

ALTA NEWS

**AMERICAN
LAND TITLE
ASSOCIATION**

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**** Immediate Release ****

American Land Title Association Applauds FHFA Final Rule Limiting Harmful Private Transfer Fees

Washington, D.C., March 15, 2012 — The [American Land Title Association](http://www.alta.org) (ALTA) applauds the Federal Housing Finance Agency (FHFA) for issuing a final rule limiting Fannie Mae, Freddie Mac and the Federal Home Loan Banks from investing in mortgages encumbered by certain types of private transfer fee covenants.

"ALTA commends the FHFA for protecting consumers from predatory fees that provide no direct benefit to the property," said Michelle Korsmo, chief executive officer of ALTA. "As an association representing companies that provide homeownership assurance, we know firsthand that transfer fees with no direct benefit to the property hinder the safe and secure transfer of real estate."

Certain private transfer fees require that a percentage of the sales price be paid to the original corporate owner of the covenant each time the property is sold, typically for 99 years. This corporate owner is typically not connected to the property – especially after it is first sold – therefore impeding the property rights of all future owners. The benefit to those holding the right to collect these private transfer fees is the ability to securitize and sell these covenants to enrich investors at the cost of taking equity from consumers, forcing homeowners to pay a large fee to sell their homes and adding a complicated legal roadblock to the home sale process.

At the state level, 38 states have bans or restrictions in place against the use of this dangerous fee, which takes home equity, lowers home resale values and adds another layer of difficulty to selling a home.

"The FHFA should be commended for listening to concerns and issuing a rule that limits the use of fees that infringe on property rights and harm consumers," Korsmo said. "Unlike fees charged by homeowner associations and condominiums cooperatives that directly benefit the property, the fees now excluded are simply designed to generate additional revenue for investors at the expense of consumers. These fees provide no service or benefit to homeowners, raise the costs of homeownership and are like a broken ATM machine, giving investors access to homeowners' hard-earned money."

About ALTA

The [American Land Title Association](#), founded in 1907, is a national trade association representing more than 4,000 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.