

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

HOUSING

INTERSTATE LAND SALES AND
REAL ESTATE SETTLEMENT PROCEDURES ACT (RESPA)

PROGRAM PERFORMANCE

STRATEGIC GOAL/OBJECTIVE	ACTUAL 2002	ESTIMATE 2003	ESTIMATE 2004
Strategic Goal EM: Embrace high standards of ethics, management, and accountability.			
Discretionary BA (Dollars in Thousands)
FTE			
Headquarters	8	22	22
Field
Subtotal	8	22	22
S&E Cost (Dollars in Thousands)			
Personal Services	\$726	\$2,079	\$2,135
Travel	9	19	24
Transportation of Things	0	0	0
Rent, Communications & Utilities	0	0	0
Printing	5	19	19
Other Services	569	533	507
Supplies	3	6	6
Subtotal	1,312	2,656	2,691
Strategic Objective EM.4: Ensure program compliance.			
Indicator: Receive 1,000 RESPA complaints per year.	820	900	1000

EXPLANATION OF PERFORMANCE

Performance/Means and Strategies

For fiscal year 2004, the Budget reflects \$350 thousand of total mandatory budget authority for the Interstate Land Sales program as a permanent indefinite appropriation. This is the same level projected for 2003. A total of \$2.7 million in Salaries & Expenses is targeted for this Goal. This budget authority represents estimated fees derived from developers for the registration of subdivisions. HUD's administrative costs associated with this program are partially paid by the fees collected from land developers. The Interstate Land Sales Full Disclosure Act (Title XIV of the Housing and Urban Development Act of 1968, as amended) authorizes a nationwide program of registration of subdivisions marketed in interstate commerce. The program is intended to protect consumers by making relevant information available to them when they are considering purchasing land. The Act generally applies, by law and administrative regulation, to subdivisions of undeveloped land sold or offered for sale or lease through interstate commerce. Statutory and regulatory penalties are imposed on developers who fail to file and keep a registration statement current with the Office of Interstate Land Sales Registration, or who fail to furnish each purchaser with a copy of an effective Property Report before the purchaser signs a purchase or lease contract. The Act provides for submission of a Statement of Record describing a proposed subdivision in detail, accompanied by maps, contract

documents and certifications designed to fully disclose relevant information about the subdivision. Each prospective purchaser must be furnished with a Property Report that sets forth the disclosure in easy to understand terms. The program concentrates on securing full disclosure of pertinent facts through the registration process and bringing enforcement action in the event of abuses.

The Real Estate Settlement Procedures Act (RESPA) is a consumer protection statute, first passed in 1974. Its primary purpose is to help consumers become better shoppers for settlement services, as well as to eliminate kickbacks and referral fees that increase unnecessarily the costs of certain settlement services. RESPA covers conventional and Federally issued loans on one- to four-family residential property. These include most purchase loans, assumptions, refinances, property improvement loans, and equity lines of credit. RESPA requires that borrowers receive disclosures at various times.

"Embrace high standards of ethics, management, and accountability" - "Ensure program compliance." Under ILS, statutory and regulatory penalties are imposed on developers who fail to file and keep registration statements current, or who fail to furnish each purchaser with a copy of an effective property report before the purchaser signs a purchase or lease contract. Under RESPA, we investigate alleged violations, which includes the practices of realtors, lenders, mortgage brokers, title insurance companies, and other settlement service providers. The Department will also increase enforcement coordination with state and other Federal regulatory agencies to ensure that settlement service providers comply with the provisions of RESPA.

Resource Management Information

FTE remain constant from fiscal years 2003 to 2004.