

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

HOUSING

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

STRATEGIC GOAL/OBJECTIVE	ACTUAL 2002	ESTIMATE 2003	ESTIMATE 2004
Strategic Goal H: Increase homeownership opportunities.			
Discretionary BA (Dollars in Thousands)
FTE			
Headquarters	4	9	9
Field
Subtotal	4	9	9
S&E Cost (Dollars in Thousands)			
Personal Services	\$358	\$850	\$873
Travel	5	8	9
Transportation of Things	0	0	0
Rent, Communications & Utilities	0	0	0
Printing	3	8	8
Other Services	3	3	3
Supplies	1	2	2
Subtotal	370	871	895
Strategic Objective H.3: Make the home buying process less complicated and less expensive.			
Indicator: The Department will implement regulations to simplify disclosure of settlement charges, and thus allow consumers to shop effectively for mortgage loans.	NA	NA	NA

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 \$895 thousand in S&E is targeted for this Goal. The mandatory program 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 protects 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

Interstate Land Sales

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.

Real Estate Settlement Procedures Act (RESPA)

The Real Estate Settlement Procedures Act 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 insured loans on 1- to 4-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.

This program contributes to achieving Strategic Goal H: Increase homeownership opportunities. Interstate Land Sales provides the purchaser pertinent information that protects consumers from fraud and abuse in the sale or lease of land. HUD will issue new RESPA regulations to reform the mortgage disclosure process. Additionally, while reforming the rules governing settlement disclosure and simplifying the settlement process for the homebuyer, the Department will also increase its monitoring of RESPA to stop illegal referral fees and unearned fees that ultimately raise the price that uninformed homebuyers pay for their homes. RESPA reform will contribute the strategic goal of expanding homeownership by making the home buying process less complicated, the paperwork less demanding and the mortgage process less expensive. A key to this outcome is to have for the consumer upfront disclosure of all costs associated in the obtaining a loan in understandable term prior to the payment of non-refundable fees. This overall reform effort will assist millions of homebuyers annually and will save \$6 - \$11 billion annually for American families.

Resource Management Information

FTE increased from 4 in fiscal year 2002 to 9 in fiscal years 2003 and 2004 due to expanded workload pertaining to RESPA.