



CAI Testifies Before Congress on Impact of Foreclosure Crisis on Associations

Mr. Dick Pruess, long-time CAI member and chair of California's Legislative Action Committee, told federal lawmakers that association homeowners suffer when lenders delay foreclosures, allowing delinquent owners to remain in their properties.

The U.S. House of Representatives Financial Services Committee asked CAI to testify on a plan to sell real estate owned (REO) held by mortgage giants Fannie Mae and Freddie Mac to private investors. The federal agency that oversees Fannie Mae and Freddie Mac is testing a program that will sell large numbers of REO to investors who must agree to rent the properties for a minimum of three years. CAI was asked to share how bulk sales of Fannie Mae and Freddie Mac REO would impact community associations and homeowners.

Mr. Pruess testified that federal banking regulators need to ensure all outstanding arrearages on REO must be paid prior to being sold to investors and that lenders must resume foreclosures on delinquent owners whose home cannot be saved. Mr. Pruess also testified that community associations want homes to be sold to responsible, qualified investors who understand the responsibility of owning property in a community association.

Members of Congress, in particular Representative David Schweikert (R-AZ), immediately grasped the impact of long-term delinquencies associated with vacant and abandoned properties as well as properties where lenders refuse to foreclose on hopelessly delinquent owners. Mr. Pruess shared several personal examples of how this problem directly impacts responsible association homeowners who are forced to pay higher assessments to make up for non-paying units.

To read Mr. Pruess' oral statement and entire written testimony to the U.S. House Financial Services Subcommittee on Capital Markets and Government Sponsored Enterprises go to the 'Issues and Advocacy' section at www.caionline.org.

As part of our ongoing Mortgage Matters program, CAI is working to protect homeowners in community associations and to ensure access to fair and affordable mortgage products for all current and potential community association residents. You can follow our work and share your thoughts at www.caimortgagematters.org. CAI will continue to monitor and participate in shaping changing federal housing policies to ensure the perspective of community associations is heard. This is one of the many benefits of belonging to an organization that works for you on the local, state and federal level.