

HB

421

ALASKA STATE LEGISLATURE

House of Representatives

COMMITTEE ASSIGNMENTS:
LABOR & COMMERCE COMMITTEE, CHAIRMAN
COMMUNITY & REG AFFAIRS COMMITTEE, MEMBER
SPECIAL COMMITTEE ON OIL & GAS, MEMBER
ADMINISTRATIVE REGULATION REVIEW COMMITTEE, MEMBER

website: <http://www.akRepublicans.org/Anderson.htm>

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JUNEAU, AK 99801-1182
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Representative Tom Anderson

email: Representative_Tom_Anderson@legis.state.ak.us

Date: May 4, 2004

To: Senator Ralph Seekins, Chair
Senate Judiciary Committee

From: Representative Tom Anderson, Chair *Tom*
House Labor & Commerce Committee

Re: CSHB 421(JUD)

This memo is to request a hearing by the Senate Judiciary Committee on CSHB 421(JUD),
"An Act relating to reconveyances of deeds of trust, at the earliest possible convenience."

Enclosed are:

1. The most recent version of CSHB 421(JUD)
2. Current Sponsor Statement
3. Fiscal Note (Dept. Natural Resources)
4. Communications of support:
 - a. Bryan S. Merrell, State Agency Manager, First American Title Insurance Co.
 - b. Tim Hurley, President, Western Alaska Land Title Co.

Thank you for your consideration of this legislation.

Alaska State Legislature

House of Representatives



Official Business

State Capitol
Juneau, AK 99801-1182

SPONSOR STATEMENT FOR CS HB 421(JUD) BY: Representative Tom Anderson

TITLE: An Act relating to reconveyances of deeds of trust.

CS HB 421(JUD) is legislation proposed and requested by the Alaska Land Title Association (ALTA). The legislation would help to clear land records of paid off mortgage liens. In other words, after a mortgage (or deed of trust) has been paid off, a title insurance company could, through the procedures established in CS HB 421(JUD), record the reconveyance.

A title insurance company, acting as trustee under a deed of trust, could release (by deed of reconveyance) a lien after notice to the lender, if the title company paid off the deed of trust through a closing. The lender would be given 60 days to object to the proposed release of the lien.

CS HB 421(JUD), based on a law from the State of Idaho, would be helpful in "cleaning up" many old liens left unreleased by lenders who may be from out-of-state, or have closed. In Alaska, it is very common for the company servicing a mortgage on a home to be located outside of state.

By having this sort of law in place, the net result is a quicker closing and fewer hassles for sellers, lenders and agents. For example, any previous liens on the deed could be cleared away before they become burdensome on any future transactions or sales of the property.

The intent of this bill is to provide a clear and clean process allowing liens to be cleared from deeds after satisfactory evidence of payment has been presented to the title company. This does not establish any additional risks or opportunities for fraud, and it is not intended to create any unnecessary burdens upon mortgage lenders in Alaska.

FISCAL NOTE

STATE OF ALASKA
2004 LEGISLATIVE SESSION

Fiscal Note Number: 1
 Bill Version: CSHB 421(L&C)
 (H) Publish Date: 3/25/04

Revision Date/Time (Note if correction): _____ Dept. Affected: Natural Resources
 Title Deed of Trust Reconveyance RDU Resource Development
 Component Recorder's Office
 Sponsor Rep. Anderson
 Requester (H) L&C Component No. 802

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()						
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type—Do not abbreviate)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2004) cost: 0.0

Check this box (X) if funding for this bill is included in the Governor's FY 2005 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

There is no fiscal impact for the Recorder's Office associated with implementation of this legislation.

Prepared by: Vicky Backus Phone 907-269-8882
 Division: Recorder's Office Date/Time 3/9/04
 Approved by: Thomas Irwin, Commissioner Date 3/9/04
 Agency: Natural Resources

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**First American
Title Insurance Company**

3035 "C" Street • Anchorage, Alaska 99503 • Phone (907) 561-1844 • Fax (907) 561-1948

February 11, 2004

Representative Tom Anderson
State Capitol, Room 432
Juneau, AK 99801-1182

Via Fax 907-465-2418

Re: HB 421

Dear Rep. Anderson:

I am State Agency Manager, Counsel & Underwriter for First American Title Insurance Company, the largest underwriter of title insurance in the State of Alaska, and the Immediate Past President of the Alaska Land Title Association, the trade organization made up of the active title insurance agents and underwriters in Alaska. I am writing today to express First American's support for HB 421, relating to reconveyances of deeds of trust.

This bill would solve a growing problem in Alaska and other states, where as years have passed lenders and borrowers have not, for one reason or another, followed through on releasing deeds of trust representing mortgage loans on both residential and commercial properties. Title insurance agents, acting both as insurers of the status of title and as neutral escrow closers of such transactions, often pay off these loans but never receive the paperwork from the lender or borrowers to get the liens released of record at the Recorder's Office. This bill would allow us in the title industry to help future owners of the properties still encumbered with such unreleased, but paid off, loans to clear the record by reconveying (a deed of reconveyance is the document signed by the trustee under a deed of trust) the deeds of trust. This is of benefit to the real estate community as a whole, as it will result in quicker, cleaner real estate closings.

I have spoken to Josh Applebee in your office about the bill, and I would be happy to answer any questions you or others may have about it. Thank you for your assistance and support.

Very truly yours,

FIRST AMERICAN TITLE INSURANCE CO.

Bryan S. Merrill
State Agency Manager, Counsel & Underwriter

cc: John Bitney

WESTERN ALASKA LAND TITLE CO.

Agents for Stewart Title Guaranty Co.

February 11, 2004

The Honorable Tom Anderson
House of Representatives
State Capitol
Juneau, Alaska 99801-1182
VIA Fax: (907) 485-2418

Dear Mr. Anderson;

With HB421 we have an opportunity to speed up the Real Estate closing process. Title searches consistently turn up mortgages, which have been paid in full and have never been released of record. Although lenders are quick to secure their loans, some never produce the proper paperwork to release their interests of record after receiving satisfaction in full. HB421 would at least provide a tool to the industry to help alleviate the backlog of unreleased mortgages which burden the "Public Records". The speedy passage of this bill can only benefit the consumer and the industry.

Sincerely,



Tim Hurley
President

TJH/ds
CC: Representative Dan Ogg