



What happens if disaster strikes your housing cooperative?

Without a legislative fix, if disaster strikes your housing cooperative, the Federal Emergency Management Agency (FEMA) will only give you disaster relief for the "inside" of your unit.

Housing Cooperative Disaster Relief

Housing cooperatives are currently ineligible for Federal Emergency Management Administration (FEMA) disaster relief funds because they are misclassified as "business associations" rather than homes. Pending legislation would correct this erroneous misclassification, so that in the event of a disaster (anywhere in the country) housing cooperatives can qualify for FEMA disaster relief.

On July 31, 2013, Representative Steve Israel (D-NY) introduced HR 2887. Today, the bill has 18 co-sponsors. On August 1, 2013 Senators Schumer and Gillibrand introduced a companion bill, S. 1480.

It's up to YOU to make sure your Members of Congress support these bills.

This is very important! Please do not delay- contact your House and Congressional Representative and Senators TODAY and ask them to sign on as a co-sponsor to these bills. Ask everyone in your cooperative to do the same!

Here's the contact information: <http://www.usa.gov/Contact/US-Congress.shtml>

National Association of Housing Cooperatives
1444 I Street NW, Suite 700
Washington DC, 20005
P: 202-737-0797
F: 202-216-9649
www.NAHC.coop

VA CALL TO ACTION



CALLING ALL HOUSING COOPERATIVE MEMBERS!! CO-OP HOUSING FOR VETERANS

We need your help. Are you a veteran or, do you know veterans in your cooperative? If so, please ask them to contact their Members of Congress and their veteran organizations to ask them to support HR 2522, a bill to allow veterans to use VA home loan guarantees for cooperative housing.

On June 26, 2013, Representative Carolyn Maloney (D-NY) introduced **HR 2522**, a bill to allow veterans to use their VA home loan guarantee benefits to purchase shares in a housing cooperative.

HR 2522: <http://www.gpo.gov/fdsys/pkg/BILLS-113hr2522ih/pdf/BILLS-113hr2522ih.pdf>

It's quick, it's easy and **it's effective** so please contact your Congressional Representatives and VA organizations today and ask for their support for HR 2522.

1. Use this link to find contact information for

Congress:

<http://www.usa.gov/Contact/US-Congress.shtml>

2. Use this link to find veterans organizations

2013/2014 Directory - Veterans and Military Service Organizations

http://www.va.gov/vso/VSO-Directory_2013-2014.pdf

(If you have questions or, need more information contact Judy Sullivan at 202-298-1950 or jms@vnf.com)



REVERSE MORTGAGES

Home Equity Conversion Mortgages (HECMs) for Housing Cooperatives

Home Equity Conversion Mortgages (HECMs)

Today, reverse mortgages are increasingly popular with older seniors who have equity in their homes and need funds for medical reasons or, to supplement their income for increasingly higher living expenses. Americans are now living longer, although they are not necessarily living in better health. As a result, the need for basic health as well as long-term care is also increasing. According to the Employee Benefit Research Institute (EBRI), a 65-year-old couple with median prescription-drug expenses who retire this year will need \$295,000 to enjoy a 75% chance of being able to pay all their remaining lifetime medical bills, and \$360,000 to have a 90% chance. Nearly 80 million baby boomers are expected to retire over the next 18 years. Unfortunately, the recent recession has eroded their retirement portfolio values and increased retirees' dependence on Social Security.

Housing Cooperative Home Owners Can't Access HECMs

Today, all senior homeowners, **except** housing cooperative seniors, have the ability to use home equity conversion mortgages (HECMs) to cover medical emergencies, family calamities and other necessary expenses or simply to enhance their quality of life.

Even though the right for housing cooperatives to use reverse mortgages was enacted into law in 2000, (*American Homeownership and Economic Opportunity Act of 2000*, Public Law 106-569), the Department of Housing and Urban Development (HUD) has not issued the guidelines needed to implement the law.

In August 2008, HUD issued a Notice of Proposed Rulemaking (NPR) to expand the HECM program to cover approved cooperative housing developments. However, those rules were never promulgated. The rules would have implemented an amendment to the National Housing Act that authorizes HUD to insure HECM mortgages in cooperative housing developments. Now, nearly fourteen years later, housing cooperatives are still the ONLY homeowners who cannot use HECMs.

Housing cooperative homeowners worked very hard for the legislation necessary to obtain the right to be included in the HECM program however, HUD's decision not to write guidelines effectively bars these homeowners from using the program and goes directly against the will of Congress.

HUD's position is to allow HECM's only for homeowners of real property. Because housing cooperators own shares (or personal property) in their cooperatives, HUD has resisted allowing housing cooperative homeowners to use HECMs.

With over one million housing cooperative units in the United States today, many thousands of these home owners are unfairly impacted by not being able to access HECMs. Traditionally, housing cooperatives are home to a large segment of seniors and in fact, many cooperatives in New York City have over the years become naturally occurring retirement communities (NORCs). Currently there are senior only housing cooperatives in Arkansas, Florida, Iowa, Michigan, Minnesota (81), Missouri, Nebraska, Texas, Washington and Wisconsin.

Housing Cooperatives: A Sound Investment

- Cooperatives are not likely to default on a reverse mortgage because in many instances cooperatives are required to pay off any existing indebtedness before they obtain a reverse mortgage.
- It is in the cooperative corporation's best interests to ensure their members are financially solvent.
- Housing cooperatives are, in many cases, an even safer risk to the federal government, than other forms of home ownership. Many cooperatives exercise control over reverse mortgages, because they want their shareholders to be protected. For example, in New York, the cooperative must sign a recognition agreement before a lender will put any mortgage in place (acknowledging the loan and promising to alert the bank if the shareholder is in default on obligations to

the cooperative), and, in turn, the bank officially recognizes that the cooperative has the first lien on any value in the cooperative

- Housing cooperatives have built in oversight protections. In one cooperative, when for a brief period, reverse mortgage loans were possible, the cooperative refused to accept a 75% reverse mortgage for one octogenarian, because they wanted to be sure that there would be some equity left in the apartment for a disabled son.

The HECM program is intended for use by home owners. However, today housing cooperative home owners are the only home owners who cannot use HECMs.

Contact your Representative and Senators and ask them to urge HUD to release the Guidelines for Housing Cooperative HECMs!

To find your congressional representatives, go to:

<http://www.usa.gov/Contact/US-Congress.shtml>

USEFUL RESOURCES TO HELP YOU UNDERSTAND CONGRESS AND THE FEDERAL GOVERNMENT

Catalog of Federal Domestic Assistance (CFDA) - provides a full listing of all Federal programs available to State and local governments of the United States. <https://www.cfda.gov/>

Concord Coalition - nationwide, non-partisan, grassroots organization advocating for responsible fiscal policy. Includes information on the consequences of federal budget deficits, the long-term challenges facing America's unsustainable entitlement programs, and how to build a sound economy for future generations. <http://www.concordcoalition.org/>

Contacting Congress - congressional directory. <http://www.contactingthecongress.org/>

FactCheck.org - addresses public policy issues at the local, state and federal levels. (See also “**Players Guide 2014**” – Lists people and groups behind the TV ads in the 2014 elections.) <http://www.factcheck.org/>

GovTrack.us - Track bills in Congress, your representative's voting records, upcoming committee meetings, and get alerts by email. <https://www.govtrack.us/>

Grants.gov - FIND and APPLY for federal grants. <http://www.grants.gov/web/grants/home.html>

League of Women Voters – provides voter registration, polling place locations, and information on voting related issues. <http://www.lwv.org/>

Political Moneyline -non-partisan page listing information about Federal candidates and their contributors. <http://www.politicalmoneyline.com/About.aspx>

PolitiFact - Fact Checker <http://www.politifact.com/truth-o-meter/>

Project Vote Smart - lists full voting records and ratings by political groups (on both sides of the political spectrum) of members of Congress. <http://votesmart.org/>

ProPublica - Investigative Journalism in the Public Interest. <http://www.propublica.org/>

Register to Vote - <http://registertovote.org/index.html>

Regulations.gov – weigh in on federal rulemakings and pending regulations. <http://www.regulations.gov>

Thomas - Legislative Information from the Library of Congress. <http://thomas.loc.gov/home/thomas.php>

US National Debt Clock - Precise information on US Debt. <http://www.usdebtclock.org/>

USA.gov - Government Information by Topic and Agency. <http://www.usa.gov/>