



**CARRINGTON & ASSOCIATES, LLC**

*Integrity.Passion.Results*

*Since 2006*

**SB476 – Recordation Tax - Indemnity Mortgage Exemption - Threshold  
Amount**

**FAVORABLE**

Carrington & Associates, LLC, requests a FAVORABLE report for SB476. This bill increases the threshold amount for certain indemnity mortgage transactions that are exempt from the recordation tax from \$3,000,000 to \$15,000,000.

We would like to thank the Committee for hearing this important legislation. Our firm has worked with, and/or represented the mortgage industry since 2006. Our Managing Director, Darrell Carrington, has been a Loan Officer, Vice-President of Government Relations, and has testified before our powerful Ways & Means, Economic Matters, Finance and Budget & Taxation Committees throughout that time on a variety of issues facing the mortgage industry.

This commonsense bill recognizes that lenders will be reluctant, in fact, unable to extend mortgages to borrowers with high Loan to Value (LTV) ratios. Most mortgagees will levy a Higher Lending Charge, known as the Mortgage Indemnity Guarantee (MIG), when the LTV is over 75%.

If we are honest, it is important to know that whilst the cost of the MIG is borne by the borrower, the MIG is an insurance policy in favor of the lender. That said, without an MIG, lenders would not provide mortgages at such high LTVs, so most people are willing to pay this extra cost, and obtain a larger mortgage with a smaller deposit requirement as a result.

For the stated reasons, we ask for a FAVORABLE report on SB476.

Please feel free to contact Darrell Carrington, at [darrell.carrington@verizon.net](mailto:darrell.carrington@verizon.net), if you would like any additional information.