

LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 7048

BILL NUMBER: HB 1132

NOTE PREPARED: Feb 18, 2013

BILL AMENDED: Feb 14, 2013

SUBJECT: Real Property And Housing Matters

FIRST AUTHOR: Rep. Burton

FIRST SPONSOR:

BILL STATUS: 2nd Reading - 1st House

**FUNDS AFFECTED: GENERAL
 DEDICATED
FEDERAL**

IMPACT: State & Local

Summary of Legislation: (Amended) The bill allows an officer or agent of a title insurance company, on behalf of a mortgagor or a person who has a lien against all or part of the mortgaged property, to execute and record a certificate of release in each county in which the mortgage is recorded if the company, officer, or agent has received, before executing and recording the certificate of release, written consent from the mortgagee or from the mortgage servicer or mortgage servicer's successor in interest.

The bill provides that the company, officer, or agent may use to record the certificate of release any recording fee collected if the company, officer, or agent has received the required consent to the recording from the mortgagee or from the mortgage servicer or mortgage servicer's successor in interest.

The bill provides that a certificate of release must contain: (1) a statement that the payoff amount of the mortgage was an amount of not more than \$1,000,000 instead of a statement that the mortgage was in the original principal amount of not more than \$1,000,000; and (2) a statement that the mortgagee or mortgage servicer provided a written payoff statement that was used to make payment in full of the unpaid balance of the loan secured by the mortgage.

The bill allows the resources of the Indianapolis housing trust fund to be used to fund programs considered appropriate to meet the affordable housing and community development needs of lower income families and very low income families, including lower income elderly individuals, individuals with disabilities, and homeless individuals.

Effective Date: July 1, 2013.

Explanation of State Expenditures:

Explanation of State Revenues: Under current law, a county recorder assesses a fee of \$3 for each mortgage recorded. The fee is paid to the county treasurer at the end of each month, with \$0.50 of the fee collected being deposited in the county Recorder's Record Perpetuation Fund. The remaining \$2.50 is transferred to the Auditor of State. The Auditor of State deposits \$1.25 in the state General Fund and \$1.25 in the Homeowner's Protection Unit Account. Current law also provides for additional fees depending on the specification of the document being recorded.

This bill states that if certain conditions are met, an officer or an agent of a title insurance company may use the recording fee the company collected for recording the certificate of release or satisfaction of the mortgage. This will not have any impact on the recording fee received by the state and local funds.

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Auditor of State.

Local Agencies Affected: County treasurers, City of Indianapolis.

Information Sources:

Fiscal Analyst: Randhir Jha, 232-9556.