

From: Roxanne Cabrera [rcabrera@huffinescommunities.com]
Sent: Monday, October 11, 2010 5:29 PM
To: !FHFA REG-COMMENTS
Cc: Phillip Huffines
Subject: FW: Guidance on Private Transfer Fee Covenants, (no. 2010-N-11)

From: Phillip Huffines
Sent: Monday, October 11, 2010 3:46 PM
To: 'regcomments@fhfa.gov.'
Subject: Guidance on Private Transfer Fee Covenants, (no. 2010-N-11)

To Whom It May Concern:

Please be advised that my firm is one of the largest developers of detached single family lots in Master Planned Communities (MPC) in the Dallas/ft worth area.

Please visit our website, at Huffines Communities.com. We currently have under development several communities with several thousand homes completed and thousands planned.

All of our communities have very active HOA's (Home Owner Associations) and all the HOA's documents, which are filed of record require a transfer fee to be paid by the homebuilder and each home purchaser. The amount of the fees varies from a few hundred dollars up to 1% of the home sales price. All of these fees, except about \$75 that is paid to the HOA management company (hired by the homeowners) to process the change in ownership, are funded to the HOA itself or to a non profit foundation established to only benefit that community. The fees that the HOA receives are usually stipulated to be used for reserves and enhancement of the community. The Community Foundation fees are used to fund education (usually scholarships) and the arts. These fees are clearly stipulated in the HOA documents and are viewed positively by the homeowners as asset to the community. In fact, the home builders use them as a marketing tool.

It appears that your real purpose in implementing a proposed rule to prohibit all transfer fees is not to "protect the collateral of government mortgages" but to stop transfer fees to developers. If the transfer fees are a detriment to the value of the property (which I take exception to) then the original appraiser would have discounted the property for such and the value of your collateral should already reflect the fees. If you are finding that new appraisers are only now discounting the value "because" of the fees you have an appraisal issue. My bet is the value of your collateral decreased due to over supply and market conditions and the appraisers are looking for excuses as to why the values declined so greatly. Regardless, the fees can only be filed of record and placed on property PRIOR to the sale. Transfer fees to developers do not in any way negatively affect the home value.

I would like to be clear that my firm does not receive or collect any transfer fees. With that stated, I would like to register my opposition to the regulation by FHFA of Private Transfer Fee Covenants.

Any regulation that occurs will negatively distort the markets, especially if the regulation attempts to usurp the existing agreements between the HOA and its homeowners and between the developers and its homebuilders. If future HOA's are

deprived of this revenue source it is the individuals, the homeowners that will suffer. Once again the homeowners are the ones that own and run the HOA and have repeatedly viewed the transfer fee as fair because it is only paid when a new resident purchases. Otherwise this revenue burden would fall on the existing homeowners. The strength and financial health of a community HOA is the primary determinate as to the value of homes and the mortgage collateral and should be your fundamental concern. I am certain that any regulation by your agency would further damage the housing market and just create a total mess.

Phillip Huffines

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