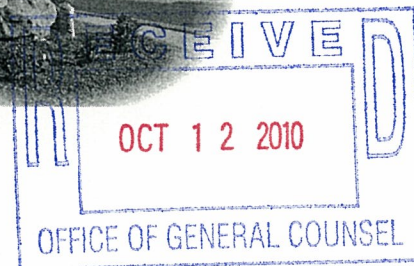
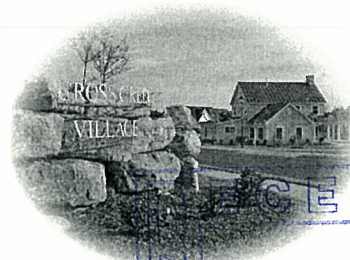


Cross Creek

Homeowners Association

100 Cranberry Court
Winchester, VA 22602

c/o Virginia Property Group
3050 Valley Ave., Ste 110
Winchester, VA 22601



October, 4, 2010

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The Honorable Alfred M. Pollard
General Counsel, Federal Housing Finance Administration
1700 G Street, NW
Washington, DC 20552

Dear Mr. Pollard:

I am writing to express my strong opposition to the Federal Housing Finance Agency's Notice of Proposed Guidance on Private Transfer Fee Covenants published in the *Federal Register* on August 16, 2010. If implemented in its current form, the guidance will have a significantly negative impact on all homeowners living in Cross Creek Village in Winchester, Virginia. I respectfully request the proposed guidance be either withdrawn in its entirety or revised to ensure that the one in five American households living in a community association continue to have access to mortgage credit.

As is the case with the majority of community associations across the country, Cross Creek Homeowners Association, Inc. employs a covenant transfer fee to fund capital improvements. The elimination of transfer fees will reduce the Cross Creek Homeowners Association capital budget by \$800 to \$1,200 each year. This reduction in association income means our homeowners will face higher association assessments, a reduction in the services that attracted them to our community in the first place, or both. Additionally, this loss of income increases the likelihood of special assessments, which often are a significant and unanticipated financial burden on our homeowners.

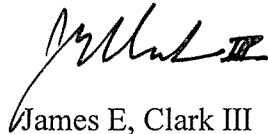
Cross Creek Homeowners Association has used a covenant-based transfer fee to finance community operations for more than six years. The experience of our association is that the fees directly benefit homeowners in the community, as they ensure maintenance of adequate reserves and provide funds for the general obligations of the association. This protects the values of homes in our community for all residents, which is a considerable additional benefit for the individuals purchasing a home in our community.

It is unclear to me if FHFA contemplated the impact of its proposed guidance on homeowners living in associations with transfer fees when developing its proposed guidance. Compliance with FHFA's guidelines as proposed would be cumbersome and in some instances impossible. Covenant or deed-based fees are attached to a property's deed or are contained in the covenant establishing association governance. These fees are, by design and by their nature, difficult to rescind. Cross Creek Homeowners Association requires 90 percent agreement by all current owners to alter covenants, a process intended for only extraordinary circumstances.

Given the difficulty associations across the country face in removing deed-based restrictions or modifying community covenants, it is likely a significant number of homeowners will no longer have access to mortgage credit if FHFA's proposal is not withdrawn or revised. In its proposed guidance, FHFA suggests the elimination of mortgage financing for properties with a deed-based transfer fee will protect the nation's "still fragile housing markets." Rather than protecting housing markets, this regulatory redlining of healthy associations and creditworthy borrowers will put downward pressure on home values in these communities and cause severe financial hardship on homeowners who have done nothing wrong.

I appreciate the opportunity to comment on FHFA's proposed guidance on private transfer fee covenants, and I strongly urge FHFA to reconsider its proposal to ban all covenant or deed-based transfer fees.

Sincerely,

A handwritten signature in black ink, appearing to read "James E. Clark III". The signature is fluid and cursive, with a prominent initial "J" and "E".

James E, Clark III
President

cc: Virginia Property Group
Board Members