



California SB 2 Requires Additional \$75 Recording Fee

Editor's Note: We inadvertently failed to include this summary of SB 2 in BCG Handout #17-12A, "2018 California Legislation." The Handout has been revised to include a discussion of the bill on page 2 of the Handout. The Handout also has been reposted to the BCG website at www.bankerscompliancegroup.com/monthly-telephone-briefing.php.

Effective January 1, 2018, SB 2 adds Section 27388.1 to the Government Code to provide for a new \$75 per document recording fee to be charged on most recordable documents, except in purchase and sale transactions.

The new \$75 fee is charged on a per instrument (not per page) basis. It is a flat fee, not calculated as a percentage of the transaction amount, sales price, etc. The bill applies to documents recorded on or after January 1, 2018. Specifically, the bill provides, in part:

Commencing January 1, 2018, . . . a fee of seventy-five dollars (\$75) shall be paid at the time of recording . . .

SB 2 sets a maximum fee amount of \$225 per "each single transaction," which might apply, for example, in a transaction that involves recording a grant deed, a deed of trust and a subordination agreement all at once.

The fee applies to recording most types of recordable instruments that relate to real property including the following:

- Deed
- Grant deed
- Trustee's deed
- Deed of trust
- Reconveyance
- Quit claim deed
- Fictitious deed of trust
- Assignment of deed of trust
- Request for notice of default
- Abstract of judgment
- Subordination agreement
- Notice of default
- Release or discharge
- Easement
- Notice of trustee sale

- Notice of completion
- Declaration of homestead as well as abandonment of homestead
- UCC financing statement
- Mechanics lien
- Maps, and covenants, conditions and restrictions

Note that the bill exempts any document recorded in connection with a transfer subject to a documentary transfer tax (sale transactions in most California counties where authorized by the county government), or is otherwise a transfer of real property that is an owner-occupied residential dwelling. While deeds of trust recorded on purchase-money loans are exempt, documents recorded in connection with refinance transactions, equity loans and equity lines will all be subject to the new fee. Again, the fee applies to each instrument that is recorded.

For purposes of Regulation Z and the TRID rule, the new \$75 fee should be disclosed as a type of "recording fee" (not a tax).