

From: George Casey [gcaseyjr@gmail.com]
Sent: Tuesday, September 28, 2010 9:41 AM
To: !FHFA REG-COMMENTS
Subject: Guidance on Private Transfer Fee Covenants, (No. 2010-N-11) - Please Reject

Mr. Pollard:

I am writing to urge you to REJECT the proposed guidance No. 2010-N-11 relating to private transfer fees, as it is currently constructed.

I am highly familiar with these fees and have witnessed the positive implications that they have on both community life and on long term property values when the fees provide direct benefit to the homeowners of a community. They allow communities to have a relatively stable source of income that can support community social programs and facilities long after the development stage of a community is completed.

These programs and facilities enable the communities to differentiate themselves and the houses within them positively from communities and houses that do not have these long term funding sources. The net result is that home values tend to remain higher in such communities, which is in the interest of both the homeowners and lenders in the communities.

In the structure of the regime where this positive effect works, the transfer fee either funds into a special fund that is managed by an elected board of the homeowners of the community and for the benefit of the community or into a special fund administered by a qualified non-profit organization for programs that have direct impact on the community.

I believe that the legislation that is being proposed is targeted at a perversion of this type of system where the transfer fees are used to benefit the developer or sponsor of the community. I find this practice reprehensible and do agree that it should be stopped. The ability to use the transfer fee as a piggy bank and annuity stream for the developer has no lasting benefit for the community and its residents.

I believe that an appropriate response to the issue is not to throw the baby out with the bathwater, but to structure an exception for communities that utilize the transfer fees appropriately.

Communities with transfer fees that benefit the community's residents broadly should not be punished. I have seen the transfer fee used for both onsite and offsite benefits to a community. Offsite benefits include support of environmental and conservation efforts on lands abutting a community in order to maintain seclusion or provide for maintenance and amenities. Onsite, I have seen such fees used to support playgrounds, community theaters, and the establishment of clubs and community events that provide cohesion inside of a community.

This guidance as proposed could have a severe negative impact on the operations of homeowners associations, environmental groups and affordable housing programs that rely on these disclosed fees for their operations. A transfer fee has a real value to a community when used in specific circumstances that benefit the community being assessed.

The real estate market has been devastated over the past few years and this guidance, if adopted, would exacerbate the problem by significantly decreasing the value of homes in communities with private transfer fees already in place.

Approval of this proposal will place a cloud over thousands of transactions and make many properties difficult to sell- especially if a potential buyer cannot get a loan. With a high percentage of mortgages (by some estimates 90% are insured or backed by Freddie Mac or Fannie Mae) there will be significant disturbance and negative impact to the real estate market but also, importantly, to property owners trying to sell or refinance their property.

Approval of this guidance is ill-advised and should be REJECTED as currently constituted.

At a minimum, the comment period should be delayed and extended for a significant time to allow for the thoughtful and transparent consideration of the impacts of such a change.

Sincerely,

George E Casey Jr

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