

From: Dave Holaday [dholaday@wdcplan.com]
Sent: Thursday, September 16, 2010 4:21 PM
To: !FHFA REG-COMMENTS
Subject: Guidance on Private Transfer Fee Covenants No. 2010-N-11

Dear Mr. Pollard-

I urge you to reject the proposed guidance, for the following reasons:

- Transfer fees have been used for decades. There is no evidence that they have harmed consumers or lenders.
- Passing the guidance will negatively impact millions of homeowners, who ALREADY HAVE transfer fees on their properties and would then find their property ineligible for low-cost financing.
- Transfer fees are voluntary. No one is forced to buy a home subject to the fee. Fees are easily recognizable through proper disclosure.
- 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.
- Developers sell off the income stream (e.g. a development bond) and use the proceeds to pay off loans, restart projects and create jobs. In return, homeowners pay less up front.
- HOAs use transfer fees to lower quarterly dues. Non-profits use the income to provide important community benefits.
- These existing transfer fees are embedded within deed restrictions, and cannot be easily removed in most cases - if at all. Some fees (to charity) run in perpetuity.
- 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.
- 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.
- The guidance will not stop developers from using the fee. It will simply saddle homeowners with higher interest payments.

Sincerely,

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