

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

HOUSING

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

PROGRAM HIGHLIGHTS

	ACTUAL 2002	ESTIMATE 2003	ESTIMATE 2004	INCREASE + DECREASE - 2004 vs 2003
	(Dollars in Thousands)			
<u>Program Level:</u>				
Number of Filing Actions	482	1,020	600	-420
<u>Budget Authority</u>				
Mandatory, Fees (Permanent, Indefinite Appropriation)	\$311	\$350	\$350	...
Budget Outlays	311	350	350	...

NA = Not available.

SUMMARY OF BUDGET ESTIMATES

For fiscal year 2004, the Budget reflects \$350 thousand of budget authority, the amount of estimated fee revenue from filings under the Interstate Land Sales Full Disclosure Act. Fees collections are paid to the Department's Salaries and Expenses account under a permanent indefinite appropriation to partially defray administrative costs. This is the same level projected for 2003. This budget authority represents estimated fees derived from developers for the registration of subdivisions. In fiscal year 2004, the estimated program activity level is projected to be 600 filings.

In addition to administration of registration of Interstate Land Sales, the Department is responsible for the Real Estate Settlement Procedures Act (RESPA); the cost of this activity is funded with appropriations under the Salaries and Expense account as is the Interstate Land Sales and as a result this justification reflect both activities.

EXPLANATION OF INCREASES AND DECREASES

The number of Interstate Land Sales filings in fiscal year 2004 is estimated to be 600 resulting in \$350 thousand in fees. The decrease in filings represents a more realistic number in comparison to previous fiscal years.

The Department insured a proposed rule covering RESPA reform in fiscal year 2002 and anticipated a final rule in fiscal year 2003. Activities associated with the final rule and thereafter reflect a significant increase in S&E costs growing from \$1.7 million in 2002 to \$3.5 million in 2003 and \$3.6 million if fiscal year 2004. This increase is due to the combination of Interstate Land Sales and RESPA.

PROGRAM DESCRIPTION AND ACTIVITY

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.

Interstate Land Sales

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 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. The RESPA reform proposed by the Department as a major consumers protection efforts which will assist millions of American families annually and which is estimated to save homebuyers between \$6 to \$11 billion annually.

ADMINISTRATIVE EXPENSES

FTE/OBJECT CLASS	ACTUAL 2002	ESTIMATE 2003	ESTIMATE 2004
FTE			
Headquarters	12	31	31
Field
Total FTE	12	31	31
S&E Cost (Dollars in Thousands)			
Personal Services	\$1,084	\$2,929	\$3,008
Travel	14	27	33
Printing	8	27	27
Other Services	572	536	510
Supplies	4	8	8
Total S&E Cost	\$1,682	\$3,527	\$3,586