

Association Data, Inc

Date: November 13, 2016

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To: Federal Housing Finance Administration
Submission by Email Attachment sent to:

- Federal eRulemaking Portal: <http://www.regulations.gov> and
- FHFA at RegComments@fhfa.gov

Re: *National Survey of Mortgage Originations, (No. 2016-N-06)*

1. Summary:

Certain questions in the National Survey of Mortgage Originations “NSMO”) fail to adequately and effectively recognize an important and growing segment of U.S. ownership housing: community associations (condominiums, cooperatives and planned communities).

As a result, data from the Survey with respect to community associations has nominal heuristic and statistical value at best.

These comments below focus on Questions #60, #4, #7, #39 and #50 (in that order).

2. Background on Community Associations:

As a form of housing, community associations represent the greatest extension of homeownership since the housing reforms of the New Deal and the benefits provided by the GI Bill after WWII.

The data provided next can be found in a more comprehensive form detail in the:

- **Community Association Fact Book 2015**
<http://www.cairf.org/research/factbook/default.aspx>

The Fact Book goes into terminology and attributes of the three types of associations.

**Comments on Certain Survey Questions in the
National Survey of Mortgage Originations, (No. 2016-N-06)**

Community associations are housing management organizations that are an out-growth of traditional subdivision and zoning controls.

Year	Communities	Housing Units	Residents
1970	10,000	.7 million	2.1 million
1980	36,000	3.6	9.6
1990	130,000	11.6	29.6
2000	222,500	17.8	45.2
2002	240,000	19.2	48.0
2004	260,000	20.8	51.8
2006	286,000	23.1	57.0
2008	300,800	24.1	59.5
2010	311,600	24.8	62.0
2011	317,200	25.4	62.7
2012	323,600	25.9	63.4
2013	328,500	26.3	65.7
2014	333,600	26.7	66.7
2015	338,000	26.2	68.0

Selected Community Association Data	
21.1 Percent of U.S. population in community associations.	30–40 Percentage of community associations that are self-managed, meaning they may use professional assistance for specific projects, activities and services, but do not employ a professional manager or management company.
\$5.28 trillion Value of homes in community associations.	7,000–8,000 Community association management companies.
\$85 billion Assessments collected from homeowners. Assessments fund many essential association obligations, including professional management services, utilities, security, insurance, common area maintenance, landscaping, capital improvement projects, and amenities like pools and club houses.	95,000–100,000 Individuals employed by management companies.

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Selected Community Association Data	
\$23 billion Assessment dollars contributed to association reserve funds for the repair, replacement and enhancement of common property, e.g., replacing roofs, resurfacing streets, repairing swimming pools and elevators, meeting new environmental standards and implementing new energy-saving features.	2,350,000 Community association board and committee members.
50,000–55,000 Community association managers (includes onsite managers and those who provide part-time support to a number of communities).	80,000,000 Hours of service performed annually by association board and committee members.
6,000–9,000 Large-scale associations, i.e., those meeting at least two of the following three characteristics: a single, contiguous community with a general manager; a minimum of 1,000 lots and/or homes, and a minimum annual budget of \$2 million.	\$1.76 billion Estimated value of time provided by homeowner board and committee members based on the Bureau of Labor Statistics estimate of \$22.55 per hour for volunteer time.

In the words of one commentator: "Community associations are the leading edge of a fundamental transition in how Americans experience homeownership and community."

3. Comments on Question #60

60. Which of the following best describes this property? *Mark one answer.*

- Single-family detached house – *Skip to Q62*
- Mobile home or manufactured home – *Skip to Q62*
- Townhouse, row house, or villa
- 2-unit, 3-unit, or 4-unit dwelling
- Apartment (or condo/co-op) in apartment building
- Unit in a partly commercial structure
- Other (specify) _____

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Consideration should be given to breaking this Question into three parts:

- Type of structure in which the home is located
- Whether the home is in a Community Association (Yes or No)
- Provide important detailed Community Association information

Consideration should be given to the type of housing structure:

- Low Rise
- Mid-Rise
- High Rise

- Manufactured/Mobile Home

- Attached or Detached Home

Consideration should be given to important detailed Community Association information:

- Determine which of the three basic types of association
 1. Condominium
[A further subset is a “site condominium” or “land condominium”]
 2. Cooperative
 3. Planned Community

Note: The Enterprises use the term “Planned Unit Development” or “PUD.” This is a zoning term and it is antiquated when applied to a community association. The Enterprises also default to the term “homeowners association” or “HOA” when discussing community associations. Which of the three types is left to the reader’s imagination when this term is used. HOA is especially useless despite having the primary value of containing only three letters. See the Fact Book for definitions and a comparative appendix.

Community Association Fact Book 2015

<http://www.cairf.org/research/factbook/default.aspx>

**Comments on Certain Survey Questions in the
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Consideration should be given to these questions:

- Two possible overlays to the three basic types of associations:
 1. The unit in the association could be part of a master/umbrella association.
 2. The association and all the homes could be part of special tax district or special purpose district.

- Is the home located in a mixed-use structure containing commercial, office, retail or similar uses in addition to residential homes.

4. Comments on Question #4

4. When you began the process of getting this mortgage, how familiar were you (and any co-signers) with each of the following?

	Very	Somewhat	Not At All
The mortgage interest rates available at that time	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The different types of mortgages available	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The mortgage process	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The down payment needed to qualify for a mortgage	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The income needed to qualify for a mortgage	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Your credit history or credit score	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The money needed at closing	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Consideration should be given to adding a final question:

- The money needed to pay your community association fees.
- The money needed to pay your master association fees.
- The money needed to pay you special tax district fees.

**Comments on Certain Survey Questions in the
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5. Comments on Question #7

7. How much did you use each of the following sources to get information about mortgages or mortgage lenders?

	A Lot	A Little	Not At All
Your lender or mortgage broker	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Other lenders or brokers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Real estate agents or builders	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Material in the mail	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Websites that provide information on getting a mortgage	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Newspaper/TV/Radio	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Friends/relatives/co-workers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Bankers or financial planners	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Housing counselors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Other (specify)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="text"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Consideration should be given to adding a category after “Housing Counselor” and before “Other:”

- Community association disclosure documents
- Community association management company
- Community association board of directors

6. Comments on Question #39

39. Did you use the money you got from this new mortgage for any of the following?

	Yes	No
College expenses	<input type="checkbox"/>	<input type="checkbox"/>
Auto or other major purchase	<input type="checkbox"/>	<input type="checkbox"/>
Buy out co-borrower e.g. ex-spouse	<input type="checkbox"/>	<input type="checkbox"/>
Pay off other bills or debts	<input type="checkbox"/>	<input type="checkbox"/>
Home repairs or new construction	<input type="checkbox"/>	<input type="checkbox"/>
Savings	<input type="checkbox"/>	<input type="checkbox"/>
Closing costs of new mortgage	<input type="checkbox"/>	<input type="checkbox"/>
Business or investment	<input type="checkbox"/>	<input type="checkbox"/>
Other (specify)	<input type="checkbox"/>	<input type="checkbox"/>
<input type="text"/>	<input type="checkbox"/>	<input type="checkbox"/>

**Comments on Certain Survey Questions in the
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Consideration should be given to adding a final question:

- Pay a community association special assessment.
- Pay a special tax district assessment or pay-off.

7. Comments on Question #50

50. Did you seek input about your closing documents from any of the following people?		
	Yes	No
Lender/mortgage broker	<input type="checkbox"/>	<input type="checkbox"/>
Settlement agent	<input type="checkbox"/>	<input type="checkbox"/>
Real estate agent	<input type="checkbox"/>	<input type="checkbox"/>
Personal attorney	<input type="checkbox"/>	<input type="checkbox"/>
Title agent	<input type="checkbox"/>	<input type="checkbox"/>
Trusted friend or relative who is not a co-signer on the mortgage	<input type="checkbox"/>	<input type="checkbox"/>
Housing counselor	<input type="checkbox"/>	<input type="checkbox"/>
Other (specify)	<input type="checkbox"/>	<input type="checkbox"/>
<input type="text"/>	<input type="checkbox"/>	<input type="checkbox"/>

Consideration should be given to adding a final question:

- Community association management company.
- Community association board of directors.



David J. Reiss
Professor of Law

November 10, 2016

Federal Housing Finance Agency
400 Seventh Street SW., 8th floor
Washington DC, 20219

Re: Proposed Collection; Comment Request:
National Survey of Mortgage Originations, (No. 2016-N-06)

To Whom It May Concern:

The Federal Housing Finance Agency has issued a [request for comments](#) on the National Survey of Mortgage Originations (NSMO). I write to support this proposed collection, but also to raise some concerns about its efficacy.

The NSMO is very important to the health of the mortgage market. We need only look at the Subprime Boom of the late 1990s and early 2000s to see why this is true: subprime mortgages went from “making up a tiny portion of new mortgage originations in the early 1990s” to “40 percent of newly originated securitized mortgages in 2006.”¹ During the Boom, subprime lenders like Countrywide changed mortgage characteristics so quickly that information about new originations became outdated within months.² Policymakers and academics did not have good access to the newest data and thus were operating, to a large extent, in the dark. The information in the NSMO will therefore not only help regulators, but will also assist outside researchers to “more effectively monitor emerging trends in the mortgage origination process . . .” (81 F.R. 62890)

The FHFA is also looking for comments on ways “to enhance the quality, utility, and clarity of the information collected.” (81 F.R. 62890) While I am no expert on survey design, I worry that the length of the NSMO will try the patience of many a borrower and that those who do complete the survey will look very different from the typical borrower. Given that the NSMO is intended to solicit otherwise unavailable information from borrowers, it is worrisome that the typical respondent will not be representative of the typical borrower. I

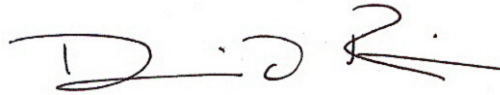
¹ David Reiss, *Regulation of Subprime and Predatory Lending*, INTERNATIONAL ENCYCLOPEDIA OF HOUSING AND HOME (2010).

² See generally FINANCIAL CRISIS INQUIRY COMMISSION, FINANCIAL CRISIS INQUIRY REPORT 105 (2011) (“Countrywide was not unique: Ameriquest, New Century, Washington Mutual, and others all pursued loans as aggressively. They competed by originating types of mortgages created years before as niche products, but now transformed into riskier, mass-market versions”)

wonder if there would be some way to further incentivize survey-takers to spend the half an hour it will take to collect the relevant documents and complete the survey itself. I also wonder whether survey respondents could choose to take a shorter version of the survey, if they are not willing to answer the 93 questions contained in the full survey. Getting answers to ten questions from 12,000 respondents (and some smaller number of responses to the full survey) could be more valuable than getting answers to 93 questions from 6,000 of the most diligent respondents.

Notwithstanding this concern, there is no question that this “collection of information is necessary for the proper performance of FHFA functions . . .” (81 F.R. 62890) Given the likely changes to the federal role in the mortgage markets over the next four years, the NSMO can provide critical insight into whether homeowners feel that that market serves their needs.

Sincerely,

A handwritten signature in black ink, appearing to read "David Reiss". The signature is stylized with a large "D" and a long horizontal stroke.

David Reiss