



**Ms. Emily Pitha**

Constituent Services Representative

Phoenix Office of U.S. Senator Jon Kyl

602-840-1891(v) 602-957-6838(f)

Emily\_Pitha@kyl.senate.gov

TO: Mr. Peter Brereton, Associate Director of External Relations  
OF: Federal Housing Finance Agency, 202-414-3823  
RE: **Ms. Karrin K. Taylor**  
DATE: 10-7-2010

Message: For your review and consideration. Thank you. Emily

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JON KYL  
ARIZONA

730 HART SENATE OFFICE BUILDING  
(202) 224-4521

COMMITTEE ON FINANCE

COMMITTEE ON THE JUDICIARY

REPUBLICAN WHIP

# United States Senate

WASHINGTON, DC 20510-0304

October 7, 2010

STATE OFFICES:  
2200 EAST CAMELBACK ROAD  
SUITE 120  
PHOENIX, AZ 85016  
(602) 840-1891  
  
6840 NORTH ORACLE ROAD  
SUITE 160  
TUCSON, AZ 85704  
(520) 575-8633

Ms. Karrin K. Taylor  
7600 East Doubletree Ranch Road, Suite 300  
Scottsdale, Arizona 85258

Dear Ms. Taylor:

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.

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

Sincerely,



JON KYL  
United States Senator

JK:PHX2



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October 1, 2010

The Honorable Jon Kyl  
Minority Whip  
United States Senate  
730 Hart Senate Building  
Washington, DC 20510

**Re: Federal Housing Finance Authority ("FHFA")  
Guidance on Private Transfer Fee Covenants (No. 2010-N-11)**

Dear Senator Kyl,

I appreciated the opportunity to speak with Abby Donovan recently about the FHFA's proposed Guidance on Private Transfer Fee Covenants (the "Guidance") and its potential impact on DMB communities and thousands of our residents in Arizona. The FHFA proposed the Guidance on August 16, 2010 and the comment period is currently scheduled to end on October 15, 2010. The Guidance would effectively eliminate the use of Private Transfer Fees ("PTFs") throughout the Nation. Specifically, the Guidance proposes that Freddie Mac, Fannie Mae and the Federal Home Loan Banks not engage in securitization and purchasing of mortgages encumbered with a PTF. It is our understanding that approximately 90% of residential mortgages are federally secured and therefore, adoption of the Guidance could have a significant deleterious impact on an already fragile residential real estate market.

Given the significant potential consequences of the Guidance, I respectfully request that you assist us in working with the FHFA to extend the comment period to January 31, 2011 to allow for a fully transparent and reasonable period of discussion regarding the potential negative implications of the Guidance on millions of homeowners across the country.

Several DMB projects in Arizona will be directly and negatively impacted by the Guidance. In Arizona we have utilized a "community enhancement" or "community benefit" fee which is similar to a PTF that is charged as a percentage of the sale of the home and such funds are specifically dedicated to the private community governance organization or homeowner association to fund programs for community life. We use these fees similarly in California and Hawaii where we also use such fees to fund important environmental and conservation efforts as well as workforce and affordable housing programs. Approval of the Guidance will chill the sales of homes in these communities resulting in devaluation of property values. As you know, the real estate industry has been hit particularly hard and implementation of this Guidance will exacerbate and further erode an already weak housing market and economy.

We are aware that others have advocated and continue to advocate for PTFs that do not fund community benefits but instead pays the developer directly for the value of a future income stream funded by PTFs. DMB does not support the use of a PTF for such purposes and believes that such abuses should be eliminated. While the FHFA's Guidance rightly intends to curb such

7600 E. Doubletree Ranch Road Suite 300 Scottsdale, AZ 85258-2137 (480) 367-7000 www.dmbinc.com

The Honorable Jon Kyl  
October 1, 2010  
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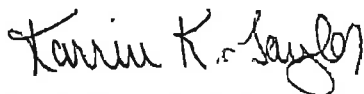
use of PTFs, if approved, the Guidance will end-up hurting homeowners as well as other non-profit organizations – unless it is modified to exclude PTFs that are paid to non-profit entities, homeowner associations or other third parties which provide benefits to homeowners, the environment or other community stakeholders.

As our Senator, we wanted you to be aware that DMB is very concerned about the Guidance and believe it will have significant unintended consequences if implemented. DMB is part of a growing coalition of property owners, environmental organizations and other stakeholders who have or will be submitting comments to the FHFA further detailing and outlining our comments. We will specifically request that the FHFA:

- 1) Continue to support homes and homeowners with community enhancement or community benefits fees;
- 2) Support reasonable community enhancement or community benefits fee standards that distinguish between community benefits fees and abusive fees that benefit only developers;
- 3) Allow communities to freely associate to support community services, schools, affordable housing, and conservation with no new taxes; and
- 4) Extend the comment period through January 31, 2011, to allow for informed decision-making that fully considers the implications of the proposed harsh change.

We appreciate your consideration of this important issue and thank you for your long and dedicated service to the residents of Arizona.

Sincerely,



Karrin Kunasek Taylor  
Executive Vice President