



Mortgage Intangible Tax Savings

What is the Mortgage Intangible Tax?



A tax on mortgages imposed by a state or local government

A mortgage intangible tax is a tax on the principal amount of a mortgage loan, imposed when the mortgage is recorded.



The tax rate varies by state and locality

Typical mortgage intangible tax rates range from 0.1% to 2% of the mortgage loan amount.



The tax is paid at mortgage closing

The mortgage intangible tax is collected by the settlement agent and paid to the state or local tax authority when the mortgage loan closes.

The mortgage intangible tax is a one-time tax imposed by some states and localities on mortgage loans at closing.

Mortgage Intangible Tax Savings

Mortgage intangible tax savings refers to a reduction in the amount of taxes paid on refinances. Taxes are assessed at the state level, at a rate of .2% of the new loan amount. When an existing loan is refinanced, the savings can be applied with the following parameters:

1. Refinancing with the same lender.
2. No changes in vesting on title.

3. Savings is calculated on the new money. IE : new loan amount \$1,000,000 - pay off amount \$900,000 = Intangible Tax Paid on \$100,000. $\$1,000,000 - \$900,000 = \$100,000 \times .2\% = \200

4. No Intangible Tax Savings. New loan amount \$1,000,000 x .2% = \$2,000

5. The title guys intangible tax savings plan, saved consumers \$1,800.



““The mortgage intangible tax exemption allows homeowners to save thousands of dollars in taxes over the life of their mortgage. This tax break is an important tool for keeping homeownership affordable.””

JOHN SMITH, CHIEF ECONOMIST AT ACME MORTGAGE COMPANY

Common Questions About Mortgage Intangible Taxes

What is the mortgage intangible tax?

The mortgage intangible tax is a tax assessed on mortgages recorded in certain states. It is paid at mortgage closing.

What states charge mortgage intangible taxes?

States that charge mortgage intangible taxes include Florida, Oklahoma, Alabama, Missouri, Tennessee, Kansas, Utah, and Mississippi.

How much is the mortgage intangible tax rate?

Mortgage intangible tax rates vary by state, generally ranging from 0.1% to 2.5% of the mortgage amount.

Who pays the mortgage intangible tax?

The mortgage intangible tax is paid by the borrower at closing and collected by the settlement agent or closing attorney.

Are there any mortgage intangible tax exemptions?

Yes, some states exempt certain mortgage types like VA loans and refinances from mortgage intangible taxes.

Can mortgage intangible taxes be rolled into loan amount?

Yes, mortgage intangible taxes can often be included in the loan amount rather than paid upfront at closing.

Benefits of Mortgage Intangible Tax Savings

Portfolio Retention

Lenders can refinance their existing portfolio and reduce closing costs.

In order to compete with the existing lender, a different/new lender would have to give a lender credit.

Why would a consumer shop around for a new lender when they can benefit from the intangible tax savings plan?

Competition = 0

The Mechanics

- Lenders will still disclose full mortgage intangible tax.
- Nothing changes.
- Lenders will still follow the same process and operation as every other transaction.
- ~~Secret Sauce~~: The title company must record the new mortgage in a specific fashion in order to grant the intangible tax savings.

Whats in the secret sauce :
#askthetitleguy