

From: Joe Medina [jrmedina@peoplesmh.com]  
Sent: Tuesday, September 14, 2010 2:55 PM  
To: !FHFA REG-COMMENTS  
Subject: Guidance on Private Transfer Fee Covenants No. 2010-N-11

Dear Mr. Pollard-

My name is Jose R. Medina, I am a professional land developer/investor and have been for the last 20 plus years. I have managed and or currently managing property that was meant to be developed in the tens of millions of dollars. As you know the current economic crisis has reset all of our property values to way lot than what we paid. Making our land un sellable or undesirable to develop. Basically we are upside down. The transfer fee will definitely have a positive impact in our resetting of our land value. This will mean that we can sell our land developed for less at a new reset price. In other words land that if we develop today would turn out lots in the 30-50 thousand price range would not sell. After a price reset due to transfer fee sales, we now may be able to sell lots 20- 30 thousand range a more attractive price to builders and the end result a more affordable house that is more in line with the current REPO prices.

For that reason;

I ask that you reject the proposed guidance, for the following additional reasons:

1. Despite widespread use of transfer fees for decades, there is no Evidence of harm to consumers or lenders.
2. Passing the guidance will negatively impact millions of homeowners, who Will find their property ineligible for low-cost financing.
3. Transfer fees are voluntary. No one is forced to pay the fee and they Are easily recognizable through proper disclosure.
4. Developers use capital recovery fees to spread infrastructure costs. There is nothing unfair or inequitable about this practice. It is

analogous

To using road bonds to pay for roads.

5. Developers sell off the income stream (e.G. A development bond), and use

The proceeds to PAY OFF LOANS, REDUCE NEGATIVE EQUITY, and RESTART FAILED PROJECTS - CREATING JOBS. In return, homeowners pay less up front.

6. HOAs use transfer fees to lower quarterly dues. Non-profits use the Income to provide important community benefits.
7. These fees are embedded within deed restrictions, and cannot be easily Removed in most cases - if at all. Some fees (to charity) run in Perpetuity.
8. If the issue is protecting Fannie and Freddie, there is no basis for Eliminating the use by subdivision developers. Lender liability bears no Relationship to the ultimate use of the fee.
9. The guidance is being pushed almost exclusively by two special interest Groups well known for lobbying hard for lax lending standards and subprime Loans in pursuit of profits.
10. The guidance will not stop developers from using the fee. It will Simply saddle homeowners with higher interest payments.

Sincerely,  
Jose R. Medina