



October 15, 2010

Via Email: regcomments@fhfa.gov

Alfred M. Pollard, Esq.
General Counsel
Federal Housing Finance Agency
Fourth Floor
1700 G Street NW
Washington, DC 20552
ATTENTION: Public Comments
Guidance on Private Transfer Fee
Covenants (No. 2010-N-11)

Re: Comment to Guidance on Private Transfer Fee Covenants (No. 2010-N-11)

Dear Mr. Pollard:

I am writing to express our concerns regarding FHFA's Notice of Proposed Guidance on "Private Transfer Fee Covenants" and to formally request that the FHFA conduct further research on the potential negative impact to homeowners living within community associations.

I serve as CEO of FirstService Residential Management, a division of FirstService Corporation [NASDAQ:FSRV]. FirstService Residential is North America's leading residential property management company. We manage and serve as the trusted advisor and fiduciary agent to more than 4,000 community associations in 18 states, representing in excess of one million residential homes in common interest developments or planned unit developments including homeowner associations, condominiums and co-operatives.

We believe that the Proposed Guidance limiting approval of loans for homes with private transfer fee covenants will discriminate and place undo financial hardship and burden by restricting access to mortgages on 60,000-100,000 homeowners within our managed residential communities. In the majority of these communities, deed-based transfer fees are paid directly to the community association and are a direct benefit to the homeowners living within that community association.

Our primary concern is to support and help maintain the financial health of the communities we manage on behalf of homeowners. Deed or covenant-based transfer fees are common place in many planned unit developments or community associations where the fees are provided to the community association to help fund community maintenance and infrastructure, thus reducing homeowner assessments. **It is estimated that between 60,000-100,000 homes representing 6% - 10% of our managed portfolio across the United States have such deed-based fees.** These communities are primarily located within the already distressed property markets of California, Nevada and Arizona as well as New York.

Due to the nature of association governing documents, removing deed-restrictions is difficult to achieve. Typically, it requires a vote of at least two-thirds (and often a higher supermajority) of homeowners. To accomplish a removal/elimination of such fees is even more difficult in today's distressed market where an increasing number of bank Real Estate Owned ("REO") properties or in-process foreclosure properties reduce the likelihood of a successful change to association governing documents. Even if it were practical to do so, eliminating these valued and legitimate transfer fees that benefit the association would not address our concern.

The Proposed Guidance, if implemented as drafted, will effectively end the ability of purchasers of homes in these deed-based transfer fee communities to obtain federally secured mortgages. This will reduce credit liquidity and place additional financial burden on a *select* but significant portion of homeowners nationally. Many of these communities are already financially unstable and the absence of federally secured mortgages could be fatal to their continued viability. It has been estimated that nationally there are 11 million homeowners¹ living within communities with deed-based transfer fees.

This Proposed Guidance is written too broadly for its stated primary purpose, and for numerous communities with valuable and needed transfer fees it will in fact be contrary to the stated goal of the FHFA and will *impede the marketability and the valuation of properties*. This will negatively impact the already distressed housing market.

As the market leader in working with and advising planned unit developments and community associations, we fully support increased disclosure and transparency to consumers, in this case, potential homeowner purchasers.

We respectfully request that the FHFA consider the following actions:

1. Work to increase disclosure and transparency of any deed-based transfer fees; and
2. Conduct further research to include a thorough understanding of the potential impact on community associations and the estimated 11 million homeowners living within communities with deed-based transfer fees.

Should the FHFA wish to conduct further research or seek industry advice on common interest developments, FirstService Residential would be willing to participate in any working groups or other advisory capacity as deemed appropriate by the FHFA.

We thank the FHFA for the opportunity to provide comments and for consideration of our views on this important matter. We look forward to receiving your response to our comments.

Sincerely,



Gene Gomberg
CEO

FirstService Residential Management
Toll free: 866.522.3671 | Direct: 954.926.2927
Email: ggomberg@fsresidential.com

¹ Community Associations Institute survey conducted in September 2010 (www.caionline.org)

Disclosure: FirstService Residential Management provides residential management services to Fannie Mae under various REO management programs.

FirstService Residential is a subsidiary of FirstService Corporation (NASDAQ: FSRV, TSX: FSV). FirstService is a global diversified leader in the rapidly growing real estate services sector, providing services in: commercial real estate, residential property management; and property services. Industry-leading service platforms include: Colliers International, the third largest global player in commercial real estate services; FirstService Residential Management, the largest manager of residential communities in North America; and TFC, North America's largest provider of property services through franchise and contractor networks.

FirstService generates over US \$1.7 billion in annualized revenues with more than 18,000 employees worldwide. More information about FirstService Residential and FirstService is available at <http://www.fsresidential.com> and <http://www.firstservice.com>.