

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



November 15, 2022

**OTR TAX NOTICE 2022-09**

**NOTICE AS TO APPLICABILITY OF PURCHASE MONEY EXEMPTION FOR  
SECURITY INTEREST INSTRUMENTS**

D.C. Official Code § 42-1102(5) provides a recordation tax exemption for: “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”.

DC Official Code § 42-1103(b-1) prescribes the requirements for a purchase money mortgage or purchase money deed of trust (instrument). In part, the instrument must be: 1) recorded with the “deed conveying title to the real property to the purchaser”; and, 2) “executed by the purchaser of the real property”. An instrument (including an assumption) may qualify to receive the purchase money exemption to the extent its amount does not exceed the purchase price of the real property.

The aforementioned requirements pertain to the deed of title conveying the property encumbered by the instrument and the purchaser to whom the property is conveyed. No other transactions, properties or property owners are contemplated by the exemption; provided that unsecured, personal guarantees will not disqualify a deed of trust or mortgage from the purchase money exemption. Combination of an instrument with a refinance or modification of other deeds of trust or mortgages involving other real properties or other owners is not contemplated by the statute.

Since exemptions are narrowly construed, the Recorder of Deeds (ROD) gives notice that, for an instrument to qualify for a purchase money exemption and to be consistent with the requirements of the statute, the instrument must encumber only the real property purchased by the purchaser and be executed only by the purchaser of such real property. Other properties may not be encumbered by, or other property owners may not be parties to, the instrument.

For additional information, please call ROD’s Customer Service Center at (202) 727-5374.