



Date: December 15, 2017

Date: December 21, 2017

Announcement #2017w-25

Topic: **REVISED**: Update to Announcement 2017w-22: Upcoming Recording Fee Change for Refinances – January 1, 2018

PBM Announcement

Source: PBM Operations

Distribution: PBM Employees

We understand that there is some confusion regarding the SB2 Recording Fee Changes in announcement 2017w-22.

Please note that this announcement is to identify a new “additional” fee assessed by the county recorders, the SB2 Fee. If there is an SB2 Fee it can never exceed \$225 per transaction. Additionally there will still be normal required recording fees assessed on each document as a course of business. All Refinance Transactions recorded on or after January 1, 2018 are subject to this fee.

All refinances that are currently in process must have a revised LE and COC processed to reflect the increased fee.

Recording fee example below:

Current Recording Fee Disclosed on LE = \$165

Add - SB2 Fee = \$75.00 (minimum) / \$225.00 (maximum)

Revised Recording fee total = \$240.00 (minimum) / \$390.00 (maximum)

In addition, all new refinance transactions must be disclosed using the standard recording fees **PLUS** the SB2 fee.

On November 20, 2017, PBM announced that the California State Legislature passed SB2 (Building Homes and Jobs Act) which establishes a new \$75.00 recording fee (not to exceed \$225 per transaction) on recorded documents (excluding purchase transactions) beginning with recordings on January 1, 2018. This is an update to the November announcement.

Purchase Transactions:

All purchase transactions are exempt if they are subject to a documentary transfer tax – the exemption applies to the entire transaction, not just the grant deed.

All owner-occupied purchase transactions are exempt even if they are not subject to a documentary transfer tax – the exemption applies to the entire transaction, not just the grant deed.

Note: If you need to confirm that your transaction is exempt from documentary transfer tax contact your escrow agent.

Refinance Transactions:

- ✓ Updated Recording Fee Chart is attached.
- ✓ How to manage increased recording fees:
 - New Refinance Applications - Include the applicable SB2 recording fee to the disclosed recording fee on the loan estimate effective immediately.
 - Existing Refinance Loans in Process – A change of circumstance is required on all refinances that will not be funded and recorded by December 31, 2017. PBM was provided with sufficient material to act on this change on Friday, December 15, 2017. This requires all COC's to completed by Wednesday December 20th.
- ✓ Specific considerations:
 - A \$75 fee will be charged per single transaction **per parcel** unless an exemption applies. Per single transaction means per recorded document – every instrument, paper or notice, not to exceed \$225.00 per transaction.
 - Instruments include: Deed, Grant Deed, Deed of Trust, Substitution of Trustee, Reconveyance, Quit Claim Deed, Assignment of Deed of Trust, Request of Notice of Default, Abstract of Judgement, Subordination Agreement, Release of Discharge, Easement, Notice of Trust Deed Sale, Notice of Completion, UCC Financing Statement, etc.
 - An exemption from paying the \$75 per recorded document fee for a refinance applies when:
 - The \$225 per transaction cap is reached.
 - A refinance transaction would have a minimum of a \$75.00 increase for the Deed of Trust, but could have up to a maximum of \$225.00 increase if several other instruments are required (i.e. the addition of two more instruments like a subordination agreement or quit claim deed).

Other considerations for Purchases and Refinances:

- Most counties will require a cover page to designate the existence of an exemption. A cover page may be required for each document. The fee for these transactions will increase for the extra pages. PBM will reflect the additional cost in our recording fee chart for all counties. Documents for purchases will require a cover page showing the exemption. Documents for refinance will require a cover page for a document after the \$225 per transaction cap is reached.
- The existing lender will also have to pay \$75.00 to record its release (reconveyance) of the old deed of trust. Demand statements may reflect this increase.
- Re-recorded documents the new per instrument fee applies. The primary owner occupied exemption may not be allowed.
- Trailing Documents (recorded after and not concurrently with other documents in the transaction) may be charged a \$75 per instrument fee, up to the \$225.00 maximum. The primary owner exemption may not be allowed.
- The placement on the CD is on line E.01 – Taxes and other Government Fees. The SB2 fee will be included with other county recording fees.

All California counties may interpret and implement this rule differently, so there will be more information on this over the next few months. Although it is important to note that we are approaching this assuming that most counties have adopted documentary transfer taxes, which would provide an exemption for all purchase transactions. If you have questions about your specific transaction, contact the escrow or title company directly. Please feel free to contact PBM Operations for general questions.

Closing Cost Details

Other Costs	Borrower-Paid		Seller-Paid		Paid by Others
	At Closing	Before Closing	At Closing	Before Closing	
E. Taxes and Other Government Fees		\$150.00			
01 Recording Fees	Deed:	Mortgage: \$150.00	\$150.00		
02 Transfer Tax		to Transfer Taxes			
03					
04					
05					
06					
07					

*The November 20th announcement inaccurately stated “excluding purchase transactions”. The exclusion only applies to **primary owner-occupied** purchase transactions.

Attachment: Exhibit “A” – Recording Fee Chart