licensing requirements would likely survive even full federal preemption of AI-specific state legislation.

II. WHAT IT ACTUALLY DOES RIGHT NOW

⚠ CRITICAL DISTINCTION

This framework is a set of legislative recommendations. It is not a law. It is not an executive order. It does not preempt anything today. This framework, standing alone, did not render any state AI law unenforceable on March 20, 2026. The December 11, 2025 Executive Order (“Ensuring a National Policy Framework for Artificial Intelligence”) remains the operative federal action — and that order itself relies on indirect enforcement mechanisms, not express preemption.

What the December 2025 EO Already Set in Motion:

Mechanism	Status as of March 20, 2026
DOJ AI Litigation Task Force	Established January 9, 2026 (AG memorandum), one day before the EO’s 30-day deadline. Mandate: challenge state AI laws deemed inconsistent with federal policy on interstate commerce, preemption, or other grounds. No publicly identified Task Force litigation filings located as of this release.
Commerce Dept. Evaluation	Due by March 11, 2026. The December EO expressly cited Colorado’s algorithmic discrimination provisions as an example of problematic state law. Publication of the evaluation has not been independently confirmed as of this release (March 20, 2026).
BEAD Funding Conditions	Commerce directed to condition eligibility for BEAD non-deployment funds on states’ AI regulatory posture, to the maximum extent permitted by federal law. NTIA to issue a policy notice setting specific eligibility conditions. Implementation mechanics still developing.
FTC Policy Statement	Directed to explain when state laws requiring alteration of “truthful outputs” are preempted by FTC Act § 45. Due March 11, 2026. Publication not

	independently confirmed as of this release. These are interpretive — not binding regulations — and courts may reject the premise.
FCC Disclosure Standard	EO directs FCC Chair to initiate a proceeding within 90 days after Commerce publishes the Section 4 evaluation — a sequential trigger, not a fixed calendar date. Docket status unconfirmed as of this release.
Legislative Recommendation	Today's framework IS that recommendation. It fulfills the Section 8 directive of the December EO, prepared by the Special Advisor for AI and Crypto (David Sacks) and the Assistant to the President for Science and Technology (Michael Kratsios).

III. WHAT IT WILL NOT DO

☑ BOTTOM LINE FOR COMPLIANCE OFFICERS

Do not dismantle your state AI compliance programs. Do not defer Colorado AI Act preparation. Do not ignore Illinois HB 3773 or Texas TRAIGA. Every state AI law on the books today remains enforceable until a court says otherwise or Congress enacts preemptive legislation. The framework makes this future possible — it does not make it real today.

Specific Limitations:

It will not preempt existing federal AI obligations. ECOA/Reg B adverse action requirements, the 2024 AVM Final Rule (89 Fed. Reg. 64538), SR 11-7 model risk management expectations, Freddie Mac Bulletin 2025-16 and Guide § 1302.8 — all remain fully operative. The framework says nothing about GSE requirements or prudential regulatory guidance. Those are not state laws.

It will not override ECOA or fair lending law. The framework's anti-censorship and anti-"ideological bias" provisions are aimed at state algorithmic discrimination statutes, not federal fair lending law. Title VII, ECOA, the Fair Housing Act, and Reg B are federal statutes. They are unaffected.

It will not eliminate disparate impact liability. The Administration has separately pursued rolling back disparate impact through EO 14281 ("Restoring Equality of Opportunity and Meritocracy"). That is a different legal track. This framework does not address it directly.

It will not settle the Colorado question. Colorado's AI Act (SB 24-205, effective June 30, 2026) is simultaneously being reworked by a Governor Polis working group that announced unanimous consensus on March 17, 2026. The reworked framework drops many onerous compliance and reporting requirements, introduces proportional liability between developers and deployers, and relies on AG rulemaking by December 31, 2026. Federal preemption, if it comes, will land on a materially different state law than the one originally enacted.

It will not pass quickly. The 10-year state AI moratorium in the One Big Beautiful Bill passed the House but was stripped when the Senate voted 99–1 on the Cantwell-Blackburn amendment to remove it from the reconciliation bill. More than 50 Republican state legislators signed a March 3, 2026 letter urging the White House to discontinue efforts to block state AI laws — prompted by the Administration's pressure campaign against a proposed Utah AI transparency bill. Senator Blackburn's proposed TRUMP AMERICA AI Act, if introduced, would codify federal preemption of state AI laws — but bipartisan skepticism of preemption remains significant.

IV. IMPACT ANALYSIS: MORTGAGE BANKING

The framework's impact on mortgage banking is indirect but consequential. Here's the institutional translation:

FOR INDEPENDENT MORTGAGE BANKS

IMBs operating across multiple states bear the heaviest compliance burden from state AI regulation — and therefore stand to gain the most from federal preemption if it materializes. But preemption is not here yet. The operational guidance:

Continue building to the strictest applicable standard. If you lend in Colorado and deploy AI in credit decisioning, the Colorado AI Act obligations are live as of June 30, 2026 — potentially in a reworked form — until a court or Congress says otherwise. Build compliance infrastructure that is modular: a core governance layer (Freddie Mac § 1302.8, SR 11-7 framework) with state-specific modules that can be activated or deactivated as the preemption landscape evolves.

The "regulatory sandbox" concept is worth watching. If Congress enacts sandbox provisions, IMBs with limited AI deployment may be able to test AI applications under relaxed rules before committing to full compliance infrastructure. Texas TRAIGA already includes a 36-month sandbox administered by the Department of Information Resources. A federal version would be significant.

FOR DEPOSITORIES

The framework's "no new federal rulemaking body" position reinforces the existing sector-specific supervisory model. OCC, FDIC, and the Fed retain jurisdiction over AI governance for banks and thrifts. SR 11-7 remains the foundational model risk management benchmark. The practical effect: **Depositories should not expect lighter federal AI oversight.** The framework eases state pressure; it does not ease federal prudential expectations. OCC examiners will continue to evaluate AI model risk management under existing guidance. The framework's emphasis on "industry-led standards" could, over time, shift the burden from prescriptive regulation to demonstrated

adoption of NIST AI RMF or comparable frameworks — but that is a directional signal, not a present-day compliance change.

FOR CREDIT UNIONS & MORTGAGE BROKERS

Credit unions face NCUA oversight that has been slower to produce AI-specific guidance but follows the same trajectory. Mortgage brokers with limited direct AI deployment are less directly affected — but brokers using AI-powered pricing engines, lead generation platforms, or borrower-facing tools carry RESPA and fair lending exposure that is entirely unaffected by this framework.

V. KEY DATES AND TIMELINE

Date	Event / Obligation
Dec. 11, 2025	EO signed: "Ensuring a National Policy Framework for AI." DOJ AI Litigation Task Force directive. Commerce evaluation ordered.
Jan. 1, 2026	Texas TRAIGA effective. Illinois HB 3773 effective (employment decisions only). California SB 53 effective (frontier model developer safety plans).
Jan. 9, 2026	DOJ AI Litigation Task Force established (AG memorandum).
Mar. 11, 2026	Commerce Dept. evaluation of "onerous" state AI laws due. FTC policy statement due. Publication of neither independently confirmed as of March 20, 2026.
Mar. 17, 2026	Colorado Governor Polis announces working group consensus on AI Act rework. Repeal-and-replace bill expected during current legislative session.
Mar. 20, 2026	TODAY: White House releases legislative framework. Fulfills Section 8 of December EO.
June 30, 2026	Colorado AI Act (SB 24-205 / SB 25B-004) effective date — unless replaced by reworked legislation before this date.
2026 Session	Congress invited to convert framework into legislation. Passage timeline uncertain given bipartisan opposition to preemption.
Dec. 31, 2026	Projected deadline for Colorado AG rulemaking under proposed reworked framework.

VI. WHAT YOUR INSTITUTION SHOULD DO NOW

GOVERNANCE ACTION ITEMS

These are not theoretical. Every item below maps to an existing or imminent legal obligation. The federal framework does not change any of them.

1

Do not pause AI governance buildout.

The framework creates the possibility of future relief from state compliance obligations. It does not create present-day relief. Institutions that defer AI governance investments in anticipation of federal preemption are making a bet on legislative timing that the current Congress has not earned.

2

Build modular compliance architecture.

Core layer: Freddie Mac § 1302.8, SR 11-7 / OCC 2011-12 model risk framework, ECOA/Reg B adverse action requirements, AVM Final Rule nondiscrimination standards. State overlay layer: Colorado, Illinois, Texas, California, New York, and New Jersey provisions — designed to be activated or deactivated as the preemption landscape clarifies.

3

Monitor the Colorado rework closely.

The March 17, 2026 working group consensus introduces proportional developer/deployer liability, drops onerous reporting requirements, bars private right of action, and shifts to AG-driven rulemaking. If the reworked bill passes, your Colorado compliance posture changes materially.

4

Prepare a board-level briefing.

Directors and C-suite executives will see headlines about federal preemption and may conclude that state AI compliance is no longer necessary. That conclusion is wrong today. Your briefing should explain the distinction between a legislative framework and enacted law, and quantify the compliance cost of premature decommissioning versus modular maintenance.

5

Document your governance posture.

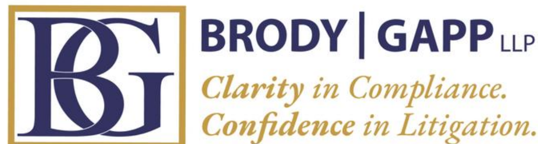
In a fluid regulatory environment, documentation of what you decided, why you decided it, and what authorities you relied upon is your best defense — against both state regulators and federal examiners. The “I was waiting for Congress” defense has never succeeded in a regulatory examination.

VII. THE BRODY | GAPP PERSPECTIVE

This framework is a political document with legal consequences. The Administration is telling Congress — and the market — where it wants AI governance to land: federal floor, minimal new bureaucracy, sector-specific regulators, and aggressive preemption of state experimentation. Whether Congress follows is an open question that reasonable observers can disagree about.

What is not debatable: the mortgage banking industry's AI governance obligations did not change today. Freddie Mac Bulletin 2025-16 is still effective. The 2024 AVM Final Rule is still binding. ECOA adverse action requirements are still enforceable. State laws remain on the books. And the institutions that will be best positioned — regardless of whether Congress acts this year, next year, or never — are the ones building governance infrastructure now that is rigorous enough to satisfy the strictest applicable standard and flexible enough to adapt as the landscape shifts.

That is what our Anatomy of an AI-Enabled Mortgage Company framework is designed to deliver. Ten modules. Every institution type. Every regulatory regime. Built for a world where the rules are still being written.



Key Sources: White House Legislative Framework (Mar. 20, 2026) • EO: Ensuring a National Policy Framework for AI (Dec. 11, 2025) • Freddie Mac Guide § 1302.8 • Freddie Mac Bulletin 2025-16 • SR 11-7 • 2024 AVM Final Rule (89 Fed. Reg. 64538) • Colorado SB 24-205 / SB 25B-004

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