



Vermont Association of Realtors®

VT Realtors® are well aware of the challenges municipalities face in managing land records. We are in and out of town clerk offices every day. When a towns' land records are computerized and we can access them from our offices, we couldn't be happier. It is one less task that town clerk might otherwise have had to assist us with. It saves us both time and money. However, we do know that so many small towns are not yet computerized and are limited in funding and the human resources to move to a computerized land record system. Digitizing public records and implementing consumer facing access clearly, not only improves Town Clerks' time management and reduces administrative costs, but greatly improves the accuracy and efficiency of the real estate transaction for all those involved; Realtors, Attorneys and Lenders alike. If increasing recording fees will allow Town Clerks to retain a greater portion of those fees for this implementation process, it would be hard to not support it.

Impact of Recording Fees on the Real Estate Transaction

The average residential home sale price in VT last year was \$260,833. Total closing costs for residential transactions are typically 2-5% of the sales price. **Recording fees represent a very small percentage of those closing costs**, (generally < 1%) so in the vicinity of \$260 for the average residential real estate transaction. With a proposed increase from \$10 to \$15 per page for recording land records, the overall impact on closing costs is still *relatively* small in relationship to total closing costs. Will this type of increase negatively impact or prevent consumers from being able to move forward on a home purchase? While nobody wants to pay more, the answer is it's unlikely to make or break the deal.

While many fees on a Town Clerks fee schedule are well suited to a per page fee plan, **when it comes recording mortgage documents, deeds, lien assignments or discharges along with other documents pertinent to the transfer of property, 'predictable recording fees' would be advantageous.** The current 'fee per page' is unpredictable and allows for the opportunity for errors and delays in the closing process. At the beginning of the loan process, a lender must **ESTIMATE** closing costs for a consumer so they can shop the loan. As the true number of pages to be recorded is not known for sure until the very end of the process, if the page count varies from the estimate, it *can* negatively impact the closing. By utilizing predictable recording fees for land records and mortgage documents, errors and unnecessary delays, rejections, and penalties could be avoided.

A fee could be considered a **predictable recording fee if it is not dependent on elements of the document that may change** during the residential loan origination process, such as page count, number of parcels, name count and associated document references.

Millennials are now the largest home buying group, and they, more than any other generation, are shopping loans. They want **instant and accurate** information to make decisions. In an increasingly competitive lending environment, with online lenders like Quicken Loans garnering a larger and larger number of home buyers, small differences in the loan estimate could make the difference between a buyer selecting a Vermont lender or going with a loan originator that does not otherwise support Vermont jobs. If a buyer selects a lender strictly on the estimated closing costs, **predictable recording fees could make or break the deal and be the difference that allows our local Vermont lenders to stand a fair chance at keeping the loan process in state, thereby supporting the Vermont economy.**

A fee increase plan should consider a standard price based on document types (one price for everything) with exceptions, such as page count limits. Considerations should also be given to potential adjustments to fees based on county population.

Predictable fees may provide benefits to all parties in a real estate transaction.

For RECORDERS, predictable fees could:

- Eliminate page count calculations, thus reducing rejections
- Improve accuracy of budget revenue estimates
- Reduce training time on all the recording fees for recording staff
- Reduce questions from staff and customers on interpreting fees
- Reduce postage costs for rejected documents because of payment discrepancies
- Eliminate or reduce recording fee refunds.

For CONSUMERS, predictable fees could:

- Make closing costs more transparent and easier to understand
- Prevent additional paperwork
- Prevent delays in closing

For LENDERS, predictable fees could:

- Improve the accuracy of recording fee estimates
- Prevent delays in closing
- Reduce training time on all the recording fees for staff

Conclusion:

The transition to the computerization of land records is currently fragmented. Increasing fees will not necessarily ensure every municipality is able to expediently implement the process. **To achieve these benefits efficiently and effectively requires, at a minimum, clearly articulated goals, adequate and sustainable funding, and a support structure capable of providing timely professional guidance on implementation and technical issues.**

As the last increase to recording fees was in 2009, VT Realtors® would support an increase to recording fees but with regard to documents that impact the closing process, we would like to see the system shift from per page fees to predictable fees by document type.

According to RPR statistics, in 2018, VT Realtors® sold 6,492 residential properties (does not include multi-unit and commercial properties), totaling 1.7 Billion dollars in sales, with an average sell price of \$260,833. (80% single family, 20% condo).

Average number of documents to be recorded per closing is estimated to be 15-20 pages for single family and 19-25 for condo's.