

From: Robert Gallant [rmgallant3@gmail.com]
Sent: Wednesday, September 15, 2010 1:38 PM
To: !FHFA REG-COMMENTS
Subject: Transfer Fees- see note in red at bottom

Dear Mr. Pollard-

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.
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.
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.
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.
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.
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.
10. The guidance will not stop developers from using the fee. It will simply saddle homeowners with higher interest payments.
11. I use a transfer fee to help pay for differed maintenance for the development. Every time a property is sold the money goes into an account in the name of the HOA. It is used to build a fund to offset the need for special assessments. Everyone purchasing in the development pays it one time, upon purchase of a property. It is .025%. It would be unfair to existing owners for someone new to not contribute to the fund for future maintenance of this very nice development.

I turned down a request from an outside company that wanted me to add a new transfer fee to the development and then they would buy it from me for several million dollars. This is the sort of thing you should check into and not legitimate transfer fees that are for the benefit of the property owners.

Sincerely,

Robert Gallant
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