

ED PASTOR
11th DISTRICT, ARIZONA



COMMITTEE ON APPROPRIATIONS
SUBCOMMITTEE ON
TRANSPORTATION, HOUSING AND URBAN
DEVELOPMENT, AND RELATED AGENCIES
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ENERGY AND WATER DEVELOPMENT, AND RELATED
AGENCIES
SUBCOMMITTEE ON
INTERIOR, ENVIRONMENT, AND RELATED AGENCIES
CHIEF DEPUTY DEMOCRATIC WHIP

Congress of the United States
House of Representatives

September 21, 2010

PLEASE REPLY TO
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WASHINGTON, DC 20515-0304
202-226-4066

411 NORTH CENTRAL AVENUE, SUITE 150
PHOENIX, AZ 85004
602-256-0851

Honorable Edward DeMarco
Acting Director
Federal Housing Finance Agency
1700 G Street, NW, Fourth Floor
Washington, D.C. 20552-0003

Dear Mr. DeMarco:

This letter is in response to the proposed Guidance on Private Transfer Fee Covenants (Proposed Guidance) No. 2010-N-11 that was published in the Federal Register on August 16, 2010 by the Federal Housing Finance Agency (FHFA). Both our offices have just recently been contacted by constituents and associated organizations expressing serious concerns on those proposals and requesting that FHFA extend the comment period through January 31, 2011 to ensure that this critical matter receives a full array of input before announcing a final policy on this matter.

While we appreciate the FHFA's actions to create a safe and stable mortgage market, the discussions we have had with potentially impacted parties have led us to be concerned that the Proposed Guidance could have extraordinary adverse and unintended consequences by locking those homeowners with transfer fee covenants on their properties out of mortgage and finance markets. In addition, we have been advised that the Proposed Guidance will devalue the hundreds of thousands of homes in communities with services and resources funded by community benefits fees (which were established in good faith and as part of a common industry practice) by barring the use of those fees to support such activities as community improvements, infrastructure, affordable housing and conservation in the future.

Put simply, we understand there are some uses of private transfer fees that may indeed require restriction. As drafted, however, there are understandable concerns that the Proposed Guidance is too broadly written and that implementation may cause considerable negative consequences on innocent homeowners and the communities where they live.

Furthermore, it appears that many of the impacted parties have yet to learn of these proposals, thereby substantially decreasing the FHFA's ability to benefit from learning the thoughts of a full spectrum of stakeholders. Based on this and the points raised above, we are requesting that in keeping with all relevant rules and regulations, you extend the comment period and delay making final guidelines so as to allow for a fully transparent and reasonable period for exchange of thoughts on the merits of the Proposed Guidelines.

In closing, we thank you for your attention to our concerns, and we would be most appreciative to hear back from you on our request.

Sincerely,

Ed Pastor, M.C.

Gabrielle Giffords, M.C.