



GRACE MENG

Assemblywoman 22nd District  
Queens County

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Aging  
Banks  
Labor  
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Real Property Taxation

October 4, 2010

Honorable Edward DeMarco, Acting Director  
Federal Housing Finance Agency  
1700 G Street NW  
Fourth FL  
Washington, DC 20552

Re: Guidance on Private Transfer Fee Covenants, (No-2010-N-11)

Dear Mr. DeMarco:

It has come to my attention that a draft rule has been issued by the Federal Housing Finance Agency for comment on August 10, 2010. The proposed Guidance would prohibit Fannie Mae, Freddie Mac, and the Federal Home Loan Banks from investing in mortgages with private transfer fee covenants or transfer flip taxes.

While I understand that the FHFA has issued this Guidance for the purpose of protecting homeowners from additional housing fees that are not fully disclosed or explained and which may otherwise hurt the marketability and valuation of properties, I want to stress that the Guidance may hurt middle-class families who are either shareholders or homeowners of a co-op or condo unit. In New York, especially for the co-op and condo boards located in my district, the properties utilize the transfer fees to maintain and improve the buildings, which in turn lowers the maintenance and/or assessment costs. This usage of the transfer fees is very different from other covenants, which may require imposing fees on new homes or properties that require sellers to kick back a percentage of the sale price of the home to the developer when the homeowners sell their property. This seems to be more prevalent in the Southwest.

Without a private transfer fee covenant, many co-ops and condo boards in my district and throughout Queens will be forced to increase maintenance charges or impose assessments on their shareholders / homeowners in order to fund needed capital improvements. I strongly urge the FHFA to consider carving out an exception to the Guidance so that shareholders / homeowners will not have to bear the additional cost of maintenance.

I would greatly appreciate your consideration to this important issue. If you should have any questions or additional concerns, please feel free to contact my office at (718) 939-0195 or via e-mail at [mengg@assembly.state.ny.us](mailto:mengg@assembly.state.ny.us). Thank you in advance.

Sincerely,

Grace Meng  
Member of Assembly

cc: Honorable Gary Ackerman