

From: Nardi, Michael [Michael.Nardi@nyumc.org]
Sent: Monday, October 11, 2010 2:05 PM
To: !FHFA REG-COMMENTS
Subject: Guidance on Private Transfer Fee Covenants, ((no. 2010-N-11))

To Whom It May Concern:

It has come to my attention the Federal Housing Finance Agency (FHFA) is proposing a 'guidance' for public comment that would restrict Fannie Mae, Freddie Mac and the 12 Federal Home Loan Banks from investing in buildings with private transfer fee covenants. It is my understanding the FHFA's primary intent is to stop developers from imposing 99-year covenants on new homes that require sellers to kick back a percentage of the sale price of the home to the developer when the homeowners sell their home. It is also my understanding that this practice is not popular in New York State, but in the Southwest and in Florida.

I am the President of the Board of Directors of a 100-unit co-operative (Fire Island Pines, Inc) which presently has a transfer fee (commonly referred to a flip tax in the New York City region). It is the belief of this Corporation that the selling price of a unit is not based solely on the location and condition of the individual unit, but also on the condition and maintenance of the physical plant of the Corporation. Therefore, it is believed the Corporation should receive a small portion of the sales price for this effort. In our Corporation, this transfer fee is collected and placed into a fund earmarked only for capital improvement projects. Its expenditure must be approved by an affirmation from a majority of the shareholders of the Corporation. Therefore, the transfer fee is used solely for the overall benefit of the Corporation and not for the profit of any developer.

I urge the Federal Government not to enact any proposal to broadly eliminate the transfer fee. I firmly believe the enactment of such a rule would significantly and adversely affect the financial status of many Co-operatives and Condominiums in the New York City region where both of these types of living accommodations are so common and popular. It will present very serious problem for the ability of such buildings to maintain their physical structures. One wonders if such an action would result in even more defaults on loans as the costs covered by the transfer fee would need to be passed on to the shareholders.

Sincerely,

Michael Nardi

As President, Fire Island Pines, Inc.

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