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Huron Board of REALTORS®

Affiliated with National Association of Realtors
and South Dakota Association of Realtors

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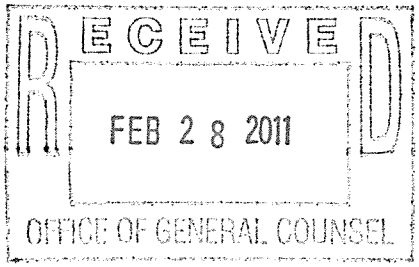

February 23, 2011

Alfred M. Pollard
General Counsel
Federal Housing Finance Agency
1700 G Street, NW
Washington. DC 20552

Dear Mr. Pollard:

We are writing on behalf of the Huron Board of Realtors Association to support the Federl Housing Finance Agency (FHFA's) proposed rule RIN 2590-AA41 on the use of private fees for the Federal Home Loan Banks (FHLBs) and the government sponsored enterprises (GSEs) Fannie Mae, Freddie Mac. We fully support the FHFA proposed that restricts the FHLBs and the GSEs from dealing in mortgages on properties encumbered by certain types of private fee covenants and in certain related securities.

As you know, a private transfer fee commonly occurs when a developer agrees to add a covenant to the deed of each new home, or a homeowner agrees to add a covenant to an existing home's deed, that requires future owners of the property to pay a percentage of the selling price to a designated beneficiary. While the percentage fee paid is tied to the home price, it does not correlate with any tangible benefit received by the home buyer. The transfer fee rule is a covenanted mandate so it is extremely difficult to reverse the requirement once it is in place. In many cases the fee is attached to the deed for up to 99 years meaning several subsequent buyers may pay a fee where no service was rendered or benefit received.

Private transfer fees increase the cost of homeownership, do little more than generate revenue for developers or investors and provide no benefit to homebuyers. They place an inappropriate drag on the transfer of property. Moreover, there is virtually no oversights on where or how proceeds can be spend, on how long a private transfer fee may be imposed, or on how the fees should be disclosed to home buyers. Already, one company is negotiating with institutional investors to "securitize" pools of transfer fees, which will essentially create bonds that can be sold on a secondary market, based on future cash flows.

FHFAs proposed rule appropriately recognizes that, in very limited such fees should be expected when paid to nonprofit organizations that are tax exempt under section 501(c)(3) or (c)(4) and provide direct benefits to the encumbered party. An exception for these organizations, where such fees are expected

and familiar to many homeowner association members, can help fund capital improvements, upgrades and major repairs. Implementation of the rule prospectively ensures that homes already encumbered with such fees will not be adversely impacted by adhering to rules that were not in existence at the time of the original purchase.

Thank you for your time and consideration of this matter.

Sincerely,

Robert D. Rademacher

Robert D. Rademacher
Associate Executive