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THE COUNCIL OF  
THE CITY OF NEW YORK

**MARK S. WEPRIN**  
COUNCIL MEMBER, 23<sup>RD</sup> DISTRICT, QUEENS

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September 22, 2010

Edward DeMarco, Acting Director  
Federal Housing Finance Agency  
1700 G Street, NW, Washington, DC 20552

Dear Director DeMarco:

I am writing to request an exception for cooperative housing associations in New York City to the proposed rule change your agency is considering for private transfer fees, commonly known as flip taxes. The rule change would prevent institutions such as Fannie Mae and Freddie Mac from investing in mortgages on property where a flip tax is in place. This rule would have a detrimental affect on the middle-class residents of New York City who live in cooperative housing associations, more commonly known as co-ops.

Co-ops are a popular form of home ownership in New York City. Many of the residents living in co-ops are middle class families and senior citizens on a fixed income. Unlike other private transfer fees that only benefit third-party developers, the flip taxes imposed by most co-ops in New York are added to the capital reserves of these organizations in order to lower the cost of living for residents and to make capital improvements to the housing. Without the ability to charge a flip tax upon the sale of an apartment, some co-ops would be forced to assess their shareholders and residents hundreds of dollars more each month. Co-ops in New York City keep costs in check and enhance both quality of life and property values through capital improvements financed by flip taxes. Due to New York City's unique concentration of co-ops, we need an to exemption the proposed rule.

Thank you for your attention on this matter.

Sincerely,

MARK S. WEPRIN  
Council Member

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