

From: Charlie Raphael [cgraphael@cox.net]
Sent: Thursday, October 14, 2010 8:21 AM
To: !FHFA REG-COMMENTS
Subject: Guidance on Private Transfer Fee Covenants (No. 2010-N11)

October 14, 2010

Dear Sir/Madam:

On August 16, 2010, the Federal Housing Finance Agency (FHFA) announced that it is going to ban certain fees that homeowners associations across the nation (including mine at The Governor's Land at Two Rivers in Williamsburg, VA) use to fund maintenance projects and to build up savings for unanticipated expenses. If FHFA bans these fees, my entire community will be cut off from most mortgage financing. This will devastate my community and make it almost impossible for me to sell my home.

One out 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. These fees are disclosed to homebuyers, along with the rate of regular assessments that all association residents must pay, prior to closing.

The housing market is weak and has not begun a sustained recovery nationwide. 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. Since the fees are embedded in the properties' deeds, it is almost impossible to remove them. Most of these communities will immediately become off-limits for the GSEs. Without access to credit, these homeowners will suffer - not because they made a bad decision, but because FHFA was trying to "help." A survey of 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 rule.

If 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 touch and concern the land in question, have a more than 30-year track record of benefiting communities.

Sincerely,

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