



National Cooperative Business Association

Submitted via E-mail: regcomments@fhfa.gov

September 22, 2010

Alfred M. Pollard, Esq.
General Counsel
Federal Housing Finance Agency, 4th Floor
1700 G Street, N.W.
Washington DC 20552

RE: Guidance on Private Transfer Fee Covenants, (#2010-N-11)

Dear Mr. Pollard:

The National Cooperative Business Association, whose members include over 20,000 cooperatives and 100 million people, urgently requests a specific exemption for housing cooperatives from the Federal Housing Finance Agency's (FHFA) proposed "**Guidance on Private Transfer Fees**" restrictions regarding transfer fees. In its present form, this Guidance will be devastating to our members – many of which include the residential homes of low-income families – whose resources of lenders willing to finance the purchase of apartments is already limited.

The proposed "Guidance" would restrict FANNIE MAE, FREDDIE MAC and the Federal Home Loan Banks from purchasing loans made to buyers on properties encumbered by a "Private Transfer Fee Covenant," sometimes called a flip tax, or a waiver, or an option fee.

Housing cooperatives are democratically run communities owned by their residents. Cooperative housing can be found at every level of the economic spectrum, and often provides home ownership opportunities to individuals who would otherwise have no hope of being owners. In fact, one of the ways that many housing cooperatives preserve their affordability is by imposing a transfer fee on the sale of units.

Our members' transfer fees do not go to a third party. Rather, the transfer fees collected by housing cooperatives go directly to fund reserves for the upkeep, repair and replacement of building systems and all the necessities of a well maintained building. With their help, the cooperative may also be able to afford additional amenities — a meeting room, a roof garden, an exercise facility, better landscaping, etc.

In the past, FANNIE MAE and FREDDIE MAC have found transfer fees to be a positive factor in their evaluation of housing cooperatives. The existence of a transfer fee is an indication of strong reserves coupled with affordable budgets, thus enforcing the marketability of the units in the cooperative. With the crisis our nation is facing in home ownership, this is not the time to undo what works in healthy home ownership communities.

The National Cooperative Business Association urges the FHFA to reconsider the Proposed ***“Guidance on Private Transfer Fee Covenants”*** to exempt housing cooperative transfer fees. We do not want the unintended consequence of increasing costs to home owners in cooperatives, and weakening – rather than strengthening – the viability of these important forms of home ownership.

Sincerely,

A handwritten signature in black ink that reads "Paul Hazen". The signature is written in a cursive, flowing style.

Paul Hazen
President and CEO