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Public Comments on Proposed Guidance; Request for Comments: Private Transfer Fee Covenants:=====

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Submitter Info:

I am a New York City cooperative board president, at 3420 Properties, LTD, 3420 78th Street, Jackson Heights, NY 11372.

I would like to urge you to consider exempting cooperatives and condominiums from the proposed Guidance on Private Transfer Fee Covenants, (No. 2010-N-11).

Transfer fees in cooperatives like ours are used to build reserve funds. Our operating expenses are dictated by city maintenance codes, bank mortgage rates, cost of fuel, electricity, water, city-negotiated labor rates, insurance and taxes. There is less than four per cent of our annual budget to which a cooperative has control. Those decisions include what management company to hire, whether or not to have topiary in front of our building, whether or not to have a security camera system and what type of garbage bags and consumable cleaning products to purchase. These costs are all collected in monthly maintenance to apartment owners. The reserve in our building did not exist one year ago and we are allocating one per cent of our budget to build this account. The account is necessary for capital improvements.

Our building has two major improvements which are pending the ability to raise funds. They are to replace the boiler which is over sixty years old and three elevators, also sixty years old.

By building the reserve from charging a transfer fee, we are able to raise capital in a non obtrusive way to the apartment owners and reduce the amount of remortgaging our underlying loan.

Our philosophy of charging a transfer fee is to collect on the value of the property in order to pay for necessary and mandated improvements without having to ask the bank for a loan.

Thank you for reading my comments.

Carl Flanigan

Board President

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