Cook Inlet Housing Authority
Promoting Independence Through Housing

October 14, 2010

Alfred M. Pollard, Esq.
General Counsel
Federal Housing Finance Agency
1700 G Street, NW, 4th Floor
Washington, DC 20552

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

Dear Mr. Pollard:

On behalf of Cook Inlet Housing Authority (CIHA), I appreciate the opportunity to submit the following comments to the Federal Housing Finance Agency's (FHFA) proposed "Guidance on Private Transfer Fees" and the Notice of Proposed Guidance as filed in the Federal Register (Vol. 75 No. 157 on Monday August 16th 2010).

CIHA is headquartered in Anchorage, Alaska. It is the Tribally Designated Housing Entity for Cook Inlet Region, Inc. and has a service area of 38,000 square miles, covering much of Southcentral Alaska. As an affordable housing provider with a focus on neighborhood revitalization, CIHA is concerned with the unintended affects the proposed Guidance on Private Transfer Fees would have on organizations using the Community Land Trust model to promote sustainable development through the creation of permanently affordable housing and the protection of working lands. Such organizations would experience significant adverse impacts from the proposed Guidance on Private Transfer Fees as it is currently written.

While we commend the FHFA for its concern about protecting consumers from private transfer fees that are abused to "reimburse developers for their initial outlays", we very much want to support and protect transfer fees that are used to provide public benefits such as affordable housing, environmental mitigation and community amenities, as is the case with many Community Land Trusts. Appropriate transfer fees are among the best practices for local affordable housing programs across the country to help cover the cost of long-term asset management or stewardship that allows homes to remain affordable for future generations. The proposed guidance is far broader than necessary and will have unintended negative consequences for efforts to create sustainable affordable homeownership in the midst of this economic crisis.

In particular, we strongly argue that the FHFA's final regulation should exempt transfer fees payable to 501(c)(3) charitable organizations, community associations, or that are payable to or imposed by governmental entities. Many state and municipal governments have been forced to reduce funding for affordable homeownership programs and are seeking ways to create public/private partnerships that can leverage public dollars with private contributions to more efficiently to help more families buy homes today and tomorrow.

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Community Land Trust (CLT) homeowner mortgages did not contribute to the current housing and economic crisis and do not need to be placed outside the reach of the Government Sponsored Entities (GSEs). The foreclosure rate for CLT homeowners is 1/8 the national rate. CLT homeownership is a proven, effective way of helping low-income households become and remain successful homeowners. After 5 years of homeownership 90% of CLT owners are still homeowners, compared to 50% for other first-time homeownership programs. Not allowing the GSEs to deal in mortgages on properties encumbered by private transfer fees that are used to provide public benefits such as affordable housing would significantly impede the ability of organizations to serve low-income families.

We strongly recommend that the FHFA take the following actions with respect to the proposed Guidance:

A. Exemptions. The Guidance should contain well crafted exemptions for transfer fees payable to community associations, 501(c)(3) charitable organizations, or that are otherwise imposed by or payable to government entities.

B. Disclosure. Concerns about title transparency should be addressed by disclosure requirements. For example, the FHFA could require through its supervised entities that the existence of the transfer fee be identified in a bold legend on the first page of the covenants.

C. Not Retroactive. The Guidance should only apply to transfer fee covenants established after the effective date of the Guidance. It should not be retroactive. This will avoid adverse effects of the proposed Guidance on unit owners who could not reasonably have predicted the FHFA's new regulations.

We support FHFA's efforts to address the "liquidity, affordability and stability in the housing finance market". This effort should not only help the housing finance market, but also help to strengthen our communities by supporting successful homeownership for low income families.

Respectfully,

Carol Gore
President/CEO