

# ALTA NEWS

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**AMERICAN  
LAND TITLE  
ASSOCIATION**

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**For Immediate Release**

## **American Land Title Association Applauds FHFA for Proposal to Protect Consumers from Dangerous Financial Scheme**

**Washington, D.C., Aug. 12, 2010** — The [American Land Title Association](http://www.alta.org) (ALTA) congratulates the Federal Housing Finance Agency and Acting Director Edward J. DeMarco for taking a stand against the use of Wall Street Home Resale Fees, also known as private transfer fees, which steal equity from consumers, force homeowners to pay a large fee to sell their homes and adds a complicated legal roadblock to the home sale process.

“We applaud the FHFA for recognizing the growing concern surrounding private transfer fees and the threat they pose to consumers, as well as the negative impact they would have on Fannie Mae, Freddie Mac and Federal Home Loan Bank mortgage purchases,” said Kurt Pfothenauer, chief executive officer of ALTA. “The FHFA made an important decision to protect the future health of the real estate market by providing guidance that Fannie Mae and Freddie Mac will not offer loans on properties with these dangerous fees attached to them.”

Developers, in consultation with Wall Street advisers, are attempting to add language to home purchase contracts requiring that a percentage of the sales price be paid to the original corporate owner of a property every time the property is sold, typically for 99 years. The right to collect these Wall Street Home Resale Fees would then be securitized and sold to enrich investors, while stealing equity from homeowners.

“This is just another scheme to enrich Wall Street and third parties at the expense of Main Street and consumers,” Pfothenauer said.

This new, controversial financial scheme is facing opposition across the country. At the state level, 18 states already enacted bans or restrictions against the use of this dangerous fee, which steals home equity, lowers home resale values and adds another layer of difficulty to selling a home. The FHA has already stated PTFs violate the U.S. Department of Housing and Urban Development's regulations prohibiting legal restrictions on conveyance and requiring lenders to convey clear marketable title.

"These fees provide no service or benefit to homeowners, and raise the costs of homeownership," Pfotenhauer said. "The FHFA recognizes they are simply designed to generate additional revenue for investors at the expense of consumers. Again, we thank DeMarco and the FHFA for taking time to examine and understand this issue and for taking steps to squash a reckless financial scheme before it creates disastrous results."

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### **About ALTA**

The [American Land Title Association](#), founded in 1907, is a national trade association representing title insurance companies, title agents, independent abstractors, title searchers, and attorneys. With offices throughout the United States, ALTA members conduct title searches, examinations, closings, and issue title insurance that protects real property owners and mortgage lenders against losses from defects in titles. ALTA member companies employ well over 100,000 individuals and operate in every county in the U.S., and several countries around the world.