

## Protect Priority Lien Campaign – State Legislative Action Committee Initiative

### ***Your Community. Your Priority. | Protecting Your Street from Wall Street***

#### Federal Efforts

##### **A. Objective**

The objective of the CAI state-level volunteer team is to persuade the state’s Members of the U.S. House of Representatives and Senate to:

1. Send a letter to the Federal Housing Finance Agency (FHFA) to demand they stop their efforts and overturn their policies related efforts to preempt/disqualify state priority lien laws and fighting priority lien laws in the courts. ([Resource: Letter from Massachusetts Delegation](#))
2. Contact leadership of the Senate Banking Committee or House Financial Services Committee asking for leadership efforts to stop FHFA from their efforts to preempt/disqualify state priority lien laws and fighting priority lien laws in the courts.

[Click here to find your Federal Legislators](#)

##### **B. Build a Team of CAI Volunteers in Your State Familiar with and Supportive of Priority Lien**

The team members must be familiar with and supportive of priority lien laws; including the notion that the community association lien is a true priority that takes priority over all other liens - except tax liens – including extinguishment of the first and second mortgage. Ideally, the team members will have witnessed the use of priority lien laws and may provide examples of the use of the priority lien law and benefits to local neighborhood recovery. Finally, team members with political relationships with Members of Congress or state legislators who may have relationships with Members could be very valuable to the efforts.

- Community association attorney(s)
- Community association manager(s)
- Community association board member(s)
- Bank offering mortgages; including community bank
- Other CAI members, as deemed appropriate

##### **C. Strategy**

1. Familiarize the team with [priority lien talking points](#) and develop additional talking points and stories specifically to demonstrate the value of priority lien laws in your state.
2. Identify relationships with legislators and determine the best way to leverage the relationship.
3. [Schedule a meeting with the Members of Congress](#)
  - a. [Contact CAI staff](#) for guidance and access to materials, if necessary
  - b. Prepare for the meeting
  - c. Obtain materials from CAI for the meeting
  - d. Follow up with CAI after the meeting to determine best next steps and follow-up
  - e. Continue to follow-up with Members of Congress and their staff
  - f. Continue to follow-up with Members of Congress and their staff
  - g. Continue to follow-up with Members of Congress and their staff

## State Efforts

The objective of the CAI state-level volunteer team is to ensure your state's priority lien law is not repealed or changed from priority lien to payment priority.

### A. State Legislature

1. Advise your state lobbyist to be on the lookout for any changes to the state priority lien laws and to stay aware of any chatter from the bankers regarding change the law to the "Tennessee model".

Note: We strongly suggest against the CAI LAC making any changes to the existing priority lien law as it becomes a vehicle for the bankers to use to repeal the law. The strategy must be a defensive nature in response to any threats.

### B. Develop Allies

1. **Developers:** Speak with builders and developers in your state to gain their support. Developers, especially in large communities that will be under developer control for many years will see communities suffer with blight, abandoned homes, and stalled foreclosures whereby nobody is paying the community association assessments. The developer and other residents will have to make up the financial short-fall caused by these stalled foreclosures.
2. **Realtors:** Speak with the Realtors about how prolonged foreclosures hurt home prices and home sales in communities, so they understand the priority lien benefit to them.
3. **Legislators** sympathetic to community association residents who won't be fooled or swayed by big banks

### C. Be Prepared

1. If a bill is introduced or there is an imminent threat, convene the team to meet with state legislators, as needed to address the issue.
2. [Connect with CAI for talking points, strategy and media assistance.](#)

## Background Documents and Resources

### Background

1. [Uniform Law Commission White Paper on Priority Lien: Priority lien is part of the Uniform Act and the language was vetted through stakeholders; including bankers, federal mortgage finance agencies, developers, and community association lawyers.](#) The Uniform Law Commission released a white paper supporting priority lien that is very valuable as a third party support of priority lien laws.
2. [Uniform Act Priority Lien Language.](#)
3. [Federal Housing Finance Agency \(FHFA\) December 2014 and 2015 Statements Regarding Priority Lien and HOA Foreclosures.](#) *(This document has been used by Bankers as a scare tactic approach to state legislators that the Federal Government is asking state government to repeal their priority lien law or else Fannie Mae and Freddie Mac will not secure mortgages in the state and that will cause a disaster).*
4. [FHFA General Counsel, Alfred Pollard, Testimony before Nevada State Legislature in an Effort to Repeal Priority Lien Law.](#) *(This agency of the federal government is protecting the bankers at the expense of American homeowners.)*
5. [American Bar Association Article on Priority Lien and Fannie Mae and Freddie Mac \(Freyermuth/Whitman\).](#) *(This article demonstrates positive support for priority lien laws from a third-party.)*
6. [Statement of Principles on HOA Priority Lien by Banking Trades.](#) *(This is a document the bankers are spreading to state legislators to persuade them to repeal priority lien laws.)*

7. [CAI Amicus Curiae Brief Efforts](#)

**Resources**

1. [CAI Guide to Federal and State Initiative to Protect Priority Lien Laws](#)
2. [Talking Points on the History and Benefits of Priority Lien Laws](#)
3. [Talking Points Specifically Related to the Federal Finance Agency’s attack on Priority Lien Laws](#)
4. [Massachusetts Congressional Delegation Letter to FHFA](#). (This letter led by Senator Warren, a well-respected Senator, was the result of CAI Massachusetts volunteers’ efforts. *(This is a great letter to share with your Federal legislators to ask them to send a similar letter.)*)
5. [Community Bankers Article Supporting Priority Lien Laws \(Brookline Bank\)](#). (This is an excellent article to share with any legislator – state or federal – in helping them understand what many banks; including community banks
6. [Mortgage News Article on Priority Lien \(Moriarty\)](#) *(This is another great article to share with any legislator – state or federal – in helping them understand the importance of priority lien laws.)*
7. [Sample letter from CAI volunteers to Member of Congress](#)
8. [Your states Fact & Figures](#)
9. [CAI Government & Public Affairs Staff & Committee](#)

States with Priority Lien Laws

Currently 21 states, the District of Columbia and Puerto Rico have assessment priority lien statutes (blue states):

[AL](#), [AK](#), [CO](#), [CT](#), [DE](#), [DC](#), [FL](#), [HI](#), [IL](#), [MD](#), [MA](#), [MN](#), [MO](#), [NV](#), [NH](#), [NJ](#), [OR](#), [PA](#), [PR](#), [RI](#), [VT](#), [WA](#), [WV](#)

<b>Alabama:</b> 6 months Judicial and Non- Judicial	<b>Delaware:</b> 6 months Judicial	<b>Maryland:</b> 4 months; \$1200 Judicial	<b>New Jersey:</b> 6 months Judicial	<b>Vermont:</b> 6 months Judicial
<b>Alaska:</b> 6 months Judicial and Non- Judicial	<b>DC:</b> 6 months Non-Judicial	<b>Massachusetts:</b> 6 months Judicial	<b>Oregon:</b> Unlimited Judicial and Non-Judicial	<b>Washington:</b> 6 months Judicial and Non-Judicial
<b>Colorado:</b> 6 months Judicial and Non- Judicial	<b>Florida:</b> 12 months Judicial	<b>Minnesota:</b> 6 months Judicial and Non-Judicial	<b>Pennsylvania:</b> 6 months Judicial	<b>West Virginia:</b> 6 months Non-Judicial
<b>Connecticut:</b> 9 months Judicial	<b>Hawaii:</b> 6 months Judicial and Non- Judicial	<b>Missouri:</b> 6 months Judicial and Non-Judicial	<b>Puerto Rico:</b> 6 months Judicial	
	<b>Illinois:</b> 6 months Judicial	<b>Nevada:</b> 9 months Judicial and Non-Judicial	<b>Rhode Island:</b> 6 months; \$7500 Judicial and Non-Judicial	
		<b>New Hampshire:</b> 6 months Non-Judicial		