

April 4, 2011

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

RE: *Proposed Rule on Private Transfer Fee Covenants, (RIN) 2590-AA41*

Dear Mr. Pollard:

As an association management company with over 30 client associations representing approximately 6,000 homes, I am writing *to express my support for the Federal Housing Finance Agency's actions to stop investors from charging fees every time houses are sold in planned communities.* These fees do not help our client associations and do not help their communities. FHFA is right to prohibit this type of fee.

I am also pleased that FHFA understands that community associations like ours use transfer fees and that these fees help lower monthly association assessments and make sure communities are properly managed and maintained. Many of our client associations have used transfer fees for decades. *Community transfer fees are an important way that residents have decided to fund the services they receive from their associations.*

It is important for FHFA to understand that residents make up the associations that govern our communities. They hold elections for association boards and vote on budgets and major decisions that affect their homes and community. This self-government is important to residents and we take pride in the fact our client associations can participate in deciding how their association are operated.

While I am pleased with many of the changes made by FHFA to its proposed guidance, there are provisions in the revised draft that are cause for concern. ***First, I am concerned that FHFA***, by limiting the use of community transfer fee funds solely for maintenance and improvements, *is taking away my elected board's authority to make operational decisions on how best to raise and spend this money in support of their communities.* Community associations use these fees for maintenance, support, operations and the provisions of amenities. All these functions directly benefit and support the property upon which the fee is charged. FHFA attempts to do too much in its rule banning investor transfer fees by telling associations that those revenues can only be used for some direct-benefit purposes and not for others.

Another concern is that the draft requires that our client associations allow non-residents use of the common areas and that we must charge a fee for this access. Our client association **may want** to charge a fee for the use of our facilities, but **this is their decision.** Just because their communities may vote for a new a transfer fee doesn't mean they give up our right to decide how the common property is used or if and when non-residents are allowed access to it.

Finally, FHFA's decision that a community can't vote to have a community transfer fee to support property that is more than 1,000 yards from our main property line does not make sense. This limitation would be

Lexington Office
1795 Alysheba Way Suite 3103
Lexington, Kentucky 40509
Phone (859) 263-8757 Fax (859) 263-4907



Louisville Office
4906 Bardstown Road Suite 101
Louisville, Kentucky 40291
Phone (502) 491-3550 Fax (502) 491-3551

The Honorable Alfred M. Pollard

April 4, 2011

Page 2 of 2

especially troublesome for larger communities that may consist of a master association and many smaller sub-associations. If our client association owns property, they should be able to maintain, manage, and improve it with association funds. Taking away an association's ability to improve a green space or to contribute funds toward an improvement that will enhance their property values is wrong. The physical location should not be relevant.

I understand that FHFA wants to protect homeowners and purchasers from unethical and undisclosed fees. That is a goal I firmly support. FHFA is doing a good thing banning fees that are paid to people with no connection to a property every time that property is sold and this makes sense. By going farther than this, FHFA is not helping and is actually hurting associations and how they are managed.

Most States require all fees paid to an association be disclosed to a purchaser prior to closing. This is a best practice that is adopted across most of the country. If FHFA is concerned that people don't know about the fees that are paid to associations, then perhaps FHFA could consider adopting this State disclosure system.

Many States have passed laws to prohibit investor transfer fees while leaving in place fees that are reinvested in communities through their associations. FHFA should follow the States' lead and go after the problem— investor transfer fees. There is no justification to change how associations use transfer fees and FHFA will only cause problems by trying to tell residents how to manage their communities.

Sincerely,

A handwritten signature in cursive script that reads "L. Thomas Richards". The signature is written in dark ink and is positioned above the typed name and title.

L. Thomas Richards, CMCA®, AMS®, PCAM®

President