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LETTERS TO THE EDITOR

Changes to RESPA may limit choices and increase costs

Dear Editor:

Consumers must have the ability to shop for and compare prices of the services they buy in connection with the sale or purchase of a home.

That freedom may be compromised if the U.S. Department of Housing and Urban Development (HUD) makes certain changes to the Real Estate Settlement Procedures Act (RESPA). Currently, HUD is holding roundtable discussions around the country to allow invited groups to voice their concerns, and we are proud to say that both of our organizations were invited to the discussions in both Washington and Chicago to share our views.

While HUD's objectives—to simplify the process by "packaging" services and providing greater disclosure of fees—are laudable ones, each of the proposals it is considering would increase the cost of buying a home in Illinois, discourage consumers from shopping for the services needed in connection with the sale or purchase of a home and possibly lead to kickbacks

among industry players—a practice that is currently prohibited by law.

Our message to HUD is threefold: consumers must be allowed to shop for the products and services needed to purchase or sell a home; HUD should first allow the market to determine how current closing and insurance packages should be implemented before considering government intervention; and any allowance for referral payments or kickbacks can only increase the cost to consumers, since any payment for work not performed increases the cost of providing the product.

We encourage Illinois consumers to join our efforts. Contact HUD to express your opposition to proposed changes to RESPA that may limit choices, increase costs and allow the payment of referral fees in real estate transactions.

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