



March 15, 2021

RE: Surcharge on Recorder's Fees – HF1733(Hansen)

Dear Chair Hansen,

The Minnesota County Recorder's Association (MCRA), part of the Minnesota Association of County Officers (MACO), strongly opposes HF1733 (Hansen) and attempts to add any surcharges on the current mortgage and deed fee structure.

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 proposed 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 administrative costs 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 wide-spread 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 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.

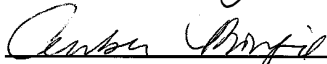
The surcharge proposed in HF1733 will make compliance with TRID much more difficult.

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/MACO continues to oppose adding any recording fee surcharge contained in HF1733 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 be removed, no matter the worthy cause.

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