



ARNOLD SCHWARZENEGGER, Governor  
LESTER A. SNOW, Secretary for Natural Resources

September 28, 2010

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

RE: Guidance on Private Transfer Fee Covenants  
(No. 2010-N-11)

Dear Mr. Pollard:

I have become aware of the proposed Guidance on Private Transfer Fee Covenants (Proposed Guidance) that was issued by the Federal Housing Finance Agency (FHFA) and would like to express some concerns and opposition to this measure. While I understand and appreciate FHFA's intention to restrict inappropriate transactions that have been wrongly used to generate income streams for developers and investors, the Proposed Guidance is misdirected in that it would also restrict transfer fees that benefit the public, like natural resource conservation, affordable housing and community infrastructure. The Proposed Guidance, as presently crafted, would cause significant negative impact to California's economy. During these difficult economic times, implementation of this measure without taking into consideration the importance of community benefits fees is ill-timed and will exacerbate the weak housing market, especially impacting current property owners.

While the negative implications to the sale of homes is clear, I am very concerned about how this Proposed Guidance will impact legitimate efforts to address important efforts that benefit our environment, natural resources and our communities. In California, the use of community benefits fees have been critically important as a private tool to fund the purchase of environmentally significant lands and to provide funds for habitat restoration and stewardship. Given our limited public resources, the use of private funding mechanisms is absolutely vital for the future of environmental preservation and resource conservation. As I understand it, the Proposed Guidance would eliminate this important tool. In addition to doing away with the ability to use this tool in the future, it would also jeopardize existing conservation plans and agreements that have been put in place.

1416 Ninth Street, Suite 1311, Sacramento, CA 95814 Ph. 916.653.5656 Fax 916.653.8102 <http://resources.ca.gov>

Baldwin Hills Conservancy • California Coastal Commission • California Coastal Conservancy • California Conservation Corps • California Tahoe Conservancy • Central Valley Flood Protection Board  
Coachella Valley Mountains Conservancy • Colorado River Board of California • Delta Protection Commission • Delta Stewardship Council • Department of Boating & Waterways • Department of Conservation  
Department of Fish & Game • Department of Forestry & Fire Protection • Department of Parks & Recreation • Department of Resources Recycling and Recovery • Department of Water Resources  
Energy Resources, Conservation & Development Commission • Native American Heritage Commission • Sacramento-San Joaquin Delta Conservancy • San Diego River Conservancy  
San Francisco Bay Conservation & Development Commission • San Gabriel & Lower Los Angeles Rivers & Mountains Conservancy • San Joaquin River Conservancy  
Santa Monica Mountains Conservancy • Sierra Nevada Conservancy • State Lands Commission • Wildlife Conservation Board



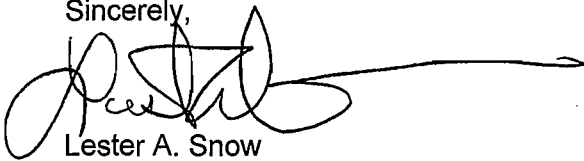
Page 2 of 2  
Mr. Alfred Pollard  
September 28, 2010

By way of example, in 2008, Governor Schwarzenegger announced the completion of an historic Conservation and Land Use Agreement that provided for the permanent conservation of more than 240,000 acres of the 270,000 acre Tejon Ranch – an important property – both environmentally and culturally for the people of California. This agreement was the result of years of discussions with the property owner and several important environmental organizations and was made possible because the acquisition funding for these lands will be provided in large part by the payment of conservation fees collected at the time of title transfer of residential properties. If the Proposed Guidance is adopted this important agreement as well as a multitude of other agreements impacting environmental conservation, agreements for affordable housing and other community infrastructure purposes, will be jeopardized and likely nullified.

I urge you to reconsider and reject this Proposed Guidance as currently drafted. While there may be misuses of private transfer fees, this measure reaches far beyond the problem and will prohibit the ability to use this tool in the future to privately fund important community features, It will also cause significant instability and call into question existing agreements already in place.

If you have further questions about how FHFA's Proposed Guidance would impact California's natural resources, please contact me at (916) 653-5656.

Sincerely,

A handwritten signature in black ink, appearing to read "Lester A. Snow", with a long horizontal flourish extending to the right.

Lester A. Snow  
Secretary for Natural Resources

cc: The Honorable Barbara Boxer  
The Honorable Dianne Feinstein  
The Honorable Nancy, Pelosi, Speaker of the House  
The Honorable Joe Baca  
The Honorable John Campbell  
The Honorable Kevin McCarthy  
The Honorable Gary Miller  
~~The Honorable George Miller~~  
The Honorable Edward Royce  
The Honorable Brad Sherman  
The Honorable Jackie Speier  
The Honorable Maxine Waters