



Ms. Emily Pitha

Constituent Services Representative

Phoenix Office of U.S. Senator Jon Kyl

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TO: Mr. Peter Brereton, Associate Director of External Relations
OF: Federal Housing Finance Agency, 202-414-3823
RE: **Mrs. Kathe Barnes**
DATE: 10-14-2010

Message: For your review and consideration. Thank you. Emily

Pages Including Cover: 4

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JON KYL

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COMMITTEE ON THE JUDICIARY

REPUBLICAN WHIP

United States Senate

WASHINGTON, DC 20510-0304

October 14, 2010

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Mrs. Kathe Barnes
10585 North 100th Street
Scottsdale, Arizona 85258

Dear Mrs. Barnes:

Thank you for contacting my office with your concerns.

In an effort to be of help, I have taken the liberty of forwarding your correspondence to officials at the Federal Housing Finance Agency to ask that your comments be given appropriate consideration.

Please feel free to contact me if I may be of assistance with any other federal matters.

Sincerely,

JON KYL
United States Senator

JK:PHX2

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<ISSUE>HUD</ISSUE>
<RSP>Y</RSP>
<MSG>October 11, 2010

The Honorable Jon Kyl
730 Hart Senate Office Building
Washington DC, 20510

Re: FHFA Proposed Regulation

Dear Senator Kyl:

As you may already know, the Federal Housing Finance Agency (FHFA) announced that it plans to prohibit certain fees that homeowners associations use to fund maintenance projects and to build up savings for reserve expenses. The banning of these fees will cause entire communities, many with thousands of homes, to be cut off from most forms of mortgage financing.

FHFA's plan to forbid 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 to our already struggling housing market. These fees are set in the property deed and it is almost impossible to remove them. These fees are disclosed to homebuyers, along with the rate of regular assessments that all association residents must pay, prior to closing.

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.

While it is my understanding that the FHFA wanted to protect homeowners from fees that are payable to third parties and are not connected to the underlying property or community association, this proposal does more than that. These third party fees definitely deserve close examination by regulators; however, not the fees that directly support the underlying property, and touch and concern the land in question.

As a community association manager, I am extremely alarmed about the impact of this regulation on our master-planned community of 4,000 homes that I have managed for over 25 years and its impact to its

residents and their property values. I would ask that that you address these issues with the FHFA; requesting a revision or withdrawal of GSE mortgage purchasing guidance on these types of transfer fees. I would appreciate an update as to what your stand will be on this matter. Please help our housing market recover.

Sincerely,

Kathe M. Barnes, PCAM
Executive Director</MSG>
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