

# MINNESOTA • REVENUE

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**To:** Mortgage and Deed Tax Contacts

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**Subject:** Mortgage Tax: Mortgage Amendment -Minn. Stat.§ 287.04(h)  
Additional Security -Minn. Stat.§ 287.04(c)  
Mortgage Modification -Securing new debt.

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## Mortgage Amendment

Under Minn. Stat. § 287.01, a mortgage amendment is defined as any document that alters an existing mortgage without securing a new debt or increasing an existing debt.

The above definition is met if the document does one or more of the following:

1. Extends time for payment of the unpaid portion of the original debt.
2. Changes the interest rate.
3. Adds additional real property as security for the unpaid portion of the debt.
4. Releases some of the real property encumbered by the mortgage.
5. Replaces all the real property encumbered by the mortgage with other real property.
6. Replaces the party bound by the mortgage with a new party.

### MRT Requirements<sup>1</sup>

- 1.) Amendment statement on face of document (Minn. Stat. § 287.05, Subd. 8) plus original mortgage recording information. Example:

*This is a mortgage amendment, as defined in Minnesota Statutes, section 287.01, subdivision 2, and it does not secure a new or an increased amount of debt.*

*Tax in the amount of \$ 2,400 was paid on the debt amount of \$ 1,000,000 in Hennepin County, document number 8024586, recorded June 15, 2008.*

OR

- 2.) Complete Form MRT-1.

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<sup>1</sup> If the mortgage does not meet these requirements, you may be required to provide other documents and the recording may be delayed.

**Additional Security**

A new and separate mortgage, adding additional security for a debt amount already secured by another separate mortgage and upon which tax has been paid, is exempt from MRT.

Example: A. Tom purchases a home and gives mortgage to Bank ABC to secure a \$ 200,000 loan--  
MRT Paid.

B. Tom's parents give Bank ABC a mortgage to secure the same \$ 200,000 debt amount.  
This mortgage is given as "additional security" for Tom's loan.

**MRT Requirements<sup>1</sup>**

1.) Statement on the face of the mortgage. Example:

*This mortgage is providing additional security for a debt amount upon which tax has previously been paid. Tax in the amount of \$ 2,400 was paid on the debt amount of \$ 1,000,000 in Hennepin County. Multiple mortgages are being recorded concurrently and recording information is unavailable at this time. \*\**

OR

2.) Complete Form MRT-1.

**\*\* Please note:** When multiple mortgages are being recorded to secure one debt amount the recording information from the county where the tax is being paid might not be available when the subsequent mortgages are presented for recording.

**Mortgage Modification**

A mortgage modification that secures a new debt or increases the current balance of an existing debt, is subject to MRT.

Example: 1. In 2008, a mortgage is recorded securing a non-revolving \$ 1,000,000 note.  
This is not a line-of-credit loan.<sup>2</sup>  
2. In 2010, when the existing indebtedness is \$ 600,000, the lender provides the borrower with an additional \$ 300,000 and modifies the mortgage accordingly.

**MRT Requirements<sup>1</sup>**

1.) Statement on the face of the mortgage. Example:

*This document secures an additional debt amount of \$ 300,000. Tax in the amount of \$ 2,400 was paid on the original debt amount of \$ 1,000,000 in Hennepin County, document number 8024586, recorded June 15, 2008.*

OR

2.) Complete Form MRT-1.

<sup>2</sup> Line-of-Credit Loan: \$ 1,000,000 can be paid down and have "new" money advanced without filing a mortgage amendment or paying additional MRT.