



United Trustees Association

May 6, 2020

Honorable Mike Crapo
U.S. Senate Committee on Banking, Housing, and Urban Affairs
534 Dirksen Senate Office Building
Washington, D.C. 20510

Re: S. 3565

Dear Chairman Crapo:

The United Trustees Association represents trustees and attorneys who process nonjudicial foreclosures and re-convey the real property Deed of Trust. Our membership is comprised of trustees, attorneys and loan servicing professionals from title companies, financial institutions, law firms and independent companies as well as allied and support organizations such as posting & publishing companies and computer service firms.

A segment of our membership enforces payment of Homeowners Associations (HOAs) dues.

While we support federal efforts to help consumers and small businesses during the COVID-19 crisis we are concerned that S. 3565 would substantially and irrevocably harm not only the 350,000 homeowners associations nationwide, but also the 40 million households (53% of the owner occupied households in America) in those associations -- the very constituency that the Bills' sponsors intend to protect.

S. 3565 and its companion provision in the House, contained in HR 6379, would suspend debt collection for four months after the President lifts the current state of emergency, and prohibit HOAs from collecting dues. A moratorium on such debt collection have the unintended consequence of preventing HOAs from having the funds to maintain and repair facilities, roads, roofs and equipment. The continued payment of dues is also necessary for the associations to pay utilities, taxes, security and insurance.

The Paycheck Protection Program under the CARES Act is not available to HOAs which would have allowed them to offset some of these costs. As a result HOAs will likely need to draw from reserves and/or increase the dues of those owners who are not delinquent, placing an even greater burden on them and increasing the likelihood of further delinquencies.

HOAs already have meaningful hardship policies in place. We broadly define "hardship" to help consumers facing either temporary or permanent hardships. UTA members work directly with owners to enter into arrangements designed with their individual situations in mind which can include entering into workable payment plans, waiving late charges and interest, and settling debts for reduced amounts. Every arrangement we structure is aligned with the individual needs of the property owner.

For the continued financial health of hundreds of thousands homeowners associations and millions of property owners nationwide, I urge you to oppose the nationwide blanket moratorium on debt collection and legal proceedings set forth in S. 3565.

Sincerely,

David Dutcher
President