

From: Caitlin Simon [csimon@shorenstein.com]

Sent: Wednesday, October 13, 2010 2:38 PM

To: !FHFA REG-COMMENTS

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

To Whom It May Concern,

Proposal No. 2010-N-11 is a terrible idea. This would all but halt sales in New York City, where “flip taxes” are the norm. Flip taxes have been established in many buildings as a fair and economical way to stabilized operating budgets and No. 2010-N-11 has only two possible outcomes for owners in New York:

- 1) Completely degrade home values – if potential buyers cannot secure a mortgage due to flip tax, the buyer pool will be nonexistent and home values will drop dramatically
- 2) Substantial increase in monthly maintenance fees, causing economic harm to current owners – if flip taxes are eliminated in order to come into compliance with No. 2010-N-11 and avoid the perils of option 1, the operating shortfalls must be covered by current owners by a substantial increase in monthly charges.

Neither outcome is beneficial and outweighs any merits that No. 2010-N-11 may have. Please consider this in your review.

Best,

Caitlin

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