

THE 2011 STATE legislative sessions

Fees, Finances and Flags

were filled with a host of challenges for CAI members. Against a backdrop of the ongoing housing slump and stepped-up federal activity on mortgage rules, all 50 states were in session. State level issues focused on a variety of topics, including proposals related to fees, foreclosures and even flags.

FEES

The battle over private transfer fees got a lot of attention at the federal level with CAI's successful effort to block federal regulations banning mortgages on properties with deed-based transfer fees. This battle also was fought in state houses across the country. Legislation was introduced in more than 14 states. CAI member advocates worked to ensure that these bills would prohibit fees that transferred money out of the community, while allowing association fees that fund community reserves, operations or maintenance. As of spring, CAI members were winning these battles.

FINANCES

Association finances are becoming even more critical due to tighter mortgage lending standards. To ensure that a community association property qualifies for the broadest available options

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for financing, mechanisms for effective assessments collection must be in place. One big success story on this front was found in Maryland, where the legislative action committee worked suc-

cessfully to pass a four-month priority lien bill. This means that for all mortgages purchased in 2011 and beyond, in the

event of a foreclosure, assessments owed to the association take priority over payout of the principle mortgages. Associations will be able to collect four months of past-due assessments in foreclosure, which will help associations shore up their finances. Maryland joins approximately 17 other states that have given similar priority to delinquent association assessments.

FLAGS

On a different note, Arizona passed a bill that would require community associations to allow residents to fly the Gadsden flag, which has an image of a snake with the motto "Don't Tread on Me" and has become a Tea Party

symbol. The bill was pushed by a Tea Party activist and former association president who was angered that his association rules prevented him from

flying his flag. His fight attracted



national media attention. Seemingly lost in the debate was the fact that the right to regulate activities within a community association is an embodiment of our constitutional rights to enter into agreements with our neighbors. Thus, in an effort to protect his constitutional rights and promote small government, a disgruntled resident used the power of government to limit the freedoms of association residents.

As the hot air of politicians gives way to the warmth of summer, more states will adjourn. The one constant is that your colleagues at CAI, working through 33 state legislative action committees, are fighting to protect associations and ensure a healthy business environment for the companies that support our communities. » For the latest government affairs updates, visit www.caionline.org/headsup.