

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

RE: Public Comments on “Guidance on Private Transfer Fee Covenants”  
[no.2010-N-11]

Dear Mr. Pollard,

I am writing to you on behalf of Virginia Hot Springs Preservation Trust located in Warm Springs, Virginia. We strongly oppose the proposed action by the Federal Housing Finance Agency on Private Transfer Fee Covenants. If implemented in its present form, the proposed guidance would have a devastating impact on our rural community and our ability to carry out the Trust’s mission to protect and preserve the unique environment and culture of Bath County, Virginia.

The mission of Virginia Hot Springs Preservation Trust is conservancy and community. We create awareness of and protect the natural world that our community, Homestead Preserve, inhabits. Our mission also includes preserving the cultural heritage of our region. We accomplish our mission through research, educational activities and programming.

Since our formation in 2005, we have created close working alliances with organizations such as The Nature Conservancy, Valley Conservation Council, National Wildlife Federation, Virginia Department of Conservation and Recreation, Department of Environmental Quality and Virginia Environmental Endowment to provide funding and educational opportunities throughout our region. Our community mission is also about traditions; enhancing those that already exist and creating new ones.

Over the years, the Trust has assisted the local Bath County schools with teacher training, field trips, and mini-grants towards funding materials and environmental education projects. The Trust has also established a nature center on our property for community use. The Allegheny Highland Environmental Council was established by the Trust to create an environmental stewardship roundtable for our regional environmental organizations.

The Trust works closely with Bath County Historical Society and has assisted them in renovations, history education programs, and numerous preservation forums free of charge to our Bath County community and the surrounding area.

The multi-million dollar renovation of The Homestead Resort’s dairy complex, has resulted in a multi-use community center which has become the focus of many of Bath County’s arts and cultural activities. Since 2005, the Trust has contributed more than \$120,000 towards building community in our area and more than

46 Old Dairy Road  
PO Box 10  
Warm Springs  
Virginia 24484  
540-839-2364



\$160,000 towards environmental education programs and grants. Another \$9,000 has been spent towards historic preservation projects. General and administrative costs to administer these programs and grants have exceeded \$400,000.

Sellers of real property in Homestead Preserve are assessed a 2% transfer fee for vacant lots and a 1% transfer fee for lots improved with homes. Initially, it is the developer of Homestead Preserve who pays these assessments. We recognize this percentage to be on the higher end of the scale when compared to other developments, but few community developers have set aside 97% of their land for conservation in advance of the first lot ever being sold. Homestead Preserve buyers recognize that the funds set aside for Virginia Hot Springs Preservation Trust assures them continued stewardship over 10,000 acres of preserved land.

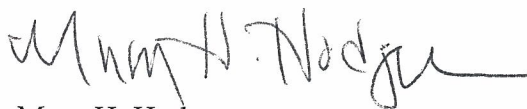
With over 150 lot sales in Homestead Preserve to date, to our knowledge no buyers have ever expressed any objections to the land transfer fees at the time of sale. These purchasers have not seen these assessments as a hindrance, but have instead seen them as added value for their property knowing that this environment, its unique landscape, culture and heritage would be protected. It was a key reason why they bought here in the first place.

The revenue generated by these assessments is not generated for the project developers but is used for activities within Virginia Hot Springs Preservation Trust's mission. As a 501(c)(3) Private Operating Foundation, we are required by law each year to provide documentation and accounting as to how these funds are spent and have done so consistently since our inception in 2005. A review of those annual reports would clearly demonstrate the benefit to the residents of Bath County, Virginia.

While we recognize how the actions of unscrupulous developers could cause such a focus on this type of transfer fee, we don't think the "baby should be thrown out with the bath water." We know for certain that if this legislature is passed in its present form it will have a devastating affect on our rural community and the property values of the 150 property owners who knowingly purchased their lots and homes with encumbered by transfer fees.

We urge FHFA to withdraw the proposed guidance in its entirety and allow our state legislatures to address this issue of private transfer fee covenants as they see fit. Why penalize those developers whose transfer fees have benefited so many?

Respectfully submitted,



Mary H. Hodges  
Executive Director  
Virginia Hot Springs Preservation Trust

