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CAI-NE Update: Proposed rules reward CAI efforts

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Community Associations Institute (CAI) is expressing support for proposed federal rules that accomplish two important CAI goals: helping more home buyers obtain safe mortgage financing and stimulating a housing market that has struggled since home prices began falling in late 2006. Both will provide more stability to community associations across the country.

CAI filed public comments October 30th urging regulators to adopt practical mortgage standards that will protect homeowners, potential home buyers and common-interest communities. The 32,000 member organization expressed support for key aspects of the revised federal regulation known as Qualified Residential Mortgage (QRM).

New Rules Address Concerns

In addition to protecting consumers from unscrupulous lending practices, the newly proposed rules are expected to accelerate the housing recovery by generating a greater flow of private capital to the mortgage market.

Importantly, the proposed rule gives common-interest communities limited lien priority on foreclosed homes. That means associations would be able to collect all or at least a portion of the money that is owed to them after a foreclosure.

"This is welcome news for tens of thousands of community associations and the tens of millions of Americans who call them home," said CAI chief executive officer Thomas Skiba, CAE. "We appreciate regulators considering various perspectives and applaud them for developing these important consumer protections. This is how the process should work, with regulators being open and responsive to the views of critical stakeholders." CAI and other groups raised serious concerns about the first QRM rule proposed in April 2011.

Qualified Residential

Mortgages (QRM)

The Dodd Frank Act of 2010 charged federal financial regulators with developing standards to establish lower-risk mortgage loans, known as "qualified residential mortgages." Consumers are protected from fraudulent lending schemes since only loans that meet strict lending standards are eligible for the QRM designation. They also benefit lenders that originate QRM-compliant mortgages because these loans are eligible for preferential regulatory treatment and are more likely to be sold in the secondary mortgage market.

All QRM-compliant loans must meet stringent lending standards recently adopted by the Consumer Financial Protection Bureau, meaning lenders must verify that borrowers have the ability to pay all monthly mortgage-related costs—including community association assessments. This will mean lower homeowner delinquency rates, fewer foreclosures and more financially stable community associations.

As part of the Coalition for Sensible Housing Policy, CAI worked with a broad coalition of consumer

advocates, real estate interests and lenders to develop consensus-based rules that would protect borrowers and support a still-nascent housing recovery.

"We're pleased we could be a part of a process that is so important to millions of homeowners and would-be homebuyers," said CAI's Dawn Bauman, CAE, senior vice president of government and public affairs. "We and our members have worked diligently to play a positive and constructive role in mortgage financing. These proposed rules reward those efforts."

[Learn More](#)

With more than 32,000 members dedicated to building better communities, CAI works in partnership with 60 chapters, including a chapter in South Africa. CAI provides information, education and resources to community associations and the professionals who support them. CAI's mission is to inspire professionalism, effective leadership and responsible citizenship-ideals reflected in communities that are preferred places to call home. Visit www.caionline.org.

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