

Please Do Not Reply This Email.

Public Comments on Proposed Guidance; Request for Comments: Private Transfer Fee Covenants:=====

Title: Proposed Guidance; Request for Comments: Private Transfer Fee Covenants  
FR Document Number: 2010-20108  
Legacy Document ID:  
RIN: null  
Publish Date: Mon Aug 16 00:00:00 EDT 2010  
Submitter Info:

This ban has been proposed because it is "believed" that private transfer fees MAY impede the marketability and valuation of properties, MAY raise homeownership costs, and MAY contribute to reduced transparency for consumers because the fees are not disclosed by sellers and are difficult to discover through customary title searches.

These fees have been imposed on thousands of properties over the years. It should be easy to gather hard data to determine whether they actually HAVE impeded marketability, valuations, raised ownership costs, or gone undetected. This ban will negatively impact thousands or hundreds of thousands of homeowners. Thousands of transactions involving private transfer fees have already closed. This ban should only be considered based on actual harm that has been determined by those transactions, and not upon theory or "belief."

If these fees actually impact marketability or valuations, that would simply lower the fair market value of the property and the appropriate response would be to make sure the appraisers consider the impact of the covenant when they appraise the property. Frankly, if these fees have impacted marketability and/or valuations, the market has likely already adjusted for that fact and these properties are selling for less. Either way, the risk to Fannie Mae or Freddie Mac is eliminated if the appraisal of the property has been adjusted due to this impact.

Some have commented that private transfer fees that benefit non-profits should be allowed, but those that benefit individuals or for-profit entities should be banned. The beneficiary is irrelevant. These fees either do or don't impact marketability, valuations and homeowner costs. If they do, that is true no matter who the beneficiary is.

Please gather hard facts about the impact of private transfer fee covenants on property. There is no reason to debate theory when facts are available.