

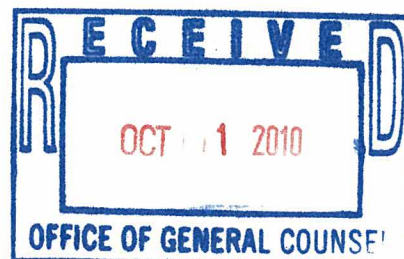


Green Valley Community Coordinating Council, Inc.

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September 21, 2010

Honorable Alfred M. Pollard
General Counsel
FHFA
1700 G Street, NW
Washington, DC 20552



Dear Mr. Pollard:

It has come to our attention that the Federal Housing Finance Agency is proposing a Guidance to restrict Fannie Mae, Freddie Mac and the Federal Home Loan Banks from investing in mortgages on properties with private transfer fee covenants.

The Green Valley Community Coordinating Council (GVCCC) located in Green Valley, AZ wishes to voice its objection to a section of the proposed Guidance. By way of background, Green Valley is an unincorporated retirement community located approximately 25 miles south of Tucson, AZ on I-19 leading to Nogales, AZ and Nogales, Sonora, Mexico. The GVCCC was formed approximately 37 years ago as a quasi-governmental organization in dealing with County, State and Federal agencies on issues that affect the life-style of its 25,000 residents. For your information, the substantial majority of residential development in Green Valley is composed of homeowner associations (HOA's) with 70 of those HOA's as members of the GVCCC.

In response to the "concerns" stated in the News Release dated August 12, 2010 we offer the following comments:

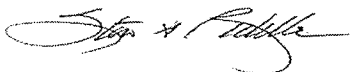
- **Increase the costs of homeownership** – In the case of a resale, every HOA has a substantial number of documents that must be given by the seller to the buyer at the close of escrow and these include recorded Bylaws, Covenants, Conditions and Restrictions, (CC&Rs), Policy Manual, Association Directory and other documentation that an association has compiled to handle its routine activities. HOA dues are a given and known cost comparable to property taxes and/or assessments. Dues and fees are included in the association CC&Rs. Transfer fees are a part of the home sales transaction to cover the expenses incurred by the association in complying with not only the association CC&Rs, but, the instructions received from the title company/escrow. There is a cost involved, but it is not a substantial amount compared to the overall transaction.
- **Limit property transfers or render them illegally uncertain** – With the CC&Rs of each association, there is specific language regarding the payment of dues to cover the costs associated with the maintenance/repair of the "common areas" i.e. streets and landscaping, together with property taxes, insurance, social events, security system (optional) or other costs that directly benefit the HOA member. The buyer is an "informed buyer" when purchasing a home in a HOA.

- **Detract from the stability of the secondary mortgage market, particularly if such fees will be securitized.** In every sales transaction, an escrow contains a detailed breakdown on the costs associated with the transfer of the property. These costs known to all parties in the transaction have absolutely no affect to the stability of the market.
- **Expose lenders, title companies and secondary market participants to risks from unknown potential liens and title defects.** Contained in the CC&Rs that are recorded against the property are specific sections relating the payment of dues, assessments and any other fees including a transfer fee. These fees are “spelled out” in detail and are then set forth in the Closing Statement as prepared by the title company/escrow and approved by both buyer and seller. Potential liens will always exist if the property owner does not comply with the payment of property taxes or the payment of HOA dues or other fees as set forth in the CC&Rs.
- **Contribute to reduced transparency for consumers because the fees often are not disclosed by sellers and are difficult to discover through customary title searches, particularly by successive purchasers.** As stated above CC&Rs are recorded against the property and made available to the buyer by both the title company and the HOA prior to the close of escrow. In a typical sales transaction, the escrow officer and the title company make it known to all parties of the potential sale. As part of the transaction, both the seller and the HOA submit a demand for payment to the escrow. A title insurance policy is provided to the buyer to protect against the “unknowns.”

In summary, transfer fees in a homeowner association are stated within their CC&R’s and are a common practice. The income received from the resale of homes within the association is used for the direct benefit of the members of that association. This income from the transfer of property helps associations keep the member dues increases at a minimum. While some homeowners in the association own their property free and clear of any mortgage, to exclude those potential buyers who finance their purchase, places a burden on the association to absorb the costs associated with the transaction. This is not a fair and equitable transaction.

In our opinion, the “concerns” expressed in the News Release have no basis of fact as related to homeowner associations. Accordingly, we respectfully request that in your deliberations on the Guidance, that you exclude homeowner associations from the final recommendation.

Sincerely,



Stan A. Riddle
President.

cc: Senator Kyl