

March 23, 2010

The Honorable David H. Stevens  
Assistant Secretary for Housing - Federal Housing Commissioner  
U.S. Department of Housing and Urban Development  
Washington, DC 20410

Dear Commissioner Stevens:

We are writing on behalf of the 1.2 million members of the National Association of REALTORS® (NAR) and nearly 3,000 member companies of the American Land Title Association (ALTA) to request that HUD clarify its position prohibiting the use of private transfer fees for FHA-insured mortgages and oppose private transfer fees for other mortgages as well. NAR and ALTA believe that these fees do little more than generate revenue for developers or investors and provide no service for homebuyers. They place an inappropriate drag on the transfer of property and raise the cost of homeownership.

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®.

ALTA, founded in 1907, is the national trade association and voice of the real estate settlement services, abstract and title insurance industry. With more than 8,000 offices throughout the country, ALTA members operate in every county in the United States to search, review and insure land titles to protect home buyers and mortgage lenders who invest in real estate. Nearly 3,000 title insurance companies, title agents, independent abstracters, title searchers and attorneys are active members, ranging from small, one-county operations, to large national title insurers.

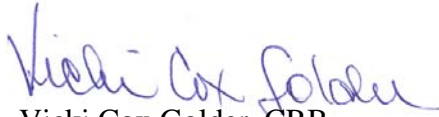
A private transfer fee commonly occurs when a builder agrees to add a covenant to the deed of each new home, or a homeowner agrees to add a covenant to an existing home, that requires future buyers of the property to pay a percentage of the selling price to a designated beneficiary. The transfer fee rule is a covenanted mandate so it is extremely difficult to reverse the requirement once it is in place. In many cases the fee is attached to the deed for up to 99 years meaning several subsequent buyers may pay a fee where no service was rendered.

NAR and ALTA have concerns about the transfer fee because it increases the cost of homeownership. Moreover, there is virtually no oversight on where or how proceeds can be spent, on how long a private transfer tax may be imposed, or on how the fees should be disclosed to home buyers. Already, one company in Florida offers to help private property owners place one percent transfer fees on their own homes, with the revenues from future sales serving as

extra income to the household. Other companies are negotiating with institutional investors to “securitize” pools of transfer fees, which will essentially create bonds that can be sold on a secondary based on the future cash flows. We will continue to oppose private transfer fees, and urge you to join that effort and clarify the existing prohibition against their use with FHA insured mortgages.

Thank you for your time and consideration of this matter. If you have any questions or concerns please do not hesitate to contact NAR’s Senior Regulatory Policy Representative, Jerry Nagy, at 202.383.1233, [jnagy@realtors.org](mailto:jnagy@realtors.org) or ALTA’s Director of Government Affairs, Justin Ailes, at 202.261.2937, [jailes@alta.org](mailto:jailes@alta.org).

Sincerely,



Vicki Cox Golder, CRB  
2010 President  
National Association of REALTORS®



Mark E. Winter  
President  
American Land Title Association