



October 11, 2010

The Honorable Alfred M. Pollard  
General Counsel  
Federal Housing Finance Agency  
Fourth Floor  
1700 G Street, NW  
Washington, DC 20552

Re: Guidance on Private Transfer Fee Covenants (#2010-N-11)

Dear Sir:

St Joe Community Foundation was created in 1999 as a way for The St Joe Company (JOE) to invest in Northwest Florida's civic infrastructure and build healthier communities: quality health care; good schools; respect for the environment; and programs that honor local arts and cultural heritage of the region. This idea grew out of the recognition that select communities The St Joe Company is creating will have an immediate and long-range impact on the towns and lives of people in the region and, likewise, the success of the region directly impacts The St Joe Company's communities. To date the Foundation has granted and pledged more than \$15 million.

Of this amount more than \$7.6 million has been awarded to improving access to medical care with the building of the Sacred Heart Hospital on the Emerald Coast and Sacred Heart Hospital on the Gulf. Before the hospital in Walton County, residents and tourists had to travel to either Fort Walton Beach or Panama City for emergency care. In the summer months, that could mean a matter of life and death. The St Joe Company donated the land and The St Joe Community Foundation awarded \$ 1.6 million for the construction of the hospital as well as the Women's Center.

In Gulf County, after the closing of a local hospital the health department was providing primary care to county residents including a walk-in clinic. The nearest access to emergency medical care was either in Panama City or Tallahassee, Florida. The St Joe Company again donated the land and the St Joe Community Foundation pledged \$5 million to be awarded over a ten year period.

The Board of Trustees of the Foundation recognizes that education is a very important issue not only in Northwest Florida, but in the entire United States. Since 1999 The St Joe Community Foundation has pledged and awarded nearly \$4.6 million from primary education to college level education. Just recently the Board has chosen to support the efforts of the Naval Flight Academy at the base in Pensacola. This is a major commitment of \$1,250,000 over five years. The facility will open in 2012 and will represent world class STEM (Science, Technology, Engineering and Mathematics) education. The students will live in a virtual world transformed into an aircraft carrier environment for 5½ days. The St Joe Community Foundation's \$1,000,000 grant is

earmarked for equipment and funding of the Joint Intelligence Center and the Joint Operations Center. The students will be planning missions in the Intelligence Center and the student aviators will command and control virtual aircraft flown in up to 42 networked flight simulators in the Operations Center. The remainder of \$250,000 will fund 50 scholarships per year for five years to help fund students from Bay, Franklin, Gulf and Walton Counties who will be attending the Naval Flight Academy for nearly a week.

The Foundation has also awarded grants in Arts & Culture (nearly \$800,000); Civic and Community (over \$2 million); Disaster Relief (approximately \$350,000); Environmental Studies of the bays and conservation of the unique Coastal Dune Lakes (\$92,000 +).

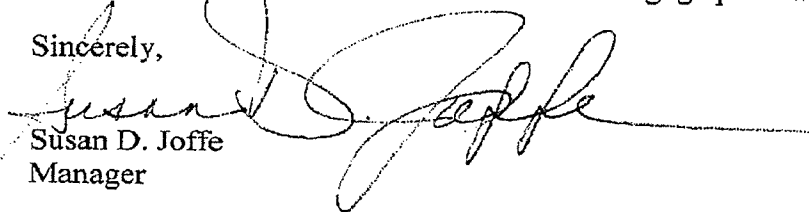
The St Joe Community Foundation is funded through the sale of real estate in certain JOE communities. Every time a piece of property sells the Foundation receives one half of one percent of the selling price. The St Joe Company pays the transfer fee at the initial sale and the buyer pays the fee thereafter. Those fees are then invested in Bay, Franklin, Gulf and Walton Counties in Northwest Florida. The transfer fees collected by the Foundation are clearly disclosed in recorded covenants and in separately recorded notice instruments.

The housing market is weak and has not begun a sustained recovery nationwide. FHFA's proposal to prohibit Fannie Mae, Freddie Mac and the Federal Home Loan Banks (the GSEs) from buying or investing in mortgages on homes in community associations with deed-based transfer fees will only cause further harm. Since the fees are embedded in the properties' deeds, it is almost impossible to remove them. Most of these communities will immediately become off-limits for the GSEs. Without access to credit, these homeowners will suffer – not because they made a bad decision, but because FHFA was trying to “help.” A survey of Community Associations Institute's member communities suggests that up to a quarter of the more than 24 million housing units in community associations could be blocked from mortgage financing under this rule.

As communicated above, The St Joe Community Foundation returns the transfer fee to the communities by improving life for all residents of and visitors to Northwest Florida, including those paying the fee. If FHFA wants to help homeowners rather than harm them, the agency should focus its efforts on examining the impact of fees that are payable to third parties not connected to the underlying property or community association. These fees are a recent development and deserve close examination by regulators. Fees that support the underlying property have a more than 30-year track record of benefiting communities.

On behalf of The St. Joe Community Foundation, we respectfully request that the FHFA revise or withdraw its ill-conceived GSE mortgage purchasing guidance on transfer fees.

Sincerely,

  
Susan D. Joffe  
Manager