

From: Charles Akerlow [cakerlow@gmail.com]
Sent: Wednesday, September 15, 2010 11:45 AM
To: !FHFA REG-COMMENTS
Cc: Matt Harber (Haymaker)
Subject: Guidance on Private Transfer Fee Covenants No. 2010-N-11

Dear Mr. Pollard-

I respectfully request 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. Even here in Utah, those that have been subjected to Transfer Fees have not found it a disadvantage when it came time to sell their homes although some realtors told them otherwise.
2. Transfer fees are voluntary. No one is forced to pay the fee and they are easily recognizable through proper disclosure.
3. We 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. And in a day when banks and other lending sources ae out of the market, transfer fee financng provides a wonderful alternative to financing capital improvements in the real estate project.
4. 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.
5. HOAs use transfer fees to lower quarterly dues. Non-profits use the income to provide important community benefits.
6. 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. And the fee is not a priority payment which comes before the loan is re-paid. The only time the fee is paid is when title transfers.
7. 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.
8. The guidance will not stop developers from using the fee. It will simply saddle homeowners with higher interest payments.

Sincerely,

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