

# Consumer Corner

## A Proposal To Streamline Mortgage Settlement

(NAPSA)—It looks like there's good news on the way for homebuyers seeking a simpler, lower-cost, less stressful mortgage closing process.

The U.S. Department of Housing and Urban Development (HUD) has announced a proposal to reform a consumer protection statute first passed in 1974, the Real Estate Settlement Procedures Act. Among HUD's goals are to make it easier for consumers to "comparison shop" mortgages and to reduce closing costs for consumers.

The new Guaranteed Mortgage Package Agreement (GMPA) would allow lenders to provide a single lump-sum price for settlement costs coupled with an interest rate guarantee enabling smoother, "no-surprises" closings for borrowers.

With the current system, consumers are often frustrated by not knowing their final closing costs until the last minute.

The GMPA eliminates this problem by providing a guaranteed cost figure at the time of application (coupled with a guaranteed interest rate upon lock-in).

In addition to the up-front cost guarantee, a key benefit of the GMPA is its single-price characteristic. Currently, the required good-faith estimate includes a long list of itemized settlement costs, the complexity of which makes it very difficult for consumers to compare loan cost quotes on an "apples-to-apples" basis. Furthermore, HUD believes the GMPA will help drive consumer settlement costs down through package price competition between providers.



**HUD has proposed reforming regulations that currently limit a one charge approach to real estate settlements.**

ABN AMRO Mortgage Group, Inc. executives said that as more mortgage bankers embrace the single-price approach to packaging settlement services, the cost to consumers of obtaining a mortgage will be reduced. Additionally, as mortgage companies move toward offering a guaranteed, packaged loan product to retail and wholesale customers alike, local mortgage brokers will soon also be offering the consumer-friendly GMPA.

AAMG is currently ranked among the top 10 lending and loan servicing companies in the nation. To learn more about Real Estate Settlement Procedures Act reform, visit [www.hud.gov.com](http://www.hud.gov.com). To learn more about AAMG, visit [www.mortgage.com](http://www.mortgage.com).