

From: Trey Fava [tfava@aliantbank.com]
Sent: Monday, September 20, 2010 10:35 PM
To: !FHFA REG-COMMENTS
Subject: Guidance on Private Transfer Fee Covenants No. 2010-N-11

Dear Mr. Pollard,

I ask that you reject the proposed guidance on private transfer fees. I have worked in the banking and finance industry, specifically the mortgage industry, for over a decade and am intimately acquainted with the guidelines and regulations of Fannie Mae/Freddie Mac. I work closely with first-time homebuyers and developers throughout the country and I have seen first-hand how these covenants can benefit both of these parties.

Private transfer fees (also called capital recovery fees and home resale fees) have been around for decades and have largely been used to fund homeowner associations, condominium associations and non-profits. More recently, developers of both residential and commercial projects have turned to transfer fees as a way to spread development costs, reduce negative equity and re-start failed projects. Developers use these instruments to help spread infrastructure costs. This instrument creates a type of development bond, which is an attractive alternative to putting 100% of the costs onto the initial buyer. By selling off the income stream, developers can generate project liquidity, which eliminates negative equity and makes the project more affordable.

Transfer fees are voluntary. No one is forced to pay the fee and they are easily recognizable through proper disclosure. These fees are embedded in the deed restrictions and show up on a simple title search. These covenants would not have a negative impact on Fannie Mae/Freddie Mac. Lender liability has nothing to do with the ultimate use of these covenants. Developers simply use these fees to spread out the costs of infrastructure and in return homeowners pay less up front for properties with these covenants attached. HOA's use transfer fees to lower quarterly dues and non-profits use this income to provide important community benefits.

These covenants are beneficial to developers and homeowners and passing the guidance will negatively impact millions of homeowners, who will find their property now ineligible for low-cost financing.

I understand there are special interest groups exerting political pressure in an attempt to protect their own fees, however, a little research into this will show the true benefit of these covenants to the public and this fragile economy. I respectfully urge you to review the facts regarding this issue prior to making any decision.

Sincerely,

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