

GOVERNMENT OF THE DISTRICT OF COLUMBIA  
OFFICE OF THE CHIEF FINANCIAL OFFICER  
OFFICE OF TAX AND REVENUE



January 29, 2018

**OTR TAX NOTICE 2018 - 01**

**RECORDATION TAX EXEMPTION FOR PURCHASE MONEY  
MORTGAGE OR DEED OF TRUST**

This Notice will discuss the recordation tax exemption afforded purchase money mortgages or purchase money deeds of trust provided under Section 302(5) of the District of Columbia Real Estate Deed Recordation Tax Act of 1962, Pub. L. 87-408, as amended (“the Act”) (D.C. Official Code § 42-1102(5) (2001 ed.)).

D.C. Official Code § 42-1102(5) exempts from the recordation tax:

A purchase money mortgage or purchase money deed of trust that is recorded simultaneously with the deed conveying the real property for which the purchase money mortgage or purchase money deed of trust was obtained.

The plain language of the statute requires that, in order to qualify for the exemption, the purchase money instrument must be recorded “simultaneously” with the deed of title. Because the plain meaning of “simultaneously” is “happening at the same time,” the purchase money instrument must be recorded at the same time as the deed of title to qualify for the exemption. Accordingly, a purchase money instrument must accompany the corresponding deed of title when the deed of title is submitted for recordation, and the purchase money instrument must be successfully recorded at the same time that the deed of title is recorded. A purchase money instrument that does not meet the simultaneous recordation requirement is not entitled to a recordation tax exemption, notwithstanding that it may be a purchase money instrument as defined in D.C. Official Code § 42-1103(b-1).

D.C. Official Code § 42-1103(b-1) sets forth the specific requirements as to form that must be met if a security interest instrument is to be considered a purchase money mortgage or purchase money deed of trust. These requirements specify that the security interest instrument is to:

- (A) Be fully executed within 30 days of the date that the deed conveying title to the real property to the purchaser is fully executed;

- (B) Be recorded within 30 days after the date that the deed conveying title to the purchaser of the real property is duly recorded;
- (C) Be executed by the purchaser of the real property as part of a series of transactions conveying title to real property to the purchaser;
- (D) Reference the deed conveying title to the purchaser of the real property by date and instrument number, if not filed simultaneously;
- (E) Recite on the face of the document that it is a purchase money mortgage or purchase money deed of trust; and
- (F) Recite on the face of the document the amount of purchase money that it secures.

While a security interest instrument meeting the aforementioned requirements is considered a purchase money mortgage or purchase money deed of trust, it is not necessarily entitled to the purchase money recordation tax exemption. To qualify for the recordation tax exemption, the security interest instrument must be: 1) a purchase money mortgage or purchase money deed of trust; and, 2) recorded simultaneously with the corresponding deed of title. For example, a security interest instrument that is recorded within 30 days after the recordation date of the corresponding deed of title, but not simultaneously with the corresponding deed of title, may be a purchase money instrument, but it is not entitled to the purchase money recordation tax exemption.