



NAVIGATING THE QUIRKS OF PRINCE GEORGE'S COUNTY, MARYLAND

Prince George's County may be the single most complex county in the nation when it comes to mortgage recordation and transfer taxes. Although far from a complete guide on Prince George's County's various exemptions, discounts, and oddball calculations, this article will shed some light on the numerous complexities Prince George's County brings to the LE.

A Variety of Different Taxes

First and foremost, Prince George's County boasts probably the highest number of different taxes due at the time of property transfer and securitization.

There are both state and county transfer taxes, as well as a state deed recordation tax. All of these taxes are typically split 50/50 between the buyer and seller.

Additionally, there are state mortgage recordation and county mortgage taxes due, for which the buyer is responsible. In total, that amounts to five different taxes payable at the time of property transfer!

Discounts and Exemptions

Although there are a variety of taxes due when transferring and securing real property, Prince George's County offers numerous discounts and exemptions from these taxes. If the purchaser is a qualified first-time homebuyer and the property will be a principal residence, for example, there is an exemption from the state transfer tax.

Additionally, the state mortgage recordation tax can be discounted in several ways.

For refinance transactions, if the property is a principal residence, the borrowers are the same as the previous mortgage, and the book and page of the prior mortgage is included with the recording (or if the original purchase money mortgage has been on record for more than 12 months) then the state mortgage recordation tax is due only on the new money. The new money is the new loan amount less the unpaid debt on the property being refinanced.

Borrowers Added to or Removed from the Deed

If the borrowers are not all the same, in the case of a person being added or removed from the deed, then the state mortgage recordation tax is discounted based upon the percentage of borrowers that do remain the same.

For example, if there were two parties on the deed and one is being removed, then the discount for the tax due will be applied at 50%. If there were three parties on the deed and two are being removed, then

33% of the state mortgage recordation tax will be discounted, since one out of three parties remain the same as the original mortgage.

For purchase transactions, if the purchase money mortgage is being recorded at the same time as the deed, then the state mortgage recordation tax and county mortgage tax are based on the difference between the loan amount and the purchase price. If the purchase price is greater than the loan amount, this will result in no state mortgage recordation or county mortgage taxes being due when completing the transaction.

More Discounts and Exemptions

There are other exemptions and discounts from the county mortgage taxes as well. If the property is a non-principal residence, but the book and page of the prior mortgage is included with the recording and the borrower is the same as on the original debt, or the debt was assumed from the original mortgagor, then the county mortgage tax payable is based upon the difference between the loan amount and the original debt amount.

The same is true if the property is a principal residence, there is unpaid debt on the property, the book and page of prior mortgage is included in the recording, and the borrowers are all the same as on the previous debt. The county mortgage tax is exempt entirely if the property is a principal residence, there is unpaid debt attached to the property, the book and page of prior mortgage is included with recording, the borrowers are the same as on the previous debt, and the transaction is refinancing a purchase money mortgage which has been on record for more than 12 months.

We hope this guide helps you navigate some of the quirks inherent to Prince George's County, Maryland. If you have any questions, please don't hesitate to reach out. You know where to find us!

For reference, all of these exemptions, discounts, and calculation quirks can be worked out by using the Prince George's County Finance Affidavit attached on the following page.

Or, to make it easier, one could rely on LodeStar's Closing Cost Calculator to remove all the guesswork and stress from transactions in this complicated county...



Prince George's County Office of Finance, Treasury Division

County Transfer Tax 1.4%

Finance Affidavit

State Recordation Tax 5.50 per 1000.00 (Rounded up to next 500.00)

PROPERTY TAX ID # _____

(REQUIRED)

DO YOU OWN ANY OTHER PROPERTIES? Y / N (PLEASE CIRCLE ONE)

I/WE CERTIFY, under the penalties of perjury, that the following are accurate responses regarding the financing we are offering for record on this date in accordance with Tax Property Article 12-102 and County Code 10-187(A)

REQUIRED INFORMATION: The following information refers ONLY to the loan(s) being REFINANCED or MODIFIED.

LIBER/FOLIO(S) ORIGINAL LOAN AMOUNT(S) UNPAID PRINCIPAL BALANCE(S) (no interest or penalty to be added)

A. STATE RECORDATION TAX - PRINCIPAL RESIDENCE

The "REQUIRED INFORMATION" above MUST be completed when using this clause.

Borrower initials here only if ALL qualifications listed below apply:

- a. This is a refinance (Paying off an existing loan) of your principal residence.
b. You are the original mortgagor or assumed the debt from the original mortgagor. (For tax purposes)
Recordation tax based on difference between new loan amount and the unpaid principal balance of the loan(s) being refinanced.
(NOTE: "B-1" or "B-2" MUST be initialed)

B. COUNTY TRANSFER TAX - PRINCIPAL RESIDENCE - (ONLY INITIAL ONE B CLAUSE)

The "REQUIRED INFORMATION" above MUST be completed if refinancing (Paying off) or modifying (amending) existing loan

B1. Borrower initials here only if ALL qualifications listed below apply:

- a. This is a (1) new loan (NOT Paying off an existing loan) (2) Modification (amending an existing loan) or a (3) refinance (Paying off an existing loan) on your principal residence.
b. You had a purchase money trust/mortgage (Borrowed money to purchase property).
c. The purchase money trust/mortgage has been on record for more than 12 months.
Exempt from County Transfer Tax. (NOTE: If refinancing, "A" MUST be initialed)
REQUIRED: You must submit a recorded copy of the deed(s) of trust being refinanced.

OR

The "REQUIRED INFORMATION" above MUST be completed if using this clause.

B2. Borrower initials here only if ALL qualifications listed below apply:

- a. This is a refinance (Paying off existing loan) of your principal residence. and
b. You did NOT have a purchase money trust/mortgage or purchase money was recorded less than 12 months ago.
County Transfer Tax on the difference between the new loan amt. and the original amt. of the loan(s) being refinanced.
REQUIRED: You must submit a recorded copy of the deed(s) of trust being refinanced. (NOTE: "A" MUST be initialed)

C. COUNTY TRANSFER TAX - NON PRINCIPAL RESIDENCE/COMMERCIAL PROPERTY

The "REQUIRED INFORMATION" above MUST be completed if using this clause.

Borrower initials here only if ALL qualifications listed below apply:

- a. This is a refinance (Paying off existing loan) or modification of a property that is NOT your principal residence.
b. You are the original mortgagor or assumed the debt from the original mortgagor. (For tax purposes)
County Transfer Tax on the difference between the new loan amt. and the original amt. of the loan(s) being refinanced.
Recordation tax based on difference between new loan amount and the unpaid principal balance of the loan(s) being refinanced.
REQUIRED: You must submit a recorded copy of the deed(s) of trust being refinanced/modified.

TO QUALIFY FOR REFINANCE EXEMPTIONS - IT MUST BE SAME BORROWERS AND SAME PROPERTY

I/WE understand that if I/We fail to truthfully answer or provide information to avoid collection of County Transfer and State Recordation Tax, I/We may be found guilty of a misdemeanor and, on conviction, may be subject to a fine not exceeding \$5,000.00 or imprisonment not exceeding (18) months or both; and I/We authorize Prince George's County to take the appropriate steps necessary to confirm and verify the information made on this affidavit.

By signing this form, I/WE are affirming under penalties of perjury that the borrower(s) do not claim any other property as their principal residence.

Signature of Borrower Signature of Borrower

In the State of _____, at the County/City of _____

I HEREBY CERTIFY, on this ____ day of _____, 20____, before me, the subscriber, a Notary Public, in and for said State and County/City, personally appeared, _____, known to me to be, (or satisfactorily proven) to be the person(s) whose name(s) is/are subscribed to the within affidavit, and acknowledged that he/she/they executed that same for the purposes therein contained, and further acknowledge the information therein is correct, and in my presence signed and sealed the same.

My Commission Expires: ____/____/____

Notary Public Signature

PGC TREAS Form #001

NOTE: IT IS ILLEGAL TO NOTARIZE A FORGED SIGNATURE

Rev 07/2013 (This form may be copied but not altered in any way)

Alterations that affect taxation of the document will not be accepted.