From: Jason Arechiga [savage273@gmail.com]
Sent: Tuesday, September 14, 2010 6:16 PM
To: !FHFA REG-COMMENTS
Subject: Guidance on Private Transfer Fee Covenants No. 2010-N-11

Dear Mr. Pollard-

Most of this email has been cut and pasted repeating the same thoughts that I am sure others will send to you as well. However I have included thoughts of my own next to various points on how this will directly affect my charities, my HOA (over 800 homes), my loans, and this entire economy. I ask that you reject the proposed guidance, for the following reasons:

1. Despite widespread use of transfer fees for decades, there is no evidence of harm to consumers or lenders. *I paid one when I purchased my house. I knew about it and love the benefit of it: Cheaper HOA dues and according the developer, he used some of the money to put in sidewalks in our neighborhood; a feature he otherwise would have left out.
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. * HUGE point here. I didn't have to pay this fee when I bought my house, but I recognized the benefit of it.
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. * See my remark on point 1.
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. *As President of my HOA I can tell you right now that this WILL affect us negatively and raise our costs substantially as our HOA is in a private community and NEEDS transfer fees to pay for our streets. Special assessments have not worked in the past.
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. *Part of the fees that I know of do indeed go to charity (about 5%-10%; a relatively modest percentage, but one that has been counted on by various charities including the Fraternal Order of Police and ASPCA).
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. *Realistically, the National Real Estate Association is lobbying hard for this guidance because they think their agents will lose a percentage on their sales. To be honest, I am not sure if it would or it would not, but again, in my neighborhood it has NOT affected a SINGLE HOME in terms of reduced fees to the agent. This information is from sources that I have researched and from personal conversations with agents.
10. The guidance will not stop developers from using the fee. It will simply saddle homeowners with higher interest payments. * Well, it may or it may not. I suppose if they decide to keep it then it WILL saddle the homeowners, but if they decide to get rid of it then it would affect income and the overall economy as well as making the house more expensive.

11. If the the goal is to help the future homeowner, and not the NAR, then honestly, there is little way the transfer fee with impact them negatively in terms of what they will receive out of it. If anything, it'll make the home cheaper.

Sincerely,

Jason Arechiga / Assistant Professor of History (Northwest Vista College)
President of Churchill HOA (San Antonio, TX)