

The Honorable Alfred M. Pollard
General Counsel
Attention: Comments/RIN 2590-AA41
Federal Housing Finance Agency
Fourth Floor
1700 G Street, NW
Washington, DC 20552

Re: RIN 2590-AA41

Dear Mr. Pollard:

I am writing to express my concerns about the proposed Federal Housing Finance Agency (FHFA) rule published in the Federal Register on February 8, 2011 (RIN 2590-AA41) (the Proposed Rule).

As I understand this rule, the intention is to prohibit the FHFA from guaranteeing any mortgages for properties which are bound by any covenant which requires a transfer fee to be paid to a private individual, public corporation, or public entity upon closing. Having endured the collapse of the housing bubble and the worst of the great recession both personally as a homeowner and professionally as a Town Manager, I fully understand and appreciate the intention of this rule. Certainly, a measure such as this is in the public's interest, considering public damage which occurred when the assets which provided the equity for billions of dollars' worth of government-financed mortgages evaporated.

However, there are unintended consequences in the implementation of this measure as drafted which are NOT in the public's interest. One of those consequences would impact a large-scale economic development and conservation project critically important to the future of the greater Moosehead Lake Region and much of the North Maine Woods.

The Plum Creek Timber Company has successfully re-zoned approximately 400,000 acres of land surrounding Moosehead Lake into a combination of permanent working forestland and lands suitable for clustered residential development and also (in two cases) concentrated business development in the form of outdoor recreation-oriented resorts.

The Plum Creek Plan, as it has become known in the State of Maine, not only encompasses a large section of land but also includes many complex features in its components. The proposal may have been submitted by the landowner (Plum Creek), but it was fully and exhaustively vetted to the public through years of public hearings, focus group workshops, planning sessions, professional analysis, and consideration by appointed members of the Land Use Regulation Commission (LURC). The main issue which was wrestled with by numerous special interest groups and members of the public was whether or not the proposal would benefit the communities and the local economies included within the North Maine Woods Region more than being harmed by the implementation of this plan.

In the end, LURC Commissioners voted to support the significantly amended plan, stating that there is more good for the region in the plan than there is harm. To ensure that any of the typical hazards of development faced by the region are mitigated, LURC chose to establish three special funds. The first would pay for protection of ecologically endangered areas within the conservation area and also fund the enforcement of the large conservation easement placed over 363,000+ acres of land as part of the plan. The second would fund much-needed trail construction and maintenance within the plan area, including both motorized and non-motorized trails. The third fund would pay for improvements to certain public facilities such as school systems which would be utilized by all those in the region.

These funds are to be capitalized through transfer fees which will be paid in perpetuity by those who buy lots from Plum Creek within the defined plan area. The fees amount to 1% of the total purchase price upon initial sale, and 0.50% of each additional sale price whenever a transfer of ownership occurs. LURC chose this mechanism to capitalize these

funds in order to try to tie economic activity to capitalization, inferring that more transfer activity would roughly equate to more impacts upon the land and public facilities within the region.

As a resident of Greenville, an outdoorsman, a father, and business executive working in Greenville, I can attest to the value of the Plum Creek plan and also the value of keeping integrity within the proposed funds. Indeed, snowmobiling within the region is a major driving force for the winter economy. However, the inter-connecting trails used by snowmobiles are only tenuously fashioned together each winter, contingent upon landowner permission and ground conditions prior to freeze up. A fund such as this would allow for construction of a permanent trail across the Plum Creek conservation land, making the trail system more permanent and worthy of more substantial investment.

Similarly, the geographic nature of the Moosehead Lake Region from other areas makes it implausible to have students in grades K-12 go to any other schools than those in Greenville. However, our local schools face significant costs associated with repair and facility upgrades. The public facilities fund through this plan would make it financially feasible for the local communities to keep our local schools open.

Finally, the least-controversial portion of the Plum Creek plan is, in my opinion, the most valuable to the region. Maintaining the integrity of the 363,000+ acre conservation easement is a large job and the proposed fund will be very helpful in maintaining the terms of the easement.

This measure proposed by the FHFA, if implemented as drafted, would make it impossible for a person buying a house lot from within the Plum Creek plan to secure typical bank or mortgage company financing due to the transfer fee mechanism for capitalizing these funds. It is within the public's interest to have these funds capitalized. Moreover, those of us who live within the Plum Creek plan area will benefit the most from the plan's components, including the activities funded by these three transfer-fee-funded accounts. The property owner who would seek to finance his or her property will likewise benefit from these activities.

It is very important to note that not only will Plum Creek as current land owner and developer of this project NOT benefit from any of these transfer fee transactions, but the company itself did not devise this mechanism for capitalizing the aforementioned funds: Maine's Land Use Regulation Commission did! It would be incorrect, therefore, to characterize this particular transfer fee transaction as a private transfer fee which benefits a private entity or entities. Indeed, a public entity designed and mandated this mechanism to protect the public's interests.

I urge you to amend the FHFA measure to allow for transfer fee transactions such as those included within the Plum Creek plan.

Sincerely;

John Simko
Former Town Manager &
Current Resident of Greenville, Maine

CC The Hon. Olympia Snowe, United States Senator
The Hon. Susan Collins, United States Senator
The Hon. Mike Michaud, Member of Congress