

From: Shu Bartholomew [shul@cox.net]  
Sent: Friday, October 08, 2010 1:01 PM  
To: !FHFA REG-COMMENTS  
Subject: ''Guidance on Private Transfer Fee Covenants, (No. 2010-N- 11)''

I urge you to adopt your proposed "Guidance on Private Transfer Fee Covenants" prohibiting Fannie Mae, Freddie Mac and the Federal Home Loan Banks from dealing with mortgages in developments that impose transfer fees.

Over the past several decades residential associations have, due to a number of factors, fallen behind on funding future needs. This includes failure to properly fund the reserves, mismanagement, embezzlement, misappropriation of funds, use of funds for items other than their intended purposes and the list goes on and on. Attempts by associations and association industry members, including the Community Association Institute (CAI), the \$50 Billion annual industry of lawyers and managers who specialize in associations, to make up for cash shortfalls have included fining members for alleged "rules violations", foreclosing (non judicially in many states) to collect these fines (including huge legal fees), special assessments and additional bogus charges and fees.

Many of the fees and assessments that are being charged by associations are not collected for the association and the owners see no benefits. Industry groups will insist associations are woefully underfunded and that the fees are needed for routine maintenance and repairs or to reimburse the developer for construction costs. Many of the fees are charged by the various vendors for their own enrichment.

In addition to the transfer fees collected under authority of the governing documents, such as the fees based on a percentage of the sales price of the unit that total in the thousands of dollars, management companies also charge unauthorized transfer fees. These fees are allegedly used to update owner information on their data bases, a job they are already contractually being paid to do by the association. Often these fees are being collected at settlement without the knowledge of the association. With all the other fees, taxes, charges and commissions, listed on the HUD 1, it is a relatively minor charge of \$100 or so, easily hidden and overlooked.

Developers pass on the cost of the common areas and the infrastructure in the initial cost of the unit. Additionally, many states and many developers have set up special taxing districts. These entities assume loans to pay for the infrastructure, the land, the common elements and future homeowners are required to pay these loans off. They represent yet another layer of government and another taxing authority.

American homeowners are constantly paying several times over for goods and services they are not getting - from anyone.

I urge you to stop the bleeding and adopt these guidelines. In fact I urge you to broaden the ban to include any property encumbered by a mandatory membership association.

Respectfully,

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