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## CAI applauds Congressional input on mortgage issues

November 30, 2011 - Owners Developers & Managers

Congressional leaders are expressing serious reservations about Federal Housing Administration's (FHA) mortgage-approval policies for condominiums—policies that are the source of mounting confusion and angst for condominium boards, homeowners and real estate agents nationwide. These policies are preventing many potential buyers from obtaining FHA-backed loans to purchase homes in those communities, putting entire condominium associations at risk and further worsening the already dismal residential real estate market. While acknowledging the need for thoughtful and financially sound lending criteria, CAI has expressed public concern about past FHA lending guidance that has created continued "confusion and frustration" in the marketplace and sought to bring Congressional attention to the issue.

### Legislators Weigh In

"There seems to be an invisible barrier between FHA and condominium associations," senator Scott Brown (D-Mass.) said in a recent letter to Shaun Donovan, secretary of the U.S. Department of Housing and Urban Development (HUD). FHA falls under HUD's jurisdiction. "While both sides have been talking to each other, it doesn't seem like there has been any movement towards a resolution," Brown wrote. "I hope you will consider these concerns and work to bring certainty to condominium associations in what is an otherwise uncertain housing market. An obvious first step in this direction is to start the public review and comment period on (the) recently issued guidelines as soon as possible."

Three members of the House Committee on Financial Services have also weighed in, urging FHA to reconsider mortgage approval policies that ". . . deny mortgages to condominiums associations with special assessments or that have obtained loans to do necessary improvements." Signed by Massachusetts representatives Barney Frank, Michael Capuano and Stephen Lynch, the letter also asks FHA to reconsider the mortgage-approval requirement that no more than 15 percent of condominium units can be more than 30 days past due on their association assessments.

The House members also weighed in on FHA's public review and comment procedures, saying that "additional opportunities for public input before policy changes are implemented would greatly improve the process."

With lenders Fannie Mae and Freddie Mac recoiling from unprecedented mortgage-related losses, FHA has assumed a far greater role in the home-sales market, now standing behind at least 30 percent of new home mortgages. That makes FHA lending criteria especially critical, not only for individual homeowners and buyers, but also for a sustained recovery in the housing market. CAI and other organizations have worked hard to get Congressional leaders to address FHA's mortgage approval guidelines and what CAI calls the agency's "insular approach to policy development."

"The letters sent by Congressional leaders are tremendously helpful, but the issues they address are still on the table," said CAI chief executive officer Tom Skiba, CAE. "And they are still adversely

affecting thousands of condominium communities, millions of current and potential homeowners, and the U.S. housing market as a whole. We will continue to urge FHA to take a new, more transparent and thoughtful approach to its decision-making."

Visit Mortgage Matters on the CAI website to read the Congressional letters and get the latest information about the FHA and mortgage approval guidelines.

#### Key Congressmen Express Concern

Members of the Massachusetts Congressional Delegation, led by Congressmen Barney Frank, Michael Capuano and Stephen Lynch, sent a letter expressing their concerns with the current FHA condominium underwriting criteria and the lack of stakeholder input in the development of the guidelines. This letter is a BIG victory for CAI and our members' efforts to reform the current FHA criteria and rulemaking process. In fact, this letter was personally drafted by Congressman Frank, the highest ranking Democrat on the House Financial Services Committee and will certainly get some attention as this Committee has jurisdiction over the Department of Housing and Urban Development (HUD) and FHA.

A big thank you goes to CAI's Massachusetts Legislative Action Committee (MALAC) members Wes Blair, John Ciolfi, Matt Gaines and Stephen Marcus, whose efforts and meetings with legislators, helped to secure this important letter of support for all condominium owners. This is an important development in CAI's efforts to move FHA to adopt more rational and fair criteria.

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