

## **FHFA Issues Draft Guidance on Deed Transfer Fees**

On August 12, 2010, the Federal Housing Finance Agency (FHFA) issued draft guidance on so-called deed-based transfer fees. Under the draft guidance, communities that have deed-based transfer fees that require a payment at time of sale or transfer of property will not be eligible for mortgages underwritten by Fannie Mae, Freddie Mac or other federally supported mortgage underwriters. The guidance is in draft form and makes no distinction between transfer fees that go to support a community association and controversial transfer fees that require a payment to the developer or other third parties who have no ongoing relationship with the property.

CAI will be submitting comments in opposition to the new regulation as it applies to transfer fees levied by associations. Such fees provide communities with an option of allocating funding for capital or reserve needs across monthly assessments, special assessments and time of sale fees. More critically, as changing deed based transfer fees usually requires consent of all property owners within a community, if the rules are implemented as drafted, healthy communities would be rendered unmarketable as they would be locked out of nearly all mortgage products.

Another concern for CAI members is the ability to collect for resale certificates or documents produced at time of transfer of property within a community association. As these fees are typically levied by board action, bylaws or other non-deed based mechanisms, such fees should not be impacted by the proposed FHFA ruling.

In the days ahead, please look for CAI's survey on this issue, the more responses we get and the better data we can collect the more likely we are to prevail with our arguments.

You can view the proposed regulation [here](#) and CAI's statement to the Washington Post at this [link](#).