

From: Taylor French [TFrench@barhiteandholzinger.com]
Sent: Tuesday, September 28, 2010 5:27 PM
To: !FHFA REG-COMMENTS
Subject: Guidance on Private Transfer Fee Covenants, (No. 2010-N-11)

Mr. Alfred Pollard
General Counsel
Federal Housing Finance Agency
1700 G Street, NW
Washington DC 20552

Sent Via email: regcomments@fhfa.gov

September 28, 2010

RE: FHFA Proposed Guidelines on "Private Transfer Fee Covenants"

Dear Mr. Pollard:

In response to Mary Ann Rothman's (CNYC #165, Exec Director) memo of September 3, 2010, concerning "FHFA Proposed Guidelines on "Private Transfer Fee Covenants" I write on behalf of the many clients for whom Barhite and Holzinger, Inc. is the managing agent, clients located in Westchester County, New York, exclusively.

In our portfolio of management clients, we represent about 3000 Co-op owners.

Approximately ½ of those are in properties subject to some form of Co-op transfer fees (flip taxes) levied when shares are sold. The funds are, almost entirely, used to benefit the building reserve funds (commonly referred to as reserves for capital projects). We are not currently involved in a conversion. None of our clients that I am aware of transfer any funds back to a developer or to an entity as a royalty payment or anything of that sort.

A broad-language prohibition of the flip tax to stop certain developers' behavior indiscriminately severs an otherwise viable source of funds for many clients. It is a source of revenue that has existed for many years in most cases. We cannot advise our clients to support the prohibitive language as proposed.

Sincerely,

Taylor N. French, Jr. CPM
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