

From: sylvia johnson [sljassoc@yahoo.com]
Sent: Wednesday, September 22, 2010 2:32 PM
To: !FHFA REG-COMMENTS
Subject: Guidance on Private Transfer Fee Covenants, (No. 2010-N-11)

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I am on the Board of Directors of Bay Country Owners Corp., a 125 unit Co-op in Bay Terrace, NY. It has come to our attention that a draft rule has been issued by your agency for comment that would create serious problems for Co-op's. The rule would prohibit Fannie Mae from purchasing loans in buildings where there is a Transfer Tax/Flip Tax. A flip tax is the primary source of revenue used by many Co-op's to fund needed capital improvements. Without the flip tax, we would need to increase maintenance charges or impose assessments on our shareholders. This proposed rule would require us to eliminate the flip tax so that prospective purchasers would be able to obtain mortgages to buy apartments in our Co-op.

Ironically, we have been told that one guideline that Fannie Mae uses to evaluate the financial integrity of a Co-op is sources of income to pay for capital improvements. If this rule is put into effect, the primary source of income to pay for capital improvements (flip tax) would be eliminated. We urge you remove that portion of the regulation so that this rule does not apply to Co-op's with flip taxes in New York City.

Sincerely,

Sylvia L. Johnson
Board of Director
Bay Country Owners Corp.