

From: PJDECK7777@aol.com
Sent: Tuesday, September 28, 2010 7:56 PM
To: !FHFA REG-COMMENTS
Subject: Guidance on Private Transfer Fee Covenants No. 2010-N-11

Re: Guidance on Private Transfer Fee Covenants No. 2010-N-11

Dear Mr. Pollard,

I ask that you reject the proposed guidance, for the following reasons:

My husband and myself and our business partners are just one of the many developers throughout the country, that are struggling to fund and complete stalled projects and have few refinancing options available to us. We do not fit the profile of the "big greedy developers" that is so often painted. We are a small independent company that is trying to build affordable homes in a low income area. The huge infrastructure costs for our projects are for the most part paid up front, and it takes years to actually recover those costs, let alone start to make a profit. Now with the downturn in new home sales, our projects have lost value because of falling prices. When our projects idle, our workers are laid off and orders for materials are halted. Those of us in all aspects of the housing industries are struggling to stay in business.

In many cases the loans that have underwritten good projects are now in jeopardy, having a negative affect on the balance sheets of community banks, with the burden often falling on the FDIC insurance fund.

The issue for us is how to pay for increasingly high infrastructure costs at time when projects are suffering from negative equity. A private transfer fee does not require a government bailout, it does not use taxpayer funds, and it is paid by homeowners who willingly agree to do so and who, will simply negotiate their price accordingly.

Private transfer fees (or more accurately, capital recovery fees) reverse the downward trend that we are seeing right now throughout the housing industry to the benefit of all parties involved. For home buyers, the up-front property costs are reduced in exchange for the agreement to pay the 1 percent transfer fee when they sell the property years later. In addition, the interest payments saved over the life of the loan, as a result of the lower initial acquisition cost, can be enough to offset the transfer fee paid at the time of sale. It is a small price to pay to put thousands of people back to work in the construction and housing industries and help to stabilize those industries in the future. At a time when the U.S. economy is struggling, our government should not be eliminating this potentially beneficial financing tool.

Please reject the proposed Guidance on Private Transfer Fee Covenants No. 2010-N-11.

Sincerely,
Phyllis Siegel
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