From: Edward Finnegan [ed@estreich.com]
Sent: Thursday, September 23, 2010 12:19 PM
To: !FHFA REG-COMMENTS
Subject: Guidance on Private Transfer Fee Covenants,(No. 2010-N-11)

General Counsel Pollard

The proposed Federal Housing Finance Agency (FHFA) guidance that would prohibit Fannie Mae or Freddie Mac from buying mortgages on property that have a private transfer tax fee agreement, or a "Flip Tax" as it is known in New York, would seriously disrupt the stability and efficiency of the city's housing market.

The New York City condo and co-op housing market has operated with a flip tax for some time. In one study, it was reported that more than 50 percent of the co-ops in New York City have a flip tax.

This tax has bolstered the capital reserve fund of numerous buildings thereby funding critical and necessary capital improvements. These improvements have benefited the residents of these buildings and the surrounding neighborhood.

In New York these funds are going to the building's reserve fund, not to the developer of the building. It is when the private transfer fee is going to the developer, or their designated third party, that FHFA found objectionable. It is this practice that FHFA guidance was directed, not when the private transfer fee was going to the building's reserve fund.

We urge you to drop this current proposal which would harm New York City's housing market.

Sincerely,

Edward Finnegan
[redacted]