

From: Jan Murphy [janmurphy1@yahoo.com]
Sent: Thursday, September 09, 2010 11:37 AM
To: !FHFA REG-COMMENTS
Cc: jnagy@realtors.org
Subject: FHFA Private Transfer Fee
September 9, 2010

Edward J. DeMarco
Acting Director
Federal Housing Finance Agency
1700 G Street, NW
4th Floor
Washington, DC 20522

Dear Mr. DeMarco:

I am writing as a member of the Down River Association of Realtors in Michigan to support the Federal Housing Finance Agency's (FHFA's) proposed guidance on the use of private transfer fees for the Federal Home Loan Banks (FHLBs) and the government sponsored enterprises (GSEs) Fannie Mae, Freddie Mac. I fully support the FHFA guidance that states the FHLBs and GSEs should not purchase mortgages encumbered by private transfer fees and that such purchases are not prudent or safe or sound investments.

A private transfer fee does not correlate with any tangible benefit received by the homebuyer. The transfer fee rule is a covenanted mandate so it is extremely difficult to reverse the requirement once it is in place meaning that several subsequent buyers may pay a fee where no service was rendered or benefit was received by these buyers.

Private transfer fees increase the cost of homeownership, do little more than generate revenue for the developers or investors and provide no benefit to homebuyers. 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 the future cash flows.

The FHA recognizes the impact of private transfer fees. The HUD General Counsel has confirmed that private transfer fees clearly violate HUD's regulations which prohibit legal restrictions on conveyance and require lenders to convey clear marketable title.

Thank you for your time and consider of this matter.

Sincerely,

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