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January 4, 2011

The Honorable Phil Gingrey
United States House of Representatives
442 Cannon House Office Building
Washington, DC 20515

Dear Congressman Gingrey:

I am writing on behalf of the 1.1 million members of the National Association of REALTORS® (NAR) to ask that you do not re-introduce HR 6332, Homebuyer Enhanced Fee Disclosure Act of 2010.

The National Association of REALTORS® is America's largest trade association, including NAR's five commercial real estate institutes and its societies and councils. REALTORS® are involved in all aspects of the residential and commercial real estate industries and belong to one or more of some 1,400 local associations or boards, and 54 state and territory associations of REALTORS®.

While we commend HR 6332 for addressing the disclosure of private transfer fees there are many other outstanding issues. Private transfer fees increase the cost of homeownership, do little more than generate revenue for developers or investors and typically provide no benefit to homebuyers. They place an inappropriate burden on the transfer of property. Moreover, there is virtually no oversight on where or how proceeds can be spent, on how long a private transfer fee may be imposed, or on how the fees should be disclosed to home buyers. One company is negotiating with institutional investors to "securitize" pools of transfer fees, which will essentially create bonds that can be sold on a secondary market, based on the future cash flows. Further, the U.S. Department of Housing and Urban Development (HUD) General Counsel has confirmed that private transfer fees clearly violate HUD's regulations and the Federal Housing Finance Agency does not consider mortgages encumbered by private transfer fee covenants to be prudent or safe or sound investments for the government sponsored enterprises, Fannie Mae and Freddie Mac, or the Federal Home Loan Banks.

For these reasons we urge you not to re-introduce HR 6332.

Sincerely,

Ron Phipps, ABR, CRS, GRI, GREEN, e-PRO, SFR
2011 President, National Association of REALTORS®



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