

1. Transfers from one spouse or former spouse to both spouses (**husband to husband and wife**) or from both spouses to one spouse or former spouse (**husband and wife to wife**) followed by a refinance deed of trust, will be taxed as follows. The deed between spouses is totally exempt from County Transfer Tax (TT) and Recordation Tax (RTX). The refinance deed of trust is subject to recordation tax only to the extent the amount of the new debt exceeds the unpaid principal balance on the prior deed of trust (DOT) being refinanced, provided all of the requirements of Tax-Property (TP) Article §12-108(g) are met.

2. Transfers from one relative adding an exempt relative (**mother to mother and son**) followed by a refinance DOT will be taxed as follows. The deed will be subject to TT and RTX as to one-half of the principal balance of the existing debt. The new debt is used to pay off the existing debt so the son has not assumed the balance of the existing debt and the mother is relieved of one-half of the principal balance of the existing debt. The refinance DOT is subject to RTX to the extent that the amount of the new debt exceeds the unpaid principal balance on the prior DOT. Mother receives the refinance exemption as to one-half of the unpaid principal balance of the existing debt provided the requirements of §12-108(g) are met and the son receives a purchase money exemption as to one-half of the unpaid principal balance of the existing debt provided the requirements of §12-108(i) are met. If the parties do not qualify for the refinance exemption or the purchase money exemption then RTX applies to that part of the unpaid principal balance of the existing debt not covered by the exemption. Additional consideration to the grantor, such as cash or cancellation of debt, is taxable.

These amounts will be adjusted according to the percentage interests being transferred to the grantee relative in the above example. If the grantee relative receives a three-fourths interest the tax would be based on three-fourths of the unpaid principal balance of the existing debt. The refinance exemption is only available to the grantor relative to the extent of the grantor relative's interest after the transfer (one-fourth), and the grantee relative would receive the purchase money exemption to the extent of their interest.(i.e. three-fourths).

3. Transfers from one relative to an exempt relative (**mother to son**) followed by a refinance DOT will be taxed as follows. The deed will be subject to TT and RTX on the unpaid principal balance of the existing debt. The exemption for transfers between relatives (§12-108(c)) does not apply because the son is not taking the property subject to and assuming the unpaid principal balance of the prior DOT. The refinance DOT is subject to RTX to the extent that the new debt exceeds the unpaid principal balance of the existing debt. The grantee would receive the refinance exemption provided the requirements of §12-108(g) are met or the grantee will receive the purchase money exemption up to the amount of the unpaid principal balance of the existing debt provided the requirements of §12-108(i) are met by the grantee. Additional consideration to the grantor, such as cash or debt cancellation, is taxable.

4. Transfers to a brother, sister, stepbrother, or stepsister (**brother to sister**) followed by a refinance DOT will be taxed as follows. The deed will be subject to TT and RTX on the unpaid principal balance of the existing debt. The exemption for transfers between relatives (§ 12-108(c)(6)) does not apply because the sister is not taking the property subject to and assuming the existing debt and the brother is relieved of liability of the unpaid principal

balance of the existing debt. The refinance DOT is subject to RTX to the extent that the new debt exceeds the unpaid principal balance on the prior DOT. The grantee would receive the refinance exemption provided the requirements of §12-108(g) are met or the grantee will receive the purchase money exemption up to the amount of the unpaid principal balance of the existing debt provided the requirements of §12-108(i) are met by the grantee. Additional consideration paid to the grantor, such as cash or debt cancellation, is taxable.

5. Transfers from a brother, sister, stepbrother or stepsister, adding a brother, sister, stepbrother, or stepsister, **(brother to brother and sister)** followed by a refinance DOT, will be taxed as follows. The deed will be subject to TT and RTX as to one-half of the principal balance of the existing debt. The new debt is used to pay off the existing debt so the sister has not assumed the balance of the existing debt and the brother is relieved of one-half of the principal balance of the existing debt. The refinance DOT is subject to RTX to the extent that the new debt exceeds the unpaid principal balance on the prior DOT being refinanced. Brother receives the refinance exemption as to one-half of the unpaid principal balance of the existing debt provided the requirements of §12-108(g) are met and the sister receives a purchase money exemption as to one-half of the unpaid principal balance of the existing debt provided the requirements of §12-108(i) are met. If the parties do not qualify for the refinance exemption or the purchase money exemption then RTX applies to that part of the unpaid principal balance of the existing debt not covered by the exemption. Additional consideration to the grantor, such as cash or debt cancellation, is taxable.

These amounts will be adjusted according to the percentage interests being transferred to the grantee sibling in this example. If the grantee sibling receives a three-fourths interest the tax would be based on three-fourths of the principal balance of the existing debt. The refinance exemption is only available to the grantor sibling to the extent of the grantor sibling's interest after the transfer (one-fourth), and the grantee sibling would receive the purchase money exemption to the extent of their interest.(i.e. three-fourths).

6. Transfers from two domestic partners to one domestic partner followed by a refinance DOT will be taxed as follows. The deed is exempt from TT. The deed is subject to RTX as to one-half of the principal balance of the existing debt plus any additional consideration paid to the Grantor. The refinance DOT will be subject to RTX to the extent the amount of the new debt exceeds the unpaid principal balance on the prior DOT being refinanced. The remaining domestic partner would receive the refinance exemption provided the requirements of TP Article §12-108(g) are met. Additional consideration to the grantor, such as cash or debt cancellation, is taxable.

7. Transfers from one domestic partner to both domestic partners followed by a refinance DOT will be taxed as follows. The deed is exempt from TT. The deed is subject to RTX as to one-half of the unpaid principal balance of the existing debt because there is no exemption from RTX for transfers between domestic partners and the existing domestic partner is being relieved of liability of one-half of the unpaid principal balance of the existing debt by payment of the existing debt with the new debt. The refinance DOT will be subject to RTX to the extent the amount of the new debt exceeds the unpaid principal balance on the prior DOT being refinanced. The existing domestic partner qualifies as an original mortgagor so the

refinance exemption applies to one-half of the unpaid principal balance of the prior DOT provided the requirements of TP §12-108(g) are met. The purchase money exemption applies to the added domestic partner as to one-half of the existing principal balance of the prior DOT provided the requirements of TP §12-108(i) are met. Additional consideration to the grantor, such as cash or debt cancellation, is taxable.