

From: Mark Keppler [mkeppler@csufresno.edu]
Sent: Wednesday, October 13, 2010 12:18 PM
To: !FHFA REG-COMMENTS
Subject: Attention: "Public Comments Guidance on Private Transfer Fee Covenants (No. 2010-M-11)"

General Counsel Pollard

I am the Executive Director of the Clovis Community Foundation, a 501(c)3 non-profit that promotes recreational, arts and cultural activities in Clovis, California. A significant portion of our corpus has been donated by homebuilders by giving 0.1% of the sale price to the Foundation. How the money received is dispersed is completely within the discretion of our Board of Directors and there is NO homebuilder influence in the decision. Moreover, no homebuilder or their representative is on our Board (our Board is comprised of community leaders). If this proposal is enacted, it would severely impact our ability to raise funds for community projects.

As a result, I am writing to urge you to REJECT the proposed guidance No. 2010-N-11 relating to private transfer fees as it is currently written.

The abusive practice of using transfer fees for purely private gain can be curtailed without disturbing the legitimate use of transfer fees for homeowner or community benefits. We can all agree that these fees should not be used to benefit a builder or developer directly but should be a benefit to the individual homeowner or community at large. It is also essential that these fees be fully disclosed and in fact California law already ensures that transfer fees here are fully disclosed to homeowner and home buyers.

It should also be noted that these private transfer fees are a benefit to homeowner and the community and are a small fraction of the fees charged by real estate agents as sales commissions. Sales commission on these transactions can be as high as six percent of the price of the property and provide no benefit to the homeowner or community.

As proposed, this guidance would have a severe negative impact on the operations of not just our Foundation, but homeowners associations, environmental groups and affordable housing programs that rely on these disclosed fees for their operations. A transfer fee has a real value to a individual homeowner or community when used in specific circumstances that benefit the homeowner or community, such as use by homeowners associations (HOAs), non-profit organizations, or governmental agencies to build and maintain community enhancements or promote important community benefits such as open space, habitat and other environmental values, affordable housing, and transit improvements.

With a high percentage of mortgages (by some estimates 90%) insured or backed by Freddie Mac or Fannie Mae, this proposal would effectively preclude the use of transfer fees for homeowner and community benefits, removing a critical tool for building strong communities and dealing another blow to homeowners at a time when the markets are struggling to recover.

Approval of this guidance as written is ill-advised and should be REJECTED. The FHFA should instead adopt transfer fee standards that protect individual homeowners and community benefits while prohibiting abusive fees that are used solely for private gain. At a minimum, the comment period should be delayed and extended for a significant time to allow for the thoughtful and transparent consideration of the impacts of such a change.

Finally, you should note that The Clovis Community Foundation has been in operation for 8 years and has given over \$250,000 for community projects that has been matched by local organizations leading to over \$500,000 worth of community improvements. Moreover, because we are all volunteers, our administrative expenses are less than 0.3% a year (i.e., 99.7% of the money donated is invested in the community). Please allow us to continue to benefit the community and REJECT this proposal.

Sincerely,

Mark Keppler
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