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FHFA deed-based transfer fees - Major revisions issued to proposal

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The Federal Housing Finance Agency (FHFA) issued a revised draft of their proposed regulation on deed-based transfer fees. Their revisions reflect the comments expressed by CAI and its members. CAI expressed strong concerns over FHFA's assertion that such fees do not benefit community associations. The new draft proposal will be open for public comment for 60 days and CAI will follow up with a full analysis and sample comments.

In August of 2010, FHFA issued draft guidance which would have prohibited Fannie Mae and other mortgage finance entities from purchasing any mortgage for property with a deed-based transfer fee. FHFA included deed-based transfer fees charged by community associations. Since nearly half of all community associations charge such fees, the proposal, if adopted, would have rendered up to 11 million homes in community associations unmarketable by cutting off most mortgage financing. Responding to the challenge, CAI members assembled data on close to 1 million housing units in community associations across the country. The survey demonstrated that deed-based transfer fees are a common tool for funding association financial needs and directly benefit homeowners. In addition to the survey, CAI members across the country filed comments on the proposed guidance as well. While the regulatory process is not over and important work remains to be done, the revised draft issued by FHFA reflects nearly all the concerns expressed by CAI members including:

- * Recognition that deed-based transfer fees payable to associations benefit residents and support association finances;
- * Acknowledgement that association deed-based transfer fees should be exempt from any final regulation;
- * Requiring that any regulation adopted be subject to full public notice and comment;
- * A prospective application of any adopted regulation.

CAI will follow up with a full analysis and action items to ensure that community associations will have access to deed-based transfer fees as a funding mechanism and still have access to mortgage financing to sell their homes. There remains much work to be done to protect community associations, but the revisions issued by FHFA show that the voice of community associations is being heard in Washington. For more information contact the CAI Government and Public Affairs Department at government@caionline.org.

New England State Legislative Action Committees (LACs)

Each day, decisions affecting the authority for community associations are decided. These decisions are made by legislatures, agencies and courts in local, state and federal jurisdictions. As the national advocate for community associations, CAI is committed to encouraging the active participation of community association advocates in helping define community association law. As

part of the commitment to advocacy, CAI fosters the formation of Legislative Action Committees (LACs) in states around the country to ensure that the voice of community associations is heard and heeded. In New England, LACs have been authorized in the states of Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island and Vermont. Committee members are CAI's representatives before state legislatures, regulatory bodies, and the courts.

In order to ensure vibrant and effective community associations, it is critical that CAI and its members integrate themselves into the public policy process. As the community association model expands, government actors will increasingly regulate and control a host of issues important to the industry. Affecting that process in a positive way is the role of CAI Legislative Action Committee members. For more information about New England state LACs and the important legislation they are tracking visit www.caine.org.

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