

From: dgermain4@juno.com  
Sent: Thursday, October 14, 2010 1:40 PM  
To: !FHFA REG-COMMENTS  
Subject: Guidance on Private Transfer Fee Covenants, (No. 2010-N-11)

Oct. 14, 2010

Mr. Alfred M. Pollard, General Counsel  
Federal Housing Finance Agency  
Washington, DC

Subject: Guidance on Private Transfer Fee Covenants, (No. 2010-N-11)

Dear Mr. Pollard,

First, please allow me to thank you in advance for the opportunity to comment on the subject of “private transfer fees”.

This following comment is in response to an article that appeared here in our local paper in Richmond, VA, on August 21, 2010.

The information in the article was very concise and to the point reflecting the continuing and ongoing lack of information for the protection of consumers that is rampant and wide spread throughout the real estate industry.

Looking at this issue of “private transfer fees”, from an average consumer’s point of view. I am troubled over the fact that there is still an ongoing effort by some people and groups that want to reap continual rewards, and trying to hide that fact from the general public. I read with interest some of the comments posted to your website; one in particular, from a real estate attorney, that really troubled me from the standpoint of misinformation and misguiding the public at large.

The real information is that: #1). For a developer that builds the property, his payment is received when the property is “let” to a mortgage. #2). Real estate agents are not against the “private transfer fees”, as their income is derived from the total sale price of the house. #3). Real estate attorneys, derive their incomes also from the closing price of the transaction. #4). As to the title companies, it is their job to investigate the title deed to the property, to insure that there are no liens or forfeitures that would impede the sale of the property to the consumer. It is not their job, to try to uncover a “fee” that would be paid out in closing on the property, and have nothing to do with the title.

Let me just say, that for the uninformed consumer, and for the first time homebuyer, (they really are uninformed;) a really good start in the changing of the industry, would be a full “Fee Disclosure Statement”, that is given to any and all perspective homebuyers for that particular property. This document would state and require a disclosure of all “fees”, riders, costs, charges, carry backs, back charges, hidden or not, and would have to be “named”, defined, and put into “layman’s” language so that anyone could read and understand what the charges were for and whether the charge would be voluntary or mandatory. This document would be handed out for any property to any potential purchaser by the real estate agent as part of their job description. It should be mandatory.

It is not in the best interest of a person pursuing a property, whether he or she would be

a buyer or seller to pay a “fee” to someone who is clearly not an “active” participant in the transaction. Furthermore, it should be “outlawed”. This is another example of “greed” that is consuming this country. Clearly, this is an income stream, derived from “scamming” the public at large. To continue to receive ongoing compensation, such as the Freehold program, is without merit and is at the very least immoral and outrageous. If it was a voluntary “fee”, how many perspective property owners would step up and pay it. Probably none. This is why it is hidden and buried. For a change, let the public see a “full disclosure statement”. This way, you have a better and more informed consumer. And who among us, would not like to see a better educated consumer.

Let me just say in closing:

That if I was pursuing a property, and this type of “fee” was disclosed to me beforehand, it would be a “contract killer”. It is not in my best interest, to reward someone who clearly has done no real work.

Sincerely,  
D.E.Germain