

CHAPTER 287

MORTGAGE REGISTRY TAX; DEED TAX

287.05 Tax on recordation or registration; supplemental mortgages; reverse mortgages.

287.22 Exceptions.

287.05 TAX ON RECORDATION OR REGISTRATION; SUPPLEMENTAL MORTGAGES; REVERSE MORTGAGES.

Subdivision 1. Tax imposed. A tax of 23 cents is imposed upon each \$100, or fraction thereof, of the principal debt or obligation which is or may be secured by any mortgage of real property situated within the state executed, delivered, and recorded or registered; provided, however, that the tax shall be imposed but once upon any mortgage and extension thereof. If the mortgage describes real estate situated outside of this state, the tax shall be imposed upon that proportion of the whole debt secured thereby as the value of the real estate therein described situated in this state bears to the value of the whole of the real estate described therein. The tax imposed by this section shall not apply to a contract for the conveyance of any interest in real estate.

Subd. 2. Supplemental mortgages. Any supplemental mortgage, not including revisions to a reverse mortgage as described under subdivision 6, securing a portion or all of the same indebtedness, whether or not additional security is included, shall be taxed in the following manner:

(a) Any additional indebtedness shall be taxed on the ratio that the value of the real estate therein described in this state bears to the value of the whole of the real estate described therein.

(b) If there is no additional indebtedness but the percentage of the Minnesota real estate as compared to the total real estate secured by the previous mortgage is increased, the tax shall be recomputed and paid on the remaining indebtedness multiplied by the difference between that percentage of Minnesota real estate included in the supplemental mortgage and that percentage included in any previous mortgage.

(c) In the event of both an increase in the indebtedness and a change in the Minnesota percentage of real estate given as security, the tax shall be recomputed on the portion representing new indebtedness in the manner provided in (a) and in the event of an increase in the percentage of Minnesota property included as security, the tax shall be computed on the remaining portion of the indebtedness as provided in (b).

Subd. 3. Revolving lines of credit. When a mortgage, including a reverse mortgage, secures a revolving line of credit under which advances, payments, and readvances may be made from time to time, the tax imposed under subdivision 1 shall be paid on the maximum amount of the line of credit which may be secured at any one time, as expressed in the mortgage, regardless of the time or amount of advances, payments, or readvances.

Subd. 4. Advances by mortgagee. No tax under subdivision 1 shall be paid on the indeterminate amount which may be advanced by the mortgagee in protection of the mortgaged premises or the mortgage, including taxes, assessments, charges, claims, fines, impositions, insurance premiums, amounts due upon prior or superior mortgages and other prior or superior liens, encumbrances and interests, and legal expenses and attorneys' fees.

Subd. 5. Indeterminate amounts. When a mortgage secures an indeterminate amount other than those described in subdivision 3, 4, or 6, no tax shall be paid at the time the mortgage is recorded or registered, but the tax must be paid at the time of recording or filing an affidavit stating the amount and time of the actual advance.

Subd. 6. Reverse mortgages. If real property secures a reverse mortgage, the principal debt or obligation to which mortgage registry tax applies is the expected total disbursements or cash equivalent to be made under the terms of the loan. Interest accruing

on the disbursements made is not subject to mortgage registry tax. In the case of periodic payments made for an indefinite length of time, the expected total disbursements must equal the product of the periodic payment amounts and the number of payments and, if applicable, the amount of cash distribution or its equivalent. The number of payments must be based upon the life expectancy assumption used in determining the payment amount. In the case of reverse mortgages made as part of the Housing and Community Development Act of 1987, section 255 of the National Housing Act, and administered by the Department of Housing and Urban Development (HUD), mortgage registry tax must not be assessed on Federal Housing Administration mortgage insurance premiums, monthly lender service fees, or payments to be distributed to the borrower by HUD.

History: 1991 c 291 art 20 s 2

287.22 EXCEPTIONS.

The tax imposed by section 287.21 shall not apply to:

A. Any executory contract for the sale of land under which the vendee is entitled to or does take possession thereof, or any assignment or cancellation thereof.

B. Any mortgage or any assignment, extension, partial release, or satisfaction thereof.

C. Any will.

D. Any plat.

E. Any lease.

F. Any deed, instrument, or writing in which the United States or any agency or instrumentality thereof is the grantor, assignor, transferor, conveyor, grantee or assignee.

G. Deeds for cemetery lots.

H. Deeds of distribution by personal representatives.

I. Deeds to or from coowners partitioning undivided interests in the same piece of property.

J. Any deed or other instrument of conveyance issued pursuant to a land exchange under section 92.121 and related laws.

History: 1991 c 291 art 21 s 11