

From: Danielle Carbone [daniellectarbhone@aol.com]
Sent: Thursday, October 14, 2010 10:58 AM
To: !FHFA REG-COMMENTS
Subject: Guidance on Private Transfer Fee Covenants,(No. 2010-N-11)

General Counsel Pollard

The proposed Federal Housing Finance Agency (FHFA) guidance that would prohibit Fannie Mae or Freddie Mac from buying mortgages on property that have a private transfer tax fee agreement, or a "Flip Tax" as it is known in New York, would seriously disrupt the stability and efficiency of the city's housing market.

I urge you to drop this current proposal which would harm New York City's housing market or to modify it to exempt buildings that are able to demonstrate that proceeds from the flip tax have been deposited in the Co-op's cash reserves.

As a co-op owner in NYC for more than 12 years now, this proposal would be devastating to me. I would be unable to refinance my current mortgage or sell my apartment to anyone other than a buyer who could pay cash for it. In addition, I will end up paying a significant amount more in assessments to maintain our building since major repairs are funded from the proceeds from the flip tax. Please make sure you understand the full impact of this proposal on NYC city co-op owners before you legislate.

The New York City condo and co-op housing market has operated with a flip tax for some time. In one study, it was reported that more than 50 percent of the co-ops in New York City have a flip tax.

This tax has bolstered the capital reserve fund of numerous buildings thereby funding critical and necessary capital improvements. These improvements have benefited the residents of these buildings and the surrounding neighborhood.

In New York these fees are going back to the property for the benefit of the building and its occupants, not to the building developer. These fees typically fund building maintenance, the repair and replacement of building systems, and additional building wide improvements that benefit the residents. FHFA is principally concerned with the private transfer fee covenant when the project developer, or their designated third party receives the proceeds, not when the fee goes to improve the operation of the building.

Sincerely,

Danielle Carbone