

JON KYL

ARIZONA

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COMMITTEE ON FINANCE

COMMITTEE ON THE JUDICIARY

REPUBLICAN WHIP

United States Senate

WASHINGTON, DC 20510-0304

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October 12, 2010

Leslie Platt
Sun City Vistoso Finance and Budget Committee
14092 North Clarion Way
Oro Valley, Arizona 85755

Dear Leslie:

Thank you for contacting my office with your concerns.

In an effort to be of help, I have taken the liberty of forwarding your correspondence to officials at the Federal Housing Finance Agency to ask that your comments be given appropriate consideration as the agency decides how to proceed.

Please feel free to contact me if I may be of assistance with any other federal matters.

Sincerely,



JON KYL
United States Senator

JK:mkm

cc: Federal Housing Finance Agency

Sun City Vistoso Community Association, Inc.
Finance & Budget Committee
14092 N. Clarion Way
Oro Valley, Arizona 85755-8600

October 4, 2010

The Honorable Jon Kyl
United States Senate
730 Hart Senate Office Building
Washington, D.C. 20510-0304

Dear Senator Kyl,

We, the members of the Finance & Budget Committee of Sun City Vistoso (SCV), are writing on behalf of 4,200 of your constituents who reside here. On August 16, 2010, the Federal Housing Finance Agency (FHFA) announced its intention to ban certain fees that homeowners associations across the nation collect to fund maintenance and improvement projects and to provide savings for unanticipated expenses. **If this plan goes into effect, our entire community (2,488 homes) will be cut off from most mortgage financing, making it almost impossible for residents to sell their homes.** This will be devastating in a local housing market already stunned by the economic downturn of recent years.

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 to a depressed housing market. Since the fees are embedded in the properties' deeds, it is almost impossible to remove them. Most affected communities will immediately become off-limits for the GSEs. Without access to credit, these homeowners will suffer – not because they made bad decisions, but because FHFA was trying to “help.” A survey of the 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 proposal.

One of every five Americans lives in a community or homeowners association. The vast majority of these associations require all new homeowners to make an upfront payment to fund the ongoing obligations of the association. Ours is no exception. SCV collects the equivalent of one year's homeowners dues from new owners – currently \$1,555 – which is placed in a fund restricted to capital improvements. This fee is disclosed to homebuyers, along with the rate of regular assessments that all association residents must pay, prior to closing.

Even if we were able to amend our governing documents and stop collecting fees for our Capital Contribution Fund, the effect on our residents would be just as devastating as that of the proposed plan. We would have to rely upon very large special assessments to accomplish even the most immediately needed capital

improvements. SCV is 23 years old and badly in need of refurbishment. Almost all of our residents are retired. Many are living on fixed incomes; many others have had their pensions reduced, frozen, or eliminated completely. They cannot afford special assessments. The Capital Contribution Fund has provided some relief, as it has taken in over \$300,000 during the last two years. It is critical to sustaining (and improving) the marketability of our homes. Even with the Capital Contribution Fund, projects estimated to cost at least \$2 million await funding, and we are having a hard time maintaining the standards that have made us competitive in the past.

If the 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 directly support the underlying property, and support the land in question – such as SCV's capital contribution fee – have a track record of more than 30 years of benefitting communities.

We urge you to write the FHFA and demand the agency revise or withdraw its ill-conceived GSE mortgage purchasing guidance on transfer fees. Please let us know what you are doing to stop this FHFA proposal and help our housing market to recover. Thank you very much.

Respectfully,



Leslie Platt, Chair
Sun City Vistoso Finance & Budget Committee

(520) 818-1968