

Refinances claiming the exemption clause

- Must make sure the parties on the present mortgage were the same parties on the previous mortgage (exception is the spouse exemption)
- Refinance affidavit must state: 1) The individual is the original mortgagor; 2) Must state the amount of unpaid principal balance on the old mortgage to be refinanced.
- The property number, description, etc. is on the document.

Refinance Example

- Simple refinance: REFINANCE New mortgage amount is \$200,000, balance on previous mortgage 135,865. New money = 64135 divided by 500 rounded up =129 tax rate for the County 4.1
- Recordation Tax \$ 528.90

Simple Deed with Mortgage

- Simple Deed with mortgage: The Deed states purchase price of \$200,501 and the purchase mortgage or deed of trust is \$195,000.00.

Deed amount 200,501

divided by 500 rounded up = 402

tax rate for the County 4.1

- Recordation Tax \$1,648.20
- Cecil County Transfer Fee \$1,002.51 ($\$200,501 \times .005$)
- If first-time Maryland home buyer (affidavit must be provided), then the Cecil County Transfer Fee is \$501.26 ($\$200,501 \times .0025$)

Deed transfers between relatives. **No refinance involved.**

- A zero consideration deed transfer is exempt if between spouses, son, daughter, stepson, stepdaughter, parent, stepparent, son-in-law, daughter-in-law, stepson-in-law, stepdaughter-in-law, parent-in-law, stepparent-in-law, brother, sister, stepbrother, stepsister, grandchild, stepgrandchild, grandparent, stepgrandparent, domestic partner or former domestic partner.
- Unless there is consideration beyond the assumption of a mortgage, i.e. deed states consideration amount, then it is taxed at that amount.
- **This does not include: cousins, uncles or aunts.**

Deed Transfers where qualifying relative remains on the deed and then there is a refinance involved

- Example: Esteban Dondero is transferring property to Esteban Dondero and Nina Dondero (Father and Daughter). Plus, refinancing the old mortgage, then ½ the balance on the old mortgage is taxable. This needs to be considered when both adding or removing parties when they are claiming the refinance exemption, not to mention the percentage of interest, i.e. 1/3, 1/4. You should view the previous deed of trust information.
- Old mortgage principal balance 135,000 divided by 2 = **67500** (Deed consideration)
divided by 500 rounded up = 135
tax rate for the County 4.1 = \$ **553.50**

New mortgage 200000
Balance on old original mortgage 135000
new money =65000
divided by 500 rounded up =130
tax rate for the County 4.1 = \$ **533.00**
- **Total Recordation Tax \$1,086.50** (553.50+533.00)
- **Cecil County Transfer Fee \$337.50** (**67500** x .005)

Another example

- Example: Mother and daughter own property and the mother is being removed from title and the daughter is also refinancing.
New Mortgage Amount - \$178,743
Balance on old mortgage- \$170,435.59
Taxable amount on old mortgage is **85,217.795** (170,435.59 divided by 2) – **this is the deed consideration**
divided by 500 rounded up = 171
Tax rate 4.1 – recordation tax is \$701.10
New Money is \$8,307.41 (178,743-170,435.59)
divided by 500 rounded up = 17
Tax rate 4.1 – recordation tax is \$69.70
- **Total recordation tax is \$770.80** (701.10+69.70)
- **Cecil County Transfer Fee \$426.09** (**85,217.795** x .005)

Spousal Transfers

- Deed is exempt from recordation taxes regardless if consideration is involved.
- Whether adding or removing a spouse, they are afforded the refinance exemption. Only the new money is taxable.

Transfers involving non-qualifying relatives or other parties

- Deed is taxed on the value of consideration (or value of the property per SDAT if no consideration.)

Indemnity Deed of Trust

Effective 7/1/2013

IDOT's equal to or greater than \$3,000,000 are taxable as a regular mortgage or deed of trust.

IDOT's less than \$3,000,000 are exempt

When recording an IDOT you must submit:

1. A copy of the promissory note;
2. The guaranty agreement;
3. The Hud-1 or other closing statement; and
4. [An IDOT affidavit](#)

[See advice from Clerk](#)