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CAI federal issues update - by C. Scott Canady

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In 2022, CAI federal advocates worked with members of Congress to introduce two important bills to help condominium homeowners and associations fund building repairs, led a multi-industry push against burdensome condominium and housing cooperative mortgage rules issued by Fannie Mae and Freddie Mac, and continued advocating for fairness in disaster recovery resources for association homeowners.

Safe Buildings and Safe Homes

Condominium building safety has been a primary focus of CAI members and the nation following the partial collapse of Champlain Towers South condominium in Surfside, Fla., in June 2021. CAI's Condominium Safety Public Policy Report, published in response to this tragedy, determined that condominium associations and condominium homeowners do not have access to long-term, fixed-rate financing to fund critical building repairs. CAI's advocacy work has led to introduction of two bills in the U.S. House of Representatives to meet this need.

H.R. 8304, the Rapid Financing for Condominium Building Repairs Act, authorizes Federal Housing Administration insurance for loans made by private lenders to condominium associations. Lenders will be able to offer condominium associations 30-year, fixed-interest rate loans without balloon notes or prepayment penalties. Spreading the expense of building repairs over 30 or more years lowers monthly homeowner costs and reduces the need for special assessments.

H.R. 7532, the Securing Access to Financing for External Repairs (SAFER) Act, will allow condominium homeowners to finance a building repair special assessment over 20 years through a second mortgage insured by the FHA or a new FHA-insured 30-year mortgage. Long-term financing is intended to reduce the financial strain of major building repairs on association households.

H.R. 8304 and H.R. 7532 are new pieces of legislation, and unlike state legislatures, it often takes years before Congress acts on new policy concepts. Building the case for new ideas in Washington, D.C., means going to other parts of the federal government and creating coalitions.

Members of CAI's Federal Legislative Action Committee held high-level meetings with officials at the U.S. Department of Housing and Urban Development, which oversees FHA, to highlight the importance of long-term financing in improving condominium safety. Committee members also met with the special advisor to President Biden for housing and urban policy and others on the White House staff to urge the administration's support for H.R. 8304 and H.R. 7532.

Revising Condominium & Cooperative Mortgage Rules

In late 2021, federal government mortgage companies Fannie Mae and Freddie Mac announced new rules for condominium and cooperative unit mortgages. The rules impact a large percentage of condominium associations and housing cooperatives as banks and other mortgage lenders must follow Fannie Mae and Freddie Mac rules for condominium unit mortgages and cooperative unit

share loans.

The rules are proving unworkable for condominium association and cooperative boards and managers. According to CAI research, condominium unit mortgages and cooperative share loans are more expensive, loan closings have been delayed, and, in some cases, home sales have fallen through.

A CAI-led coalition of real estate and mortgage lender associations is working to revise the condominium and cooperative mortgage rules. The coalition has had important successes, but more work remains to be done.

The CAI coalition persuaded Fannie Mae and Freddie Mac to revise the problematic mortgage rules. The revisions have been submitted to the Federal Housing Finance Agency, the government agency which oversees Fannie Mae and Freddie Mac operations. Regrettably, FHFA has not authorized the companies to implement the revised rules. CAI is working with members of the U.S. House of Representatives and the U.S. Senate to prompt FHFA's authorization for the changes to be implemented.

Disaster Recovery in Community Associations

Fairness for community association homeowners in the distribution of federal disaster recovery resources has been a long-term priority for CAI. The Federal Legislative Action Committee supports H.R. 5298, the Disaster Assistance Equity Act of 2022, legislation to provide equal access to federal disaster recovery assistance for all association homeowners and residents.

H.R. 5298 allows local governments to remove debris from community associations following a major disaster in the same manner as non-association neighborhoods. The bill also allows condominium and housing cooperative homeowners to use federal disaster assistance to repair critical building components in the same manner as single-family homeowners. If enacted, community associations and association homeowners will be treated in the same manner as all other communities and citizens following a disaster.

CAI members recently met with a key U.S. House of Representatives committee to urge passage of H.R. 5298. While most legislative business has been concluded in Congress this year, CAI continues to press the case for disaster assistance in community associations and expects the legislation to be reintroduced in 2023.

For more information about CAI Federal and State Legislative Advocacy visit www.caionline.org.

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