

## FHFA UPDATE: FHFA ISSUES MAJOR REVISIONS TO DEED-BASED TRANSFER FEE PROPOSAL

Federal Housing Finance Agency (FHFA) has issued a revised draft of their proposed regulation on private transfer fees and their revisions reflect the [comments](#) expressed by CAI and its members. CAI expressed strong concerns over FHFA's assertion that such fees do not benefit community associations. The new draft proposal will be open for public comment and CAI will follow up with a full analysis and sample comments in the coming days.

In August of 2010, FHFA issued draft guidance which would have prohibited Fannie Mae and other mortgage finance entities from purchasing any mortgage for property with a deed-based transfer fee. FHFA included deed-based transfer fees charged by nearly half of all community associations. If adopted, up to 11 million homes in community associations would be unable to obtain mortgage financing.

Responding to the challenge, CAI members assembled data on close to 1 million housing units in community associations across the country. The [survey](#) demonstrated that deed-based transfer fees are a common tool for funding association financial needs and directly benefit homeowners. In addition to the survey, CAI members across the country filed comments on the proposed guidance as well. While the regulatory process is not over and important work remains to be done, the revised draft issued by FHFA reflects nearly all the concerns expressed by CAI members including:

- Recognition that deed-based transfer fees payable to associations benefit residents and support association finances;
- Acknowledgement that association deed-based transfer fees should be exempt from any final regulation;
- Requiring that any regulation adopted be subject to full public notice and comment;
- A prospective application of any adopted regulation.

A copy of the FHFA announcement may be found [here](#) and the full, revised draft proposal may be found [here](#). CAI will follow up in the coming days with a full analysis and action items to ensure that community associations will have access to deed-based transfer fees as a funding mechanism and still have access to mortgage financing to sell their homes. **There remains much work to be done to protect community associations, but the revisions issued by FHFA show that the voice of community associations is being heard in Washington.**

Please contact the G&PA Department with any questions at: [government@caionline.org](mailto:government@caionline.org)