



## **Maryland Underwriting Bulletin 2012-08**

**TO:** *Maryland Agents, Approved Attorneys & Examiners*

**FROM:** *Maryland Counsel*

**DATE:** *May 31, 2012*

**SUBJECT:** *New Recordation Tax on Indemnity Deed of Trust*

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The Maryland General Assembly, which the Governor called into special session in May 2012, enacted Senate Bill 1302. The Governor signed SB 1302 into law on May 22, 2012. Under this bill, entitled the "State and Local Revenue and Financing Act of 2012," indemnity deeds of trust recorded on or after July 1, 2012 will no longer be exempt from recordation tax. The new legislation subjects "indemnity mortgages" to recordation tax in the same manner as if the guarantor were primarily liable under the guaranteed loan. The bill defines an "indemnity mortgage" as including "any mortgage, deed of trust, or other security interest in real property that secures a guarantee of repayment of a loan for which the guarantor is not primarily liable."

The bill contains two exceptions. It does not apply to the extent recordation tax is paid on another instrument of writing that secures payment of the guaranteed loan. Nor does the new law apply to an indemnity mortgage that secures a guarantee of repayment of a loan for less than \$1,000,000.

Recordation tax is collected by many counties rather than the Clerk of the Circuit Court. THEREFORE WE SUGGEST THAT YOU CONTACT THE COUNTY OFFICE IN JURISDICTION IN WHICH THE PROPERTY LIES TO CONFIRM THE RECORDATION TAX THAT MAY APPLY TO INDEMNITY DEEDS OF TRUST RECORDED ON OR AFTER JULY 1, 2012.

*Please make certain that this Bulletin and communications are disseminated to your staff.*

Thank you for your attention to this matter and please do not hesitate to contact your local underwriting counsel if you should have any questions.

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