From: Tony Gonzalez [tony@csgroup.biz]
Sent: Friday, October 15, 2010 2:51 PM
To: !FHFA REG-COMMENTS
Subject: Guidance on Private Transfer Fee Covenants No. 2010-N-11

Attachments: image003.jpg

Alfred M. Pollard

General Counsel Federal Housing Finance Agency

1700 G Street NW, Fourth Floor

Washington, DC 20552

regcomments@fhfa.gov

ATTN: Public comments

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

Dear Mr. Pollard,

I am a land developer in Washington State. My specialty is in affordable homes, first and second-time home buyers. I work closely with home builders who today find themselves out of work, losing their business and filing bankruptcy. They cannot build homes because banks are cutting them off and due to the high national unemployment rate of 9.6%, buyers can't purchase homes. Some of those potential buyers are the contractors themselves who build and often buy these affordable homes for themselves and their family.

According to a press release by The Associated General Contractors of America on March 5, 2010, the CONSTRUCTION UNEMPLOYMENT RATE HIT 27.1%! In the preceding month alone, 64,000 construction workers lost their jobs.

This, along with other misconceptions on Transfer Fees, has prompted me to express my strong opposition to the above referenced Guidance.

One of my bankers has recently rented an old home in a new subdivision (it was the original home on the property which did not get torn down). This old house sits in a web of streets, curbs and gutters. The developer had to stop there due to lack of funds. Now the city has barren piece of property which generates little revenue for the city. If homes were built the new population growth would infuse revenue into the city and local merchants. The property now caters to skate boarders. The worse part, the bank is threatening to take it back. This developer could sell the future income stream of the covenant, like a note, and pay off the bank and restart the potentially failed project.

Transfer fees will enable developers and builders alike to spread infrastructure and development costs, save on interest payments, and lower the price that buyers have to pay for their homes.

There seems to be a concern with transparency and disclosure to potential buyers about the Transfer Fees. It is unwarranted. These covenants are recorded documents such as a loan, mechanic's lien, an HOA, CC&R's, road maintenance agreement and property tax liens, to name a few. It is a title company's obligation to disclose these matters in a title report to all parties involved in the transaction. In 23 years in this business, I have had one claim that a title company had to pay out, and it was a recorded maintenance agreement that the title company missed and admitted fault. They paid it, and the buyer was taken care of. Transfer fees pose no risk from lack of disclosure.

Passage of this guidance will impose a burden to many. Rejecting it will infuse fresh capital into a crippled industry, create jobs for millions, and increase revenues for local cities and counties.

I am asking you to reject the proposed guidance.

Sincerely,

Tony Gonzalez, President

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