



March 16, 2021

Re: Additional Fee for Recording – HF639, DE2 Amendment

Dear Chair Lillie and House Legacy Finance Division Committee:

The Minnesota Land Title Association (MLTA) opposes the DE2 amendment to HF 639. Section 12 of this bill, as amended, would permit a County Recorder in a county with a soil and water conservation district to impose an additional fee of \$25 for the recording of any deed subject to state deed tax and any mortgage subject to mortgage registration tax. While the MLTA does not oppose funding for soil and water conservation districts, this is an inappropriate source of funding and will create an additional expense and hurdle for counties, individual consumers, businesses involved in real estate, mortgage lenders, real estate attorneys, and our industry which completes closings for residential and commercial property throughout the state. Furthermore, it would undermine the uniformity, consistency, and affordability of recording fees across the state which was the product of significant legislation passed with the support of a wide ranging group of stakeholders.

We refer the Chair to the statement prepared by the Minnesota County Recorder's Association (MCRA), part of the Minnesota Association of County Officers (MACO) dated March 3, 2021, and submitted to the Chair of the Environment and Natural Resources Finance and Policy Committee, a copy of which is attached here and adopt those statements as the position of the MLTA. The consistency, predictability, and affordability of recording fees across counties is an essential benefit to consumers across the state and the various industries involved in all manner of real estate transactions. We request that the provision allowing imposition of the recording surcharge fee be removed from this bill.

Sincerely,

Legislative Committee Chairs
Minnesota Land Title Association

John F. Nielsen

Chad Novak

Dawn M. Anderson

Enclosure

cc: Kevin Dunlevy, MSBA Real Property Law Section Legislative Committee Co-Chair
Paul Eger, Vice President, Governmental Affairs, Minnesota Realtors
Amber Bougie, Minnesota County Recorder's Association Legislative Committee Co-Chair



RE: Surcharge on Recorder's Fees – HF639, DE2 Amendment

March 3, 2021

Dear Chair Hansen and Committee Members,

The Minnesota County Recorder's Association (MCRA), part of the Minnesota Association of County Officers (MACO), strongly opposes the DE2 amendment to HF 639. The provision on page 22.16, Section 12 would add a section to the Clean Water Act providing for a *permissive* Soil and Water Conservation Fee to be collected by the County Recorder for certain mortgage submissions. **While the MCRA agrees that clean water is an important cause, an added surcharge to the recording fee is not the appropriate funding source for such an initiative. This surcharge would not be applied representatively across jurisdictions. In addition, the adoption of this surcharge would create unnecessary administrative burdens on Counties and undermine the concept of uniform recording fees, which reduces uncertainty for the land title industry (and related stakeholders) and facilitates commerce.**

A uniform recording fee was established in state law in 2005. This law was supported by a wide-ranging coalition of interests, including: the MCRA, the Minnesota Land Title Association (MLTA), the Real Property Section of the Minnesota State Bar Association (MSBA) and Minnesota Realtors. The statewide uniformity, collaborative effort, and accountability of this legislation made Minnesota a nationwide leader. This legislation is now being used as a model for similar legislation throughout the country. The predictable fees established in this legislation are designed to ensure that recording offices have uniform fees that allow our industry partners to transact business with our offices and support real estate commerce in our state. Predictable recording fees are desired as an industry standard for many reasons, with the ability to comply with consumer protection laws high on the list.

This surcharge will reverse several solutions to former problems that occurred when consistent fees were not ubiquitous. The logistical challenges in managing work in which a lack of continuity exists in the fees between counties are various and creates overhead that had been eliminated with uniform recording fees were established in 2005.

The advantage of preserving the predictable fees established within the "Fee Bill of 2005" are:

- When submitters can effectively predict recording fees, they will see a reduction in errors. For recorders, predictable fees result in fewer rejections for shortages and overages resulting in cost savings in employee time, postage, and office supplies.
- Minnesota has already addressed in a progressive manner predictable fees as a solution to a widespread industry problem.
- The ability to effectively predict recording fees saves time and money for the consumer, the recorder, and the submitter.
- The primary benefits of predictable recording fees for consumers are avoiding delays in closing, confusing fee changes or the need for disclosures to be re-executed, all leading to a more transparent experience for the consumer.

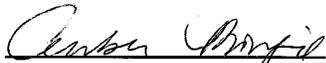
Along with other major stakeholders, Recorders have played an active role in overcoming the challenges which exist in the real estate closing environment. A prime example would be successfully integrating the regulatory requirements placed upon the industry by the federal government's TRID, "Know Before You Owe," regulations. TRID require lenders to accurately disclose all fees in the loan estimate. If the loan estimate does not closely match the closing disclosure, the closing may be delayed resulting in increased costs to your constituents. If the lender is not able to estimate the correct recording fees and transfer taxes at the time the loan application is made, additional consumer notification paperwork will be required before the loan can be closed. This potentially causes delays in the settlement and, as a result, the homeowner may incur additional expenses. The surcharge proposed in HF639 will make compliance with TRID much more difficult.

Besides easing compliance with important customer protection regulation, uniform recording fees have:

- Eliminated page count calculations which reduced rejections
- Improved accuracy of budget revenue estimates
- Reduced training time on all the recording fees for recording staff and submitters
- Reduced questions from staff and customers on interpreting fees
- Reduced postage costs for rejected documents because of payment discrepancies
- Eliminated or reduced recording fee refunds

MCRA respectfully asks that the author and committee remove recording fee surcharge language from the DE2 Amendment to HF639 that would create a non-uniform fee by adding a section to the Clean Water Act providing for a *permissive* Soil and Water Conservation Fee to be collected by the County Recorder for certain mortgage submissions. Any legislative effort to undermine or alter the "Fee Bill of 2005" will be opposed by MCRA. We anticipate a similar response from our industry partners.

Sincerely,



Sharon Budin, President, Minnesota County Recorder's Association

Betti Kamolz, Co-Chair, Minnesota County Recorder's Association Legislative Committee

Amber Bougie, Co-Chair, Minnesota County Recorder's Association Legislative Committee

cc: Dan Pearson, Chad Novak, and Dawn Anderson, MLTA Legislative Co-Chairs
Jennifer L. Carey and Kevin Dunlevy, MSBA Real Property Law Section Legislative Co-Chairs
Christopher Galler, CEO, MN Realtors Association