

From: Alexis Hill [alexishill@usa.net]  
Sent: Sunday, September 26, 2010 6:43 PM  
To: !FHFA REG-COMMENTS  
Subject: Guidance on Private Transfer Fee Covenants, (No. 2010-N-11)

General Counsel Pollard

I am a long-time board member of a New York City housing coop. As a board member, I have focused on apartment sales (coop admissions) and financial matters. I have been proud to read in the Wall Street Journal that the diligence of coop boards has resulting in better performance of coop loans, and lower interest rates, here.

I am emailing you to comment on 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, which 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.

In my building, it was established in 1986.

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. This is certainly the case in my building and in my neighborhood.

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.

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

Sincerely,

Alexis Hill