

ALTA NEWS

**AMERICAN
LAND TITLE
ASSOCIATION**

Contact: Jeremy Yohe
Office: 202-261-2938
Phone: 202-590-8361
E-mail: jyohe@alta.org



**** Immediate Release ****

American Land Title Association Applauds U.S. Representatives for Introducing Bill Protecting Consumers from Harmful Private Transfer Fees

Washington, D.C., Sept. 29, 2010 — The [American Land Title Association](http://www.alta.org) applauds U.S. Rep. Maxine Waters and co-sponsors Gwen Moore, Brad Sherman and Albio Sires for introducing a bill that protects consumers from a harmful real estate scheme that strips homeowners of equity in their house and depresses home prices.

Known as the Homeowner Equity Protection Act, HR 6260 would amend the Real Estate Settlement Procedures Act (RESPA) to prohibit the collection of private transfer fees by for-profit third parties on all federally related mortgage loans. When a private transfer fee is placed on a property, it requires that every time the property is sold for the next 99 years, 1 percent of the sale price of the property must be paid to an independent third party.

“We congratulate Rep. Waters and the co-sponsors for introducing this much-needed, consumer-protection bill,” said Kurt Pfotenhauer, chief executive officer of ALTA. “While traditional covenants have an accepted and beneficial role in the housing market by benefitting the land, these predatory instruments steal equity from American homeowners forcing them to pay a premium for the right to sell their own property.”

The use of private transfer fees has already been restricted in 18 states, while the Federal Housing Authority has already confirmed that the government won't insure mortgages backed by homes with private transfer fee covenants attached. The Federal Housing Finance Administration has issued a guidance that would restrict Fannie Mae, Freddie Mac, and the Federal Home Loan Banks from investing in mortgages with these fees.

“Since RESPA is a consumer protection statute, this amendment makes perfect sense to ban these fees because they add no benefit or value to a property, and are little more than a predatory scheme meant to take advantage of unsuspecting homeowners,” Pfotenhauer said. “ALTA thanks the representatives for recognizing the danger that these fees pose to homeowners and the real estate market.”

###

About ALTA

The [American Land Title Association](#), founded in 1907, is a national trade association representing title insurance companies, title agents, independent abstracters, 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.