

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:

There are many recipients to the benefits of transfer fees. If there was full disclosure at the outset, then they are never a surprise to anyone. Many try to say that transfer fees are a "new" thing, that they encumber property long after the original owner is gone. The reality is that transfer fees are no different than easements, water rights, mineral rights, etc. All of them are passed down from owner to owner over time.

Transfer fees allow developers to seek capital for infrastructure development without burdening the initial homeowner with the full cost of those improvements.

When there is full disclosure, all parties to the sale of a property will determine their price offers accordingly. taking into account the existence of the covenant. This will inevitably result in a lower price for the property. In the short term, allowing the developer to market the net present value of the created income stream provides capital which the current markets are unable to supply. This will allow the creation of jobs in the construction sector immediately.

If a rule is passed that causes all properties with existing transfer fee covenants to be treated as non-conforming loans under Freddy and Fannie guidelines, it will cause great harm to all existing home developments where covenants exist that benefit the Homeowner's Association. You will place a considerable percentage of existing properties into non-conforming status for no good reason.

When all the facts are fully understood by everyone involved, it appears that the only participants that are negatively impacted are realtors and title agents.

The realtors believe that if the price of the property is lowered because of the fee, then their commission will also be lowered. A very selfish belief, though true. They also believe that at closing the seller will try to squeeze the agent to help pay the fee. Another selfish belief.

Title agents just believe it will cause them more work for which they won't be paid.