

MORTGAGE MODIFICATION BILL STALLS IN THE SENATE

President Obama's mortgage modification bill, H.R. [1106](#) passed the House of Representatives on March 5, 2009 by a vote of 234 to 191 with seven members of Congress not voting. The legislation is currently before the U.S. Senate for consideration where passage is far from certain. H.R. 1106 and its Senate companion bill, S.61 (accessible via <http://www.thomas.gov/>), will need 60 votes to pass the Senate in order to avoid the filibuster promised by the bill's opponents. The bill has not yet been scheduled for a vote as sponsors continue to seek enough votes for passage.

Right now, a vote is not expected before Easter.

Thanks to CAI members who took action and called or wrote their representatives in Congress, CAI has been able to start a constructive dialogue with key House and Senate leaders on the potential impact of mortgage modification on associations ability to collect past due assessments. Thanks to your efforts, we believe that positive progress is being made in crafting a bill that provides support to those who need it and doesn't create the risk of harming additional homeowners or their associations. Specifically, H.R. 1106 was amended in an attempt to clarify what costs need to be included in the post-bankruptcy payment. This formula now specifically includes association assessments. Although the language is imperfect, we believe the intent of these changes is that the modified mortgage payment must be lowered enough so that when payments for taxes, association dues and other mandatory costs are added to the new payment, that the amount is below a sustainable threshold set by the government. In addition, House and Senate leaders are listening to our concerns regarding protecting associations and, by extension, homeowners.

Part of the President's plan to stabilize the housing markets, H.R. 1106 would allow federal courts to reform mortgages in cases where a homeowner's property is worth less than his/her principle mortgage balance. It would give bankruptcy judges the ability to 'cram down' the principal balance and monthly payments, wiping out tens or even hundreds of thousands of dollars of money owed in an effort to keep more people in their homes and to stabilize the housing market. CAI's concern continues to be to protect associations' ability to collect for past due assessments, and to make sure that this legislation does not inadvertently bypass state assessment lien or priority lien statutes.

CAI will continue its dialogue with key Senate and House leaders. Based on these discussions, we will follow up in the weeks ahead with any additional actions or updates to keep you informed. If you have any questions, please email us at G&PA@caionline.org with the subject line of "Mortgage Modification Bill."