

From: Bob and Darlene [bobdiff@cox.net]
Sent: Tuesday, October 12, 2010 10:02 PM
To: !FHFA REG-COMMENTS
Subject: Guidance on Private Transfer Fee Covenants (No. 2010-N-11)

1308 Leisure World
Mesa, AZ 85206-3013
12 October 2010

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

ATTENTION: Public Comments, "Guidance on Private Transfer Fee Covenants, (No. 2010-N-11)"

Sir:

My understanding is that your agency is considering the denial of coverage of mortgages for condominiums which have any form of a transfer fee at the time of the sale. If this restriction passes for condominiums, it would not be beyond reason to expect that this policy could later be applied to home owners' associations as well. Hence, I wish to protest any such restrictions.

I live in an age-restricted, gated community, which is a county island, not part of, nor supported by, the City of Mesa. Our Covenants, Conditions, and Restrictions (CC&R's) specifically prohibit the Board of Directors of our HOA from taxing residents or passing special assessments. Therefore, we must rely on our \$2,000 transfer fee at the time of sale of one of our 2,664 houses to provide funds for modernization or expansion of our 40-year old community property (approximately 100 to 120 such sales each year). Common property consists of Administrative Offices, meeting rooms, two ballrooms with commercial kitchens, two swimming pools, about 20 or so club rooms (billiards, computers, ceramics, painting, woodworking, etc), two golf courses with attendant facilities, security facilities, a fitness center with exercise machines, a landscaping department with equipment storage and repair facilities, a small café, an RV storage lot, 26 miles of roadway, and I am sure other items which I have not mentioned. This HOA is entirely self-controlled; we have not had a developer involved with Leisure World since it was transferred to our community corporation about 30 years ago. In order to keep these operations current and working smoothly, we need to update our facilities on a routine basis. Currently we use our Facilities Modernization Fund, into which the transfer fee is deposited, to accomplish major repair and updates.

Our Board of Directors has, over the years, tried to keep our HOA fee as low as possible, as most of our residents are retired, living on fixed incomes. If we are denied this transfer fee we would see a drastic increase in our HOA fees, which most of us cannot afford. We have a lot of maintenance of community property; this is in our HOA fees. But major repair and/or replacement, expansion of any facility, or addition of any new amenity would require major funding. Where would those funds come from, if not from the transfer fee? I believe the ramifications of this proposal have not been thoroughly studied; rather someone, who does not like transfer fees, has suggested they be abolished and that denial of FHA financing would be the way to accomplish it. Long term implications are at stake; please do not implement any such restriction without

a clear evaluation of such. I am sure the Community Association Institute (CAI) would be able to provide your staff with an in-depth study of the effects this would cause across the Nation.

Sincerely,

Charles R Differding, Chair
District 7, LW Community

Association

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Bob Differding, Manor 1308

"Those who cannot remember history are condemned to repeat it," Winston Churchill (originally from George Santayana), and, to make things complete, "Suppose you were an idiot and suppose you were a member of Congress, but I repeat myself." Mark Twain.