

Private Transfer Fee Covenants

Fannie Mae Announcement SEL-2012-05, issued June 19, 2012, announced that due to the Federal Housing Finance Agency (FHFA) final rule (12 C.F.R. Part 1228) and directive FNMA will no longer purchase loans where the property securing the loan is subject to a private transfer fee covenant if the covenant was created on or after February 8, 2011 and the fees collected by the covenant do not directly benefit the property.

Private transfer fee covenants require a transfer fee to be paid to an identified third party, each time the property is sold. The duration of the covenant is generally for ninety nine years and the fee is typically a stated amount, or a percentage, such as 1% of the property sales price.

Private transfer fees paid to homeowner associations, condominiums, cooperatives and certain tax- exempt organizations that use private transfer fee proceeds to benefit the property are exempt from the regulation.

HomeBridge will not accept loan submissions where the property securing the loan is subject to a private transfer fee covenant created on or after February 8, 2012 and the fee collected does not directly benefit the property.