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Mr. Alfred Pollard
General Counsel
Federal Housing Finance Agency
1700 G Street NW
Washington, D.C. 20552

Dear

Good morning to you and your dedicated staff.

I was greatly shocked, angered, disappointed and frustrated to learn that, 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 - Colonial Heritage in Williamsburg, VA) use to fund maintenance projects and to build up reserves for unanticipated expenses. If the FHFA bans these fees, my entire community will be cut off from most home mortgage financing. This will devastate my community and thousands of other similar communities nationally and make it almost impossible for me to market and sell my home in the competitive market.

Twenty percent of Americans live in a community or homeowners association. The vast majority of these associations require all new homeowners to make an up-front payment to fund the ongoing obligations of the association. These required fees are disclosed to homebuyers, along with the rate of regular assessments that all association residents must pay, prior to closing.

The unemployment rate is still high (especially in Virginia) and the housing market is still very weak and has not yet begun a sustained recovery nationwide. FHFA's proposal to prohibit Fannie Mae, Freddie Mac and the Federal Home Loan Banks (the GSE's) 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 imbedded in the properties' deeds, it is nearly 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 purchase 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 new rule.

If FHFA want 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 more than a 30-year track record of benefiting communities.

We request that you *immediately* contact the FHFA and *demand* that the agency revise or withdraw its ill-conceived GSE mortgage ‘purchasing guidance’ on transfer fees.

Please let me know what *you* are doing to stop FHFA and help our housing market recover.

Sincerely,

William R. Black and Lynne L. Black