



CAI Message to Congress: “Mortgages Matter!”

CAI members are taking their concerns over the restructuring of the federal mortgage finance system to Congress. In response to challenges from federal regulators on transfer fees, the Federal Housing Administration’s (FHA) condominium underwriting guidance and Qualified Residential Mortgages, CAI is forming Mortgage Matters Teams in targeted states to meet with key federal legislators during the August recess. The goal of the meetings is to provide key legislators with an overview of CAI member concerns on federal mortgage issues and to ask for their support in protecting community associations.

CAI Legislative Action Committees in ten states have begun to assemble teams to meet with key legislators during the August recess. Congressmen from these targeted states serve on the Senate Banking Committee and the House Financial Services Committee, which have jurisdiction on mortgage issues. CAI members will address concerns related to the Federal Housing Finance Agency’s proposal to prohibit Fannie Mae, Freddie Mac or any Federal Home Loan Banks from buying mortgages with deed-based transfer fees, new FHA condominium underwriting guidance, and the pending rewrite of the rules applying to all mortgages – the so-called Qualified Residential Mortgage (QRM) regulations.

The recently issued FHA guidelines for condominium mortgage insurance will be the top issue that the Mortgage Matters Teams will discuss with legislators. The new guidance, issued on June 30, 2011, contains provisions that will make it more difficult, if not impossible, for many associations to qualify for FHA financing, which now accounts for over one-third of all condominium mortgages. The issue with the new guidance is not that the intent of the new criteria is improper, but the manner in which FHA has implemented the requirements does not comport with the reality of how condominium associations are operated or governed. FHA developed the most recent guidance without any public notice or input, and as a result it has created needless problems for associations. These issues include assessment delinquencies, fidelity bonding requirements, project certifications, and leasing restrictions. CAI will ask Congress to direct FHA to revisit the guidance and to undertake oversight hearings on FHA’s process in developing its guidance.

CAI members will also express concerns over the so-called QRM regulations. These regulations will apply to all mortgages. The draft regulations impose overly strict criteria

that include a mandatory 20 percent down payment, cash payments for financing costs and realtor fees, as well as provisions that would disqualify any buyer who was 30 days late on any installment payment in the last three years. A study issued by the Mortgage Bankers Association indicated that only 30 percent of current buyers would meet the new lending standards. Close to three-quarters of CAI members surveyed indicated the new regulations went too far and would have a negative impact on the already depressed housing market.

CAI Mortgage Matters Teams will speak up to protect your community and ensure the ability of qualified buyers to purchase homes in community associations now and in the future. You can follow our work and share your thoughts at www.caimortgagematters.org.