



# MANAGEMENT SERVICES INC.

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October 15, 2010

TO: Federal Housing Finance Agency  
RE: Guidance on Private Transfer Fee Covenants

To whom it may concern:

You may be confused to the basis and benefit of transfer fees that are built into the Condominium and Homeowner Association Documents. It is not like some Third Party is absconding with this fee. The money collected benefits the financial establishment that the buyer is buying into.

While in the current economic climate it may seem just an extra fee, the transfer fee, which is typically three times the monthly maintenance fee, and in New Jersey capped at no more than nine times the monthly maintenance fee, helps in many ways.

To dispel the notion of inequities, if the fees are based upon the current monthly maintenance fee, there is no inequity. Often association owners under fund their reserves in efforts to keep monthly costs down and sometimes purposely assuming they will buy in and sell for a quick profit without having to contribute to a fund that will benefit future owners, the transfer fee helps garner some needed funds. However, the transfer fees received by some associations are not always allocated to reserves as they may be allocated to help balance the budget for the year due to delinquent accounts, excessive snow removal cost, and the like, and in our current economic climate is all too common.

Associations are living breathing entities created as a necessity to govern the ever expanding pool of privately owned community housing. The failure of so many mortgages is not due to association mis-management or transfer fees, they are due to mortgage brokers and banks issuing mortgages to those who could not afford what they were buying, so the brokers and banks became too creative and they lost. Associations are not the losing team, they are the winning team. If not for the well oiled privately run machinery of associations, many under the guidance of professional management firms like my own, the loss of association income due to mortgage lending mismanagement would have devastated the associations. Banks may be paying these transfer fees when they take title to a foreclosed unit, well that is just part of doing business. Don't weasel out of this responsibility by getting involved where you do not belong. In short, don't try to fix what is not broken!

If you would like to discuss this issue further please feel free to contact me.

Sincerely,

*John C. Roberts*

John C. Roberts, President, AMS, CMCA, PCAM, Realtor

