

From: robinklar@aol.com
Sent: Monday, October 04, 2010 3:39 PM
To: !FHFA REG-COMMENTS
Subject: GUIDANCE ON PUBLIC TRANSFER FEE COVENANTS (NO. 2010-N-11)

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October 4, 2010
The Honorable Alfred M. Pollard
General Counsel
Federal Housing Finance Administration
Fourth Floor
1700 G Street, NW
Washington DC 20552

Dear Mr. Pollard,

Thank you for putting the spotlight on the issue of transfer fees and the serious abuse that stems from allowing unregulated fees by developers, builders and HOA corporations. Advocates for the use of transfer fees claim that "if implemented as drafted, this means that associations with such fees may be locked out of the mortgage markets." NOT TRUE Banning transfer fees will dictate to HOA corporations, builders and developers the changes that they need to make in order to sell homes and keep property values stable. You will force the HOA corporation, builders and developers to be transparent and the homeowners across America will rejoice. NO MORE HIDDEN TRANSFER FEES!! States will be forced to legislate that it is unlawful to have transfer fees. Thank you for having the strength to stand up to the "all powerful industry" and protect individual homeowners and their lenders.

Developers and mandatory HOA corporations have been using transfer fees for years, fees that do not benefit the homeowner or the property. Many of these unregulated fees have escalated out of control. Developers, builders and HOA corporations have no boundaries and will use any and every means imaginable to drain the assets of the American homeowner while the state legislatures, having no will or concern to protect consumers, enact consumer-harmful laws.

HOA corporations have many ways to privately tax their residents, increase assessments, or call for special assessments. Transfer fees are frequently pulled out of thin air, many created by the Board of Directors, imposed upon homeowners without their consent and to their detriment. These hidden transfer fees rarely go back into the HOA corporation and they never benefit the community.

In this state, the fees are often "created" long after the homeowner purchases the property by an entity that has zero ownership interest in the property and without the homeowners' consent. Most of the fees fund purely private streams of income to management companies or for select market participants such the builders or developers and do not benefit homeowners.

Developers and home builders in Texas contribute millions of dollars to political campaigns in Texas to buy homeowner unfriendly legislation. These

laws inherently also negatively impact the value of the property which is serving as security for the notes that GSEs such as Fannie Mae and Freddie Mac invest. One Texas state senator that benefits greatly from these transfer fees is Senator John Carona. Sen Carona participated directly in creating an enabling statute to permit such fees to be imposed upon the property and to be paid to the HOA corporation or its managing agent. Sen Carona owns the largest legion of HOA management companies in the United States. These management companies do not represent the homeowners and are not in any contract with the homeowners. Nonetheless, management companies demand a "transfer fee" payable to the organization every time any lot in the subdivision changes hands or is refinanced.

You may find that opponents of your proposed rules are often members or employees of the trade-lobby group of HOA management companies. This group fears an abrupt halt to the gravy train they've become accustomed to at the expense of the homeowners and investors in the homeowner's Note.

Further even if the fees are dedicated to homeowners associations, they are not proportional or related to the purposes for which the fees were to be collected. Because these transfer fees are not subject to open records and there is no accountability pertaining to the funds, there is no way to know exactly what accumulated transfer fees fund.

Transfer fees that homeowners are being forced to pay to opportunistic third parties range from hundreds to in excess of \$10K each time the property is sold or refinanced. This illegitimate fee is in addition to title insurance, real estate commissions, and legitimate closing fees. You have the 'right plan at the right time' to stop subsidizing this insidious practice which benefits only unrelated third parties to the detriment of the homeowner and the Note holder.

Thank you again

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