

From: Michelle McManus [mmc_mcmanus@yahoo.com]
Sent: Friday, October 08, 2010 10:58 AM
To: !FHFA REG-COMMENTS
Subject: Guidance on Private Transfer Fee Covenants (No. 2010-N-11)

As a shareholder and member of the Board of Directors of the Forest Park Cooperative, Section 2, in Queens, NY, I am very troubled about the new rule the federal government has proposed that would restrict Fannie Mae, Freddie Mac and the Federal Home Loan Banks from making loans to buyers on properties with a Private Transfer Fee Covenant or a flip tax. The implementation of such a rule would create a substantial financial deficit in our Cooperative's budget as well as in the budgets of many other cooperatives. Forest Park Cooperative's fiscal stability and the ability to keep the maintenance charges at a reasonable level are very dependent on the capacity to collect flip charges. To offset this shortfall in our budget, our maintenance charges would have to be increased by 10 percent, which would be in addition to other increases needed to compensate for annual expenditure growth. I know it would be a considerable economic strain on our shareholders to absorb this added expense.

Another potential problem with the implementation of this new rule is to change the Cooperative's bylaws. The Cooperative would need to have two-thirds of the shareholders to vote and agree to remove the flip tax charge from our bylaws. As you know, it is almost impossible to get a group of people to agree on anything, particularly if it will cost them additional money.

I ask you to please take these issues into consideration when making a determination on this new rule.

Thank you,

Michelle McManus

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