



April 8, 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,

We are writing to express our 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 our property and do not help our community. FHFA is right to prohibit this type of fee.

We are also please that FHFA understands that community associations like ours use transfer fees and that these fees help lower our annual association assessments and make sure our community is property 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 decision that affect our homes and community. This self-government is important to residents and we take pride that we can participate in deciding how our association is operated.

While we are 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, we are concerned that FHFA, by limited the use of community transfer fees solely for maintenance and improvements, is taking away our elected board's authority to make operational decisions on how best to spend this money in support of our community. Community associations use these fees for maintenance, support, operations and the provision 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 when they tell associations that those revenues can only be used for specific direct-benefit purposes and not for others.

Another concern is that the draft requires our association allow non-residents use of the common areas and specifies 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. If our community votes

for a new transfer fee, we should have to 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 communities like ours that have over 160 acres. If our 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 we 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. This makes sense, but by going farther than this, FHFA is not helping.

Most states already require all fees paid to an association be disclosed to a purchaser prior to closing. This is a best practice that has been 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.

Sincerely,

Spyglass Ridge Home Owners Association, Inc.
Board of Directors