

October 14, 2010

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

RE: *Proposed Guidance on Private Transfer Fee Covenants, (No. 2010-N-11)*

Dear Mr. Pollard:

This letter outlines serious concerns and opposition to the Federal Housing Finance Agency's Notice of Proposed Guidance on Private Transfer Fee Covenants ("Guidance") published in the *Federal Register* on August 16, 2010. If implemented in its current form, the guidance will have a significantly negative impact on all homeowners living in the Ladera Ranch community located in Orange County California. We respectfully requested that the proposed guidance be either withdrawn in its entirety or revised to ensure that community service organizations (CSO's) like Ladera Ranch Community Service Organization (LARCS) be excluded from the Guidance.

In the Guidance FHFA expresses concerns that private transfer fees are 1) used to fund purely private continuous streams of income for select market participants either directly or through securitized investment vehicles and 2) are not proportional or related to the purposes for which fees were to be collected.

We can assure you that this is not the case. For example, LARCS is an independent 501 (c) (4) non profit public benefit corporations funded primarily through a deed-based transfer fee called a community enhancement fee (CEF). LARCS was established to foster a unique community lifestyle through the implementation of enrichment/recreational/volunteer programs and events that would otherwise not be provided to residents. The history and success of LARCS over the ten years since its inception is a shining example of the benefits such a funding source can provide a community. LARCS has established:

- * Almost 50 unique clubs and organizations of interest for its residents;
- * An Intranet to provide every home a connection to information, instructional/recreational programs and sports leagues provided by area organizations; and
- * Annual events, seasonal concerts and themed contests to foster a unique sense of community.

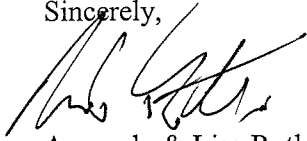
Contrary to one of the concerns voiced in the Guidance, that the proceeds from transfer fees are not used for the purpose for which they were collected, we can assure you that this is not the case for CSO's like LARCS:

- * The LARCS CEFs funding is used solely for the benefit of the Ladera Ranch residents.
- * Residents are attracted to and purchase their home in Ladera Ranch because of the unique lifestyle LARCS provides the community.
- * Resale values of homes within Ladera Ranch exceed those in surrounding communities due in large part to the programs, clubs, events and community fostered by LARCS

The current proposed legislation for the elimination of deed-based transfer fees, if it includes the CEF, would result in the eventual dissolution of LARCS and loss of many if not all of the lifestyle programming and community events which could only be replaced by special or increased homeowners association assessments. Contrary to the FHFA's proposal, elimination of this funding source would destabilize this established community and threaten to depress home values for its residents.

Thank you for this opportunity to comment on the FHFA's proposed guidance on private transfer fee covenants, and based on the above, hopefully the FHFA will reconsider its proposal to ban all covenant or deed-based transfer fees. Approval of this guidance is ill-advised and should be REJECTED.

Sincerely,



Armando & Lisa Rutledge
16 Kyle Court
Ladera Ranch, CA 92694