

From: John Davis [johnmdavis@nyc.rr.com]  
Sent: Tuesday, October 12, 2010 10:23 PM  
To: !FHFA REG-COMMENTS  
Subject: Guidance on Private Transfer Fee Covenants, (No. 2010-N-11)

To Whom It May Concern:

Thank you for allowing concerned parties an opportunity to comment on the proposed Guidance on Private Transfer Fee Covenants.

I write to you as the President of the 56 Pine Street Condominium Board of Managers. In this capacity I represent the collective interests of 93 condominium owners. We understand the spirit of the Guidance; to restrict the collection of fees based on resale of properties because it is assumed such revenues go into a general collective owners' fund or serve to enrich a developer. It is assumed these revenues could be generated more transparently through common charges / homeowner association dues.

However there are real costs to condominiums and homeowners associations that are directly attributable to the resale of properties and should not be paid for by the remaining collective owners. These costs include but are not limited to: the time and expense of preparing paperwork, reviewing applications, conducting due diligence, staffing for move-ins and move-outs, and wear and tear on the facilities inevitably caused by movers. Eliminating the ability for condominiums and homeowners associations to assess a fee based on property transference in these instances unfairly shifts real expenses from the transacting party, to the remaining homeowners who have nothing to gain from the transaction.

If the Agency proceeds with the proposal, we encourage you to modify the Guidance to differentiate and allow fees that reimburse the condominium and homeowner associations for the expenses incurred as a result of the transaction. One possible solution is to allow transfer fees to be paid to condominiums and homeowners associations commencing at such time that the developer cedes control to the collective owners. (This time is clearly defined in all offering plans.) Doing so removes the profit opportunity from the developer. Because the condominium or homeowners association is required to be represented at the closing, (unlike a developer in a 99-year clause) there is no chance of the fee going unpaid and producing a future encumbrance on the property.

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