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Spring 2022 CAI Federal Legislative Update - by C. Scott Canady

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C. Scott Canady

CAI's Government and Public Affairs team and its legislative action committees are continuing to work to strengthen and improve laws at the local, state, and federal levels that govern community associations. Here are some of the highlights from the CAI Federal Legislative Action Committee (FedLAC) heading into the spring.

Fannie Mae and Freddie Mac Condominium and Cooperative Guidelines

The collapse of Champlain Towers South in Surfside, Fla., last June has led to legislation and guidance pertaining to structural integrity being introduced across all levels of government. Government-sponsored enterprises Fannie Mae and Freddie Mac recently released updated guidelines requiring lenders to verify the structural integrity of condominiums and housing cooperatives before approving owner mortgages. Because Fannie Mae and Freddie Mac own or guarantee 60% of mortgages in the country, the requirements impact most condominiums and housing cooperatives.

CAI members report that the new Fannie Mae and Freddie Mac requirements have made it more expensive, difficult, and, in some cases, impossible for condominium and cooperative unit owners to obtain mortgages. The FedLAC is working to revise the Fannie Mae and Freddie Mac guidelines. In addition, the FedLAC requested the guidelines be delayed until 2023 to allow local and state governments to enact new condominium and cooperative safety laws.

CAI has developed resources to help condominium associations and housing cooperatives navigate the Fannie Mae and Freddie Mac guidelines which can be found at www.caionline.org.

Ensuring Condominium Safety by Supporting Homeowners

The FedLAC expects federal legislation to be introduced allowing condominium homeowners to finance special assessments for structural repairs to common elements through property rehabilitation loans and mortgages insured by the Federal Housing Administration (FHA). Members of the FedLAC also are advocating for resources from the U.S. Department of Housing and Urban Development (HUD) to supplement this legislation and ensure condominium and cooperative homeowners have confidence that their home is safe.

Lobbying HUD to Support Building Inspections

CAI's Condominium Safety Public Policy Report endorses regular building inspections for many condominium and cooperative properties. CAI recently asked HUD Secretary Marcia Fudge to authorize the use of Community Development Block Grant funds for condominium and cooperative building inspections.

Other Federal Issues

The FedLAC is watching for implementation of the American Rescue Plan Act's Homeowner Assistance Fund, new Federal Communications Commission (FCC) rules on broadband internet competition, and extending the National Flood Insurance Program (NFIP).

The Homeowner Assistance Fund (HAF) helps states reduce foreclosures by paying housing costs for qualifying homeowners who lost jobs or income due to the COVID-19 pandemic. CAI secured an important legislative victory when Congress included delinquent community association assessments as eligible costs under the HAF program. CAI is monitoring state HAF programs and verifying that delinquent association assessments are designated as eligible program costs. Visit CAI's HAF webpage <https://www.caionline.org/Pages/HAF.aspx> to see if your state HAF program is operational and if association assessments are eligible program costs.

The FCC updated its rules on broadband internet competition in multiple tenant environments (MTEs) in February. The FCC classifies community associations as MTEs. The new FCC rule provides that exclusive revenue sharing agreements between broadband internet providers and MTEs violate the commission's service competition rules. The rule does not prohibit exclusive marketing agreements, but in a change from prior policy now requires these arrangements be clearly disclosed by the MTE.

The FedLAC also is monitoring congressional action to extend the NFIP, which is the largest insurer of flood risk in the nation. Approximately one quarter of all NFIP policies cover flood losses for individual condominium unit owners or tenants. Congress recently voted to extend NFIP operations through September 30, 2022. The FedLAC continues to advocate for a long-term NFIP extension.

CAI's government and public affairs activities would not be possible without the hard work of countless individuals and every CAI member who contacts their state legislator, governor, or member of Congress. We are better, and more effective, together.

Consider donating to your state legislative action committee at www.caionline.org.

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