April 7, 2011

The Honorable Alfred M. Pollard
General Counsel
Federal Housing Finance Administration
Fourth Floor
1700 G Street, NW
Washington, DC 20552

RE: *Proposed Rule on Private Transfer Fee Covenants, (RIN) 2590-AA41*

Dear Mr. Pollard:

On behalf of the Sienna Plantation Community Services Foundation (SPCSF), I am writing to express my support for the Federal Housing Finance Agency's actions to stop investors from charging fees every time houses are sold in planned communities. These fees do not help properties within the community. FHFA is right to prohibit this type of fee.

I am also pleased that FHFA understands that the SPCSF uses transfer fees to benefit our community in many ways including our local scout troops, schools, youth sport leagues and the association (the association is a separate entity from the foundation); all of which directly benefit Sienna residents. Often the youth sports leagues are using association owned facilities, such as swimming pools, sports fields, etc. Generally these fees fund projects that would otherwise not happen, or help offset the cost of the project. Our volunteer resident Grant Advisory Committee gives consideration to every grant received to make sure there is a benefit to the residents who fund the Foundation.

While I am pleased with many of the changes made by FHFA to its proposed guidance, there are provisions in the revised draft that are still cause for concern. First, I am concerned that FHFA, by limiting the use of community transfer fee funds solely for maintenance and improvements, is taking away the board's authority to make decisions on how best to spend this money in support of the community. As explained above, SPCSF uses these fees in numerous ways and the wording as drafted will negatively impact how we have contributed to the community and non-profit groups serving the community. FHFA attempts to do too much in its rule banning investor transfer fees by telling SPCSF that those revenues can only be used for some direct-benefit purposes and not for others.

Another concern is that the draft requires that we allow non-residents use of the common areas and that it must charge a fee for this access. While the association may want to charge a fee for the use of the facilities, that should be left as a board decision. The association owns the facilities for the benefit of the members of the association, not the general public and our members should not have to give up their right to decide how the common property is used or if and when non-residents are allowed access to it.

Community Services Foundation
9600 Scanlan Trace
Missouri City, TX 77459
281.778.0778
Fax 281.778.0779

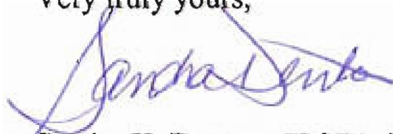
Finally, FHFA's decision that the board can't vote to have a SPCSF transfer fee support property that is more than 1,000 yards from the main property line does not make sense. This limitation would be especially troublesome for larger communities that may consist of a master association and many smaller sub-associations. Some of Sienna's children attend public schools which are further than 1,000 yards from the property; and based on the way the rules are currently written SPCSF would not be able to support those schools and PTOs, but could do so for the schools physically within Sienna. That is not fair to residents of Sienna when they are contributing to the SPCSF, yet the school their children attend cannot benefit from those funds. These funds help the education of the children. The physical location should not be relevant. We suggest that you modify the rule to benefit the owners of the encumbered property, not just the encumbered property.

I understand that FHFA wants to protect homeowners and purchasers from unethical and undisclosed fees. That is a goal I firmly support. FHFA is doing a good thing banning fees that are paid to people with no connection to a property every time that property is sold and this makes sense. By going farther than this, FHFA is not helping.

Most States require all fees paid to an association be disclosed to a purchaser prior to closing. This is a best practice that is adopted across most of the country. If FHFA is concerned that people don't know about the fees that are paid to associations, then perhaps FHFA could consider adopting a mandatory State disclosure system.

Many States have passed laws to prohibit investor transfer fees while leaving in place fees that are reinvested in communities through their associations. FHFA should follow the States' lead and go after the problem—investor transfer fees. There is no justification to change how associations or community foundations use transfer fees and FHFA will only cause problems by trying to tell residents how to manage their communities.

Very truly yours,



Sandra K. Denton, CMCA, LSM, PCAM
General Manager