

31-65 138<sup>th</sup> Street, # 1-H  
Flushing, NY 11354  
(631) 258-9683  
williampcoyle@hotmail.com

September 23, 2010

Mr. Alfred M. Pollard, Esq.  
General Counsel  
Federal Housing Finance Agency  
1700 G Street, NW  
4<sup>th</sup> Floor  
Washington, DC 20552

Re: **Public Comments Guidance on Private Transfer Fee Covenants (NO. 2010-N-11)**

Dear Mr. Pollard:

I write to you as a resident and shareholder of a co-operative apartment complex in the borough of Queens, City of New York.

I am in favor of prohibiting Fannie Mae from purchasing loans in buildings where there is a Transfer/Flip Tax. I am against the idea of a flip tax for a variety of reasons, and think it should be abolished.

According to a recent article in *The New York Times*, the flip tax was "first imposed in New York City in the late 1970s when many buildings were converting to co-ops, and residents were induced to buy their units with artificially low purchase prices...Flip taxes were created in case the buyers turned around and resold the units for huge profits."

The reason for the flip tax no longer exists, but many co-ops in my area continue charging them to sellers in order to bolster their income.

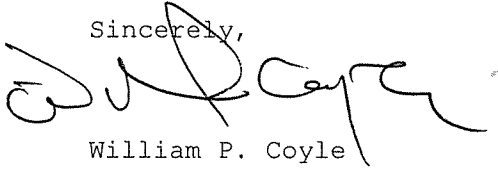
My co-op charges \$50 per share at the time of sale. When I sell my modest 1-bedroom apartment, I will have to pay back to my co-op \$15,000. *That is 11.5% of its current market value!* Additionally, the co-op board can simply decide to raise the per share flip tax any time it pleases.

Such a high flip tax, in my opinion, does not make the market more flexible and fluid. Rather, it deters people from selling, particularly in tough markets. Often the flip tax is the difference between breaking even and taking a considerable loss. A flip tax benefits long-term residents, who want to stay put, at the expense (and perhaps even discrimination) of younger residents who want to buy a co-op for a few years and then perhaps move on to a house or condo purchase. Huge flip taxes deter that mobility.

Mr. Alfred M. Pollard, Esq.  
September 23, 2010  
Page Two

I believe that it is incumbent upon co-op boards to manage their finances in ways that do not place the burden on sellers. The time for using the flip tax as an economic crutch has long since passed.

Sincerely,

A handwritten signature in black ink, appearing to read 'W. P. Coyle', written in a cursive style.

William P. Coyle