ALTA NEWS

For Immediate Release

ALTA URGES CAUTION ON RESPA REFORM
Red tape and cost may end up hurting, not helping consumers

Washington, D.C., May 22, 2008—In testimony before the House Small Business Committee today, American Land Title Association (ALTA) President, Gary Kermott urged Congress to examine some potential pitfalls in proposed changes to the Real Estate Settlement Procedures Act (RESPA) proposed by the Department of Housing and Urban Development (HUD).

"We believe that RESPA reform cannot be resolved in one sweeping change without considering and appreciating the many moving parts of a residential real estate transaction," Kermott said today.

Among ALTA's concerns are changes that, while intended to help consumers better understand the closing process, would result in more confusion, red tape and cost for people both buying and selling a home.

Kermott pointed to the imposition of responsibility on the closing agent to read and interpret the closing script on behalf of the borrowers which he said "will increase costs for both sellers and borrowers."

ALTA also believes that some of the new measures, such as the imposition of tolerances and volume discounts, create an anti-competitive environment that could disadvantage small businesses and give consumers fewer choices of settlement service providers.

While outlining several areas for review, ALTA supports HUD's efforts to help consumers to better understand their real estate mortgage transactions and receive easy-to-understand and reliable information about loan terms and settlement costs to facilitate consumer shopping for mortgages and title-related services.

"ALTA remains committed to consumer-oriented RESPA reform and praises the Department for devoting substantial time to surveying the varying interests of settlement service providers and studying consumer reactions to proposed disclosures."

# # #