



Housing Finance Reform & Community Associations

Background

President Obama and congressional leaders have called for Fannie Mae and Freddie Mac (the GSEs) to be dismantled and replaced with a new housing finance system. Legislation to wind-down the operations of the GSEs and repeal their congressionally-granted charters has been approved by the House Financial Services Committee and the Senate Banking Committee is likely to take up GSE reform legislation in September.

Fannie Mae and Freddie Mac have been integral in the widespread acceptance of the community association model of housing. Any new housing finance system must protect these benefits by not harming access to credit and preserving community association lender programs while also protecting association financial stability and bringing commonsense to the condominium project approval process.

The Community Association Stake in the Housing Finance Reform Debate

The vital stake for CAI members in the housing finance reform debate centers on the best means to protect and improve the GSE standards that have directly benefited every community association homeowner in the nation.

Protect

- » Preserve choice in mortgage products and terms.
- » Retain uniform GSE standards that provide lenders certainty when extending credit for the purchase or refinance of a home in a community association.
- » Ensure a vibrant secondary market for mortgages secured by real estate in a community association.

Improve

- » Build on Fannie Mae and Freddie Mac standards that respect priority of association liens.
- » Build on Fannie Mae and Freddie Mac requirements that servicers advance delinquent assessments when notified by an association of a 60 day assessment delinquency.
- » Establish uniform condominium project approval standards that apply across the entire housing finance system, including the Federal Housing Administration and other federal agencies.

How You Can Help

You can ensure creditworthy borrowers in community associations have access to mortgage credit by—

- » Opposing legislation that will abandon the critical underwriting standards and mortgage programs that facilitate mortgage lending in community associations.
- » Supporting legislation that will modernize and improve community association underwriting and mortgage servicing standards.
- » Supporting association lien priority on a nationwide basis while respecting State association priority lien statutes.
- » Supporting legislation to require uniform condominium project approval standards across the housing finance system.

If you have questions about community associations and the debate to replace Fannie Mae and Freddie Mac with a new housing finance system, please contact CAI's Government and Public Affairs Team at (888) 224-4321 or government@caionline.org.