From: Bob Bennett <bob@bobbennett.net>
Sent: Thursday, April 07, 2011 9:40 PM
To: !FHFA REG-COMMENTS
Subject: FHFA Proposed Rule on Certain Private Transfer Fee Covenants, (RIN) 2590-AA41

Importance: High

Dear Mr. Pollard:

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 my property and do not help my community. FHFA is right to prohibit this type of fee.

I am also pleased that FHFA understands that community associations like mine use transfer fees and that these fees help lower my monthly association assessments and make sure my community is properly managed and maintained. Associations have used transfer fees for decades. Community transfer fees are an important way that residents have decided to fund the services we receive from our association.

It is important for FHFA to understand that residents make up the associations that govern our communities. We hold elections for our association board and vote on budgets and major decisions that affect our homes and community. This self-government is important to residents and I take pride that I can participate in deciding how my association is operated.

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 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 my elected board's authority to make operational decisions on how best to spend this money in support of my community. Community associations use these fees for maintenance, support, operations and the provisions of amenities. All these functions directly benefit and support the property upon which the fee is charged. FHFA attempts to do too much in its rule banning investor transfer fees by telling associations that those revenues can only be used for some direct-benefit purposes and not for others.

Another concern is that the draft requires that my association allow non-residents use of the common areas and that we must charge a fee for this access. My association may want to charge a fee for the use of our facilities, but this is our decision. Just because my community may vote for a new a transfer fee doesn't mean we give up our right to decide how our common property is used or if and when we allow non-residents access to it.

Finally, FHFA's decision that a community can't vote to have a community transfer fee support property that is more than 1,000 yards from our 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. If my association owns property, we should be able to maintain, manage, and improve it with association funds. The physical location should not be relevant.

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 this 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 use transfer fees and FHFA will only cause problems by trying to tell residents how to manage their communities.

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