From: Chris W [chrisw@esper.com]
Sent: Wednesday, October 13, 2010 5:01 AM
To: !FHFA REG-COMMENTS
Subject: Guidance on Private Transfer Fee Covenants No. 2010-N-11

Importance: High
Alfred M. Pollard, General Counsel
Federal Housing Finance Agency
1700 G Street NW., Fourth Floor
Washington, DC 20552
Via: regcomments@fhfa.gov

Attn: Public Comments

Re: Guidance on Private Transfer Fee Covenants No. 2010-N-11

Dear Mr. Pollard,

Please consider my strong professional and personal opposition to the bill noted above.

I am an independent property annalist and consultant to property owners and developers.

This bill is an especially counter productive initiative, without validated technical justification.

Transfer fees / covenants have been used on millions of properties for decades, nothing new.

This is a time tested method of spreading development / infrastructure costs, but with reduced debt load.

A reduced debt load yields a better equity position for lenders and buyers.

These types of covenants have a long history of decisively positive results for all parties to a transaction.

They pose zero risk to anyone and in fact generate a more secure transaction for the parties overall.

They operate in a normal manner, similar to other covenants for conservation, historical preservation, etc.

The market wants and needs these covenants as an essential debt-reducing funding tool for property construction.

They do not eliminate the need for lending, but they do reduce it for the long term development cost items.

These are a solution to the drag that the high cost and risk of tying up capital in infrastructure development incurs.

These are basically a mini bond that spreads out initial costs over a long future time frame, with less debt load.

These funding instruments yield positive results for developers / builders and property buyers.

This is especially true for individual home buyers who receive a lower purchase cost.

This yields more affordable homes and therefore less debt on the buyer’s side too / smaller mortgage.

A smaller mortgage means lenders can make more mortgages available and enjoy a better loan to equity position.

Also included is title insurance which additionally protects buyers and lenders.

Covenants create residential and commercial development funding where lending is basically nonexistent.

They reduce developer’s and buyer’s dependence on incurring debt for property construction and ownership.

Ultimately they stimulate positive growth by lowering costs, lowering financial risk and by creating jobs!

Best Regards,
Chris Wetherall
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Oak Ridge TN 37830