From: Beth Haroules [bharoules@aol.com]
Sent: Thursday, September 23, 2010 3:32 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 fees are going back to the property for the benefit of the building and its occupants, not to the building developer. These fees typically fund building maintenance, the repair and replacement of building systems, and additional building wide improvements that benefit the residents. FHFA is principally concerned with the private transfer fee covenant when the project developer, or their designated third party receives the proceeds, not when the fee goes to improve the operation of the building.

Our building is fairly typical of many New York City housing cooperatives absolutely dependent on flip fee income to bridge the gap between our families' ability to fund capital improvements and the large cash calls those capital improvements require. Our housing cooperative owns a 1917 building which is home to 36 middle class families. The flip fees that have been garnered from apartment sales in our building over the past 30 years since we became a cooperative have permitted us to continue to maintain our homes without the imposition of ruinous capital calls or large sized mortgages that our cooperative community cannot afford.

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

Sincerely,

Beth Haroules