



## SENATE BILL 2

# TALKING POINTS

SB2 is Statewide legislation, effective January 1, 2018.

It's referred to as the *Building Homes and Jobs Act* and/or the *Affordable Housing Act*.

The bill imposes an additional recording fee of \$75 for all non-sale real estate document recordings (basically all documents we would record).

The maximum they can collect per single transaction per parcel is \$225, which is in addition to other recording fees.

Most resale transactions will be exempt as deeds showing payment of Documentary Transfer Tax are exempt - a refinance is not exempt.

It is the responsibility of the escrow officer to complete the cover sheet that excludes resale documents from the fee, and if subject to the fee, to collect the proper additional recording fees.

The challenge is that every County Recorder can interpret the law as they see fit, to determine if/when the fee applies, making it very difficult for the title company to know which documents are subject to the fee.

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### TALKING POINTS - *Continued*

Since there is no way to anticipate which documents will be subject to the fee, we must be proactive and collect the full \$225 up front. Once we record and have final fees from the recording, we will refund any unused funds.

The fee could apply to both buyer and seller documents, so the \$225 fee collected will be based on whether the transaction is in a buyer- or seller-pay county. We anticipate most fees will be collected from the seller.

Any overpayment of fees to the Assessor will be considered county/state funds - there is no method for refunding any excess fees.

Every exempt document recorded must include a cover sheet explaining why it is exempt, and the County can accept or deny the request based on their interpretation. They also charge a recording fee for the extra page, so that increases overall recording costs to the consumer as well.

One challenge will be in regard to post-close documents (e.g. reconveyance deeds), as we have no way of knowing how the Recorder will interpret the need to assess fees, and each transaction will be assessed independently. Any fees assessed and paid post-close by the title company, who records those documents, will not be recouped since no funds will be held in a file to cover post-close costs.

We need your help to communicate this new fee to your clients! Marketing materials are available on our website, via email or hardcopy upon request.

**Please contact your Cypress Title sales representative for more information.**

