

## **CAI Urges Fannie Mae, Freddie Mac Regulator to Recognize Community Associations**

Noting changes in housing development and modern housing preferences, CAI urged the Federal Housing Finance Agency, or FHFA, to recognize community associations as a distinct housing market. More than 60 million Americans live in 314,000 community associations nationwide, representing almost 20 percent of the American population.

Writing on behalf of CAI members, Tom Skiba, CAI's Chief Executive Officer, told FHFA that "Over the past several decades, community associations have evolved, rendering monolithic housing market descriptions of "single-family" and "multi-family" less meaningful." Mr. Skiba wrote that by developing policies to address the concerns of community associations, FHFA "will ensure liquidity in these markets and promote access to mortgage finance so that purchasers will be able to buy the housing of their choice, thereby meeting the needs of housing markets and local communities."

On May 12, FHFA released a draft strategic plan that will guide the agency over five years as it regulates Fannie Mae and Freddie Mac and prepares for changes to the housing finance system. CAI commented on several aspects of FHFA's strategic plan, encouraging the agency to develop a regulatory plan that will support community associations by:

- Requiring that mortgage servicers pay assessments on Real Estate Owned (REO) in a timely manner
- Requiring that mortgage servicers maintain properties that are abandoned or in foreclosure
- Requiring that associations be included earlier in the short sale process
- Expanding loan-level data tracking to develop a full understanding of the community association housing market
- Developing project standards based on data and market observation so that project standards and borrower underwriting standards are empirically driven
- Improving mortgage servicer understanding of community associations

Mr. Skiba also strongly cautioned FHFA against rushing to create a new housing finance system. FHFA's strategic plan calls for the creation of new underwriting standards, the elimination of certain Fannie Mae and Freddie Mac products, and potentially moving to consolidate a substantial amount of Fannie Mae and Freddie Mac operations. Calling attention to the sharp policy disagreements between Congress and the Executive Branch on the future of Fannie Mae and Freddie Mac, Mr. Skiba wrote that "FHFA has a duty to proceed cautiously and not to act unilaterally."

To read CAI's letter to FHFA, click [here](#).