

March 12, 2007

MEMORANDUM

TO: Clients of the Montgomery County Transfer/Recordation Office

FROM: Timothy L. Jones, Financial Programs Manager

SUBJECT: Restated Policy on Certain Family Transfers Followed by Refinance DOT

This memo is to clarify and restate the County's position and policy concerning various transfer scenarios involving related parties when a deed is followed by a refinance deed of trust. We are not changing our existing policy, however, due to several County and State law changes over the last few years our policy has become spread out over more than one memo. We want to restate our policy on one memorandum for everyone's convenience.

Our policy continues to be based on the analysis contained in the Attorney General's advice letters and the independent review of the Department of Finance, in conjunction with the Office of the County Attorney. The Montgomery County Transfer Office will be calculating County Transfer Tax (TT) and State Recordation Tax (RTX) on family transfers, followed by a refinance deed of trust (DOT), as itemized on the following pages. The list of seven scenarios is not necessarily a complete list of all possible cases, but it gives examples of what we believe are a number of the key scenarios.

***Please note: It will expedite our processing and avoid unnecessary rejection of documents if you will indicate family relationships and percentage (%) interests on each deed.***

You may call me on 240-777-8990 with taxation questions. Please contact Scott Foncannon, Assistant County Attorney, on 240-777-8973 with questions of law. Thank you for your cooperation.