



PENNSYLVANIA LAND TITLE ASSOCIATION

Senate Local Government Informational Hearing on SB 898 (Predictable Recording Fees) Wednesday, August 10th, 2022 Hearing Room 1, North Office Building

Thank you Chairs Sen. Dush, Sen. Kearney, and members of the Senate Local Government Committee for this opportunity to testify today on Senate Bill 898. My name is Todd Rowe, and I serve as President of the Pennsylvania Land Title Association (“PLTA”). I am joined by Philip Janny who is a past President of PLTA and a settlement agent involved in the collection of recording fees and recordation of documents on a daily basis.

PLTA is the trade association for the land title insurance industry in Pennsylvania. PLTA represents the interests of title agents and agencies, title insurance underwriters, real estate attorneys and other real estate professionals throughout the state. Our members are knowledgeable, dedicated professionals in the land title industry who are your best resource to protect real property rights.

SB898 introduced by Senator Tomlinson recognizes the need to reduce uncertainty and delay in the recording process. The current method for calculating the cost of recording documents with a Recorder of Deeds is dependent on many variables including page count and number of names. In 2016, the Pennsylvania General Assembly’s Legislative Budget and Finance Committee (LBFC) conducted a review of the fees collected by Recorders of Deeds which is attached to our testimony. Its findings included (1) “Fees charged by County Recorders of Deeds are difficult to predict because they can vary based on factors such as the number of pages and the number of names that need to be indexed” and (2) “Many states are moving toward predictable recording fees to avoid delays and penalties at settlement.”

At its core, this piece of legislation will benefit consumers and constituents by making predictable recording costs required to be paid to record documents. Currently, 65 counties each have their own variable recording fee schedules for different types of documents which creates an environment which is unnecessarily confusing and complex to a number of stakeholders. Philadelphia and Allegheny Counties are both already using predictable fees successfully. By way of example, various calculations in different counties are currently based upon the number of names cited in a document and number of pages in a document. This means that the addition or removal of a page from a file, or a simple miscalculation, can lead to the incorrect amount included for a filing and the rejection of the document.

Federal regulations enacted in late 2015 provide for tough penalties for those that do not provide consumers clear information about the costs of a mortgage, including recording costs. The Consumer Financial Protection Bureau, through TRID or Know Before You Owe regulations, requires consumers to receive accurate disclosures of the cost of their purchase 3 days prior to their consummation of their transaction. Currently, TRID causes confusion for consumers as they are not shown the actual cost they will pay until the time of closing. One of the challenges of accurate disclosures in Pennsylvania is directly related to the unpredictable recording costs in Pennsylvania. Typically, the amount of recording costs is unknown until the day before or the day of settlement due to the calculation of pages.



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The rejection of documents causes great uncertainty in the real estate conveyancing and financing process which can harm consumers in a number of ways including: 1) failure of their title to real estate if a deed is not recorded timely; or 2) failure to obtain financing if a lender cannot be certain that their security instrument will be timely recorded. SB 898 will also enable stakeholders to accurately disclose recording costs to consumers in advance of closing like every other closing cost involved in a real estate transaction. Predictable recording fees have already proven to remove uncertainty in the recording process for all parties involved in a real estate transaction in 19 other states including: Arizona, DC, Idaho, Illinois, Indiana, Louisiana, Maryland, Massachusetts, Michigan, Minnesota, Nevada, New Mexico, North Carolina, South Dakota, Wisconsin, and Wyoming.

Please note also that the Mortgage Bankers Association of Pennsylvania has issued a letter in support of this legislation as well, a copy of which is attached, and will be provided to the Committee.

Please support this commonsense legislation, which will benefit constituents and consumers and the other stakeholders who record documents in the Commonwealth.

Thank you again for the opportunity to testify today and we look forward to working with you going forward on this bill as well as any other items of impact related to the land title industry. We are here today to be a resource to this legislative body which is contemplating passing this legislation. We deal with recording fees every day in the scope of our daily operations, and we feel we can be an asset to address any questions you may have on the positive impact this legislation will have on constituents and consumers involved in Pennsylvania real estate transactions.

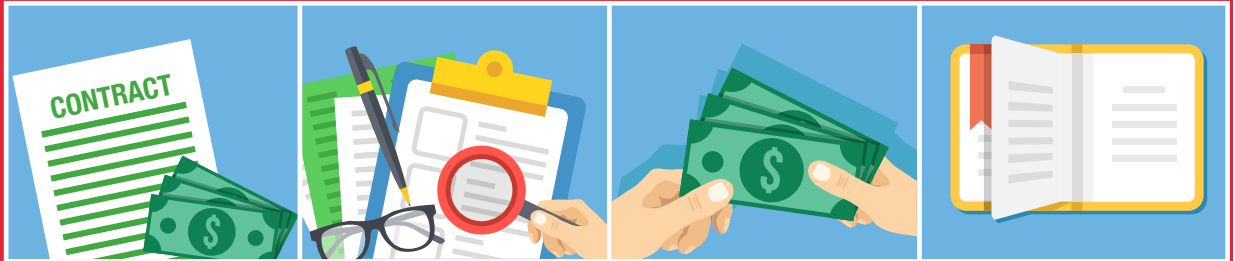
RECORDING FEES ARE TOO COMPLEX

HOW?

THE COST TO RECORD A DOCUMENT IN PUBLIC RECORDS IS CONFUSING. THE COST IS OFTEN CALCULATED BASED UPON:

- ① The number of legal names cited in a document
- ② The number of pages in a document
- ③ The number of property parcel numbers in the document
- ④ The number of reference points in a document

Predictable Recording Fees Can Help!



CONSUMERS
who want to know the amount of fees they will be charged when they buy a home.

COUNTY RECORDERS
who benefit from more predictable budget planning and fewer recording rejections.

BANKS AND CREDIT UNIONS
who need predictable fees in order to comply with federal consumer financial law.

REAL ESTATE SETTLEMENT SERVICE PROVIDERS
to accurately describe closing costs.

New federal regulations give tougher penalties for those that do not provide consumers clear information about the costs of a mortgage, including recording fees.

■■■■■■■■■■ SOLUTION ■■■■■■■■■■

State legislatures are passing bills to provide predictable recording fee structures that remove uncertainty in the recording process for all parties involved in a real estate transaction.



American Land Title Association
Protect your property rights



Predictable/Flat Fees for Recording Work Well in 19 States and the District of Columbia:



Holland & Knight

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May 27, 2022

To Whom It May Concern

Re: Predictable Fee Legislation

To Whom it May Concern:

The Mortgage Bankers Association of Pennsylvania (“MBAPA”) counts amongst its members businesses and individuals who facilitate residential mortgage finance throughout Pennsylvania. Our membership of banks, licensed mortgage companies and vendors to our industry are critical players to the closing of real estate purchase and finance transactions.

We are asking for you to support Senate Bill 898 and House Bill 1989 which cover Predictable Recorder of Deed Fees. This legislation will make predictable the cost of recording documents charged by Recorders of Deeds located in counties of the Second A, Third, Fourth, Fifth, Sixth, Seventh and Eighth classes. This legislation would be similar to laws passed in 19 other states and recognizes the need to reduce uncertainty and delay in the recording process.

The current method for calculating the cost of recording is dependent on page count, number of names, number of parcels and number of marginal document references. This method is now incompatible with a federal Truth In Lending Act regulation issued by the federal Consumer Financial Protection Bureau which regulates residential mortgage transactions. This regulation mandates that recording costs be accurately disclosed in advance of settlement and, most importantly, before the document to be recorded is in final form. Our membership is dedicated to accurate and meaningful disclosure of loan terms.

In 2016, the Legislative Budget and Finance Committee (LBFC) conducted a review of the fees collected by Recorders of Deeds. Its findings included (1) “Fees charged by County Recorders of Deeds are difficult to predict because they can vary based on factors such as the number of pages and the number of names that need to be indexed” and (2) “Many states are moving toward predictable recording fees to avoid delays and penalties at settlement.”

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To Whom It May Concern

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Please support this commonsense legislation which will benefit consumers, lenders, businesses, attorneys and others who record documents in the Commonwealth.

Yours truly,

A handwritten signature in blue ink that reads "Leonard A. Bernstein". The signature is written in a cursive style with a light blue shadow effect behind the text.

Leonard A. Bernstein, Legislative Counsel
Mortgage Bankers Association of PA

LAB:seo

cc: Bob Wexler, Via Email - bwexler@alliedmg.com
Constance P. Lawrence, Via Email - CLawrence@fcbanking.com