

From: Carol Mitchell [carol@hoaqualitymgmt.com]
Sent: Friday, October 15, 2010 7:12 PM
To: !FHFA REG-COMMENTS
Subject: Guidance on Private Transfer Fee Covenants (No. 2010-N-11)

To Whom It May Concern:

I am a (very) small business owner of a management company for homeowners associations. I manage just eight communities around the Bay Area and have for several years now. As a part of my income, I charge transfer fees to new homeowners when they buy into one of the communities I manage. My transfer fee is \$100 – a flat rate, not a percentage of the price of the home they're purchasing. This applies to the million-dollar homes in the gated communities I manage as well as the townhomes I manage in Clayton, which I think sell for around \$300,000 - \$400,000. This fee covers my cost to have my bookkeeper update our records to remove the old homeowners' information and input the new owners' information in a few different places. While this fee is not the main part of my income, which is based on monthly contracts for service to the Associations, it is definitely a significant enough part of my income that if I were not able to charge it because of your proposed law change, I'd be forced to make some major changes to my business to survive. Most likely that would translate to an increase in my monthly contracts of about 5% each, which would directly impact the monthly assessments all homeowners have to pay. Therefore, your proposed change would penalize my company and all of the nearly 1,000 homes I manage, which would, in turn, potentially cause me to lose business, since some of them may not understand the situation and may not want to absorb the additional 5% I'd have to charge them to keep my business profitable enough to support myself and my bookkeeper.

It seems to me that penalizing all of the homeowners in these communities rather than making the buyers responsible for their own fees and costs isn't fair. Neither is penalizing a small business like mine just because some developers or other parties are charging high rates based on percentages of the sale price. How about limiting the amounts they can charge rather than wiping out all transfer fees completely? I get why you're considering this change, but I urge you to find a more fair way of balancing the needs of the buyers with the needs of small business like mine and homeowners at large in the communities we manage.

Thank you for your consideration,

Carol Mitchell

Owner

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