This form must be submitted with the Real Estate Excise Tax Affidavit (FORM REV 84 0001A for deeded transfers and Form REV 84 0001B for controlling interest transfers) for claims of tax exemption as provided below. Completion of this form is required for the types of real property transfers listed in numbers 1-3 below. Only the first page of this form needs original signatures.

**AUDIT:** Information you provide on this form is subject to audit by the Department of Revenue. In the event of an audit, it is the taxpayers' responsibility to provide documentation to support the selling price or any exemption claimed. This documentation must be maintained for a minimum of four years from date of sale. (RCW 82.45.100) Failure to provide supporting documentation when requested may result in the assessment of tax, penalties, and interest. Any filing that is determined to be fraudulent will carry a 50% evasion penalty in addition to any other accrued penalties or interest when the tax is assessed.

**PERJURY:** Perjury is a class C felony which is punishable by imprisonment in a state correctional institution for a maximum term of not more than five years, or by a fine in an amount fixed by the court of not more than five thousand dollars ($5,000.00), or by both imprisonment and fine (RCW 9A.20.020 (1C)).

The persons signing below do hereby declare under penalty of perjury that the following is true (check appropriate statement):

1. **DATE OF SALE: (WAC 458-61A-306(2))**

   I, (print name) ________ certify that the ________ (type of instrument), dated ________, was delivered to me in escrow by ________ (seller's name). NOTE: Agent named here must sign below and indicate name of firm. The payment of the tax is considered current if it is not more than 90 days beyond the date shown on the instrument. If it is past 90 days, interest and penalties apply to the date of the instrument.

   Reasons held in escrow:

   __________________________ __________________________

   Signature Firm Name

2. **GIFTS: (WAC 458-61A-201)** The gift of equity is non-taxable; however, any consideration received is not a gift and is taxable. The value exchanged or paid for equity plus the amount of debt equals the taxable amount. One of the boxes below must be checked. Both Grantor (seller) and Grantee (buyer) must sign below.

   Grantor (seller) gifts equity valued at $ ________ to grantees (buyer).

   Grantor (seller) and Grantee (buyer) have made and will continue to make payments from joint account on total debt of $ ________.

   Grantor (seller) has made and will continue to make payments on ________ % of the total debt of $ ________ for which grantor (seller) is liable and pay grantor (seller) $ ________ (include in this figure the value of any items received in exchange for property). Any consideration received by grantor is taxable.

   Grantor (seller) has made and will continue to make 100% of the payments on total debt of $ ________ and has not received any consideration towards equity. No tax is due.

   Grantee (buyer) has made and will continue to make 100% of the payments on total debt of $ ________, and has not paid grantor (seller) any consideration towards equity. No tax is due.

   Grantor (seller) and grantee (buyer) have made and will continue to make payments from joint account on total debt before and after the transfer. Grantee (buyer) has not paid grantor (seller) any consideration towards equity. No tax is due.

   Grantor (seller) has made and will continue to make all payments after this transfer on the total debt of $ ________ and has received from the grantee (buyer) $ ________ (include in this figure the value of any items received in exchange for property). Any consideration received by grantor is taxable.

   Grantor (seller) has made and will continue to make 100% of the payments on total debt of $ ________, and has not received any consideration towards equity. No tax is due.

3. **IRS "TAX DEFERRED" EXCHANGE (WAC 458-61A-213)**

   I, (print name) ________, certify that I am acting as an Exchange Facilitator in transferring real property to ________, pursuant to IRC Section 1031, and in accordance with WAC 458-61A-213. NOTE: Exchange Facilitator must sign below.

   Exchange Facilitator's Signature Date Exchange Facilitator's Name (print)

For tax assistance, contact your local County Treasurer/Recorder or visit http://dor.wa.gov or call 360-534-1503. To inquire about the availability of this document in an alternate format, please call 360-705-6705. Teletype (TTY) users may use the Washington Relay Service by calling 711.
This form must be submitted with the Real Estate Excise Tax Affidavit (FORM REV 84 0001A for deeded transfers and Form REV 84 0001B for controlling interest transfers) for claims of tax exemption as provided below. Completion of this form is required for the types of real property transfers listed in numbers 1-3 below. Only the first page of this form needs original signatures.

**AUDIT:** Information you provide on this form is subject to audit by the Department of Revenue. In the event of an audit, it is the taxpayers' responsibility to provide documentation to support the selling price or any exemption claimed. This documentation must be maintained for a minimum of four years from date of sale. (RCW 82.65.100) Failure to provide supporting documentation when requested may result in the assessment of tax, penalties, and interest. Any filing that is determined to be fraudulent will carry a 50% evasion penalty in addition to any other accrued penalties or interest when the tax is assessed.

**PERJURY:** Perjury is a class C felony which is punishable by imprisonment in a state correctional institution for a maximum term of not more than five years, or by a fine in an amount fixed by the court of not more than five thousand dollars ($5,000.00), or by both imprisonment and fine (RCW 9A.20.020 (1C)).

The persons signing below do hereby declare under penalty of perjury that the following is true (check appropriate statement):

1. **DATE OF SALE:** (WAC 458-61A-306(2))
   - I, (print name) ___________ certify that the ____________________________ (type of instrument), dated ____________, was delivered to me in escrow by _____________.
   - (seller's name). NOTE: Agent named here must sign below and indicate name of firm. The payment of the tax is considered current if it is not more than 90 days beyond the date shown on the instrument. If it is past 90 days, interest and penalties apply to the date of the instrument.
   - Reasons held in escrow: ____________________________________________

   ___________________________  ___________________________
   Signature  Firm Name

2. **GIFTS:** (WAC 458-61A-201) The gift of equity is non-taxable; however, any consideration received is not a gift and is taxable. The value exchanged or paid for equity plus the amount of debt equals the taxable amount. One of the boxes below must be checked. Both Grantor (seller) and Grantee (buyer) must sign below.
   - Grantor (seller) gifts equity valued at $ ________, or by both imprisonment and fine (RCW 9A.20.020 (1C))
   - $ ________, or by imprisonment and fine (RCW 9A.20.020 (1C)).
   - Grantor (seller) gifts equity valued at $ ________ to grantee (buyer).
   - NOTE: Examples of different transfer types are provided on the back. This is to assist you with correctly completing this form and paying your tax.

   "Consideration" means money or anything of value, either tangible (boats, motor homes, etc) or intangible, paid or delivered, or contracted to be paid or delivered, including performance of services, in return for the transfer of real property. The term includes the amount of any lien, mortgage, contract indebtedness, or other encumbrance, given to secure the purchase price, or any part thereof, or remaining unpaid on the property at the time of sale. "Consideration" includes the assumption of an underlying debt on the property by the buyer at the time of transfer.

   **A. Gifts with consideration**
   - 1. Grantor (seller) has made and will continue to make all payments after this transfer on the total debt of $ ________, and has received from the grantee (buyer) $ ________. (include in this figure the value of any items received in exchange for property). Any consideration received by grantor is taxable.
   - 2. Grantee (buyer) will make payments on ___% of total debt of $ ________, for which grantor (seller) is liable and pay grantor (seller) $ ________ (include in this figure the value of any items received in exchange for property). Any consideration received by grantee is taxable.

   **B. Gifts without consideration**
   - 1. There is no debt on the property; Grantor (seller) has not received any consideration towards equity. No tax is due.
   - 2. Grantor (seller) has made and will continue to make 100% of the payments on the total debt of $ ________, and has not received any consideration towards equity. No tax is due.
   - 3. Grantee (buyer) has made and will continue to make 100% of the payments on total debt of $ ________, and has not paid grantor (seller) any consideration towards equity. No tax is due.
   - 4. Grantor (seller) and grantee (buyer) have made and will continue to make payments from joint account on total debt before and after the transfer. Grantee (buyer) has not paid grantor (seller) any consideration towards equity. No tax is due.

   Has there been or will there be a refinance of the debt?  YES  NO (If yes, please call (360) 534-1503 to see if this transfer is taxable). If grantor (seller) was on title as co-signor only, please see WAC 458-61A-215 for exemption requirements.

   **The undersigned acknowledge this transaction may be subject to audit and have read the above information regarding record-keeping requirements and evasion penalties.**

   Grantor's Signature  Date  Grantee's Signature  Date
   ___________________________  ___________________________
   Grantor's Name (print)  Grantee's Name (print)

3. **IRS "TAX DEFERRED" EXCHANGE** (WAC 458-61A-213)
   - I, (print name) ___________, certify that I am acting as an Exchange Facilitator in transferring real property to ____________________________ pursuant to IRC Section 1031, and in accordance with WAC 458-61A-213. **NOTE:** Exchange Facilitator must sign below.

   ___________________________  ___________________________
   Exchange Facilitator’s Signature  Date  Exchange Facilitator’s Name (print)

   For tax assistance, contact your local County Treasurer/Recorder or visit http://dor.wa.gov or call 360-534-1503. To inquire about the availability of this document in an alternate format, please call 360-705-6705. Teletype (TTY) users may use the Washington Relay Service by calling 711.

**SUPPLEMENTAL STATEMENT**

(WAC 458-61A-304)

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**STATE OF WASHINGTON**
**DEPARTMENT OF REVENUE**
**REAL ESTATE EXCISE TAX**
**SUPPORTING DOCUMENT**

For tax assistance, contact your local County Treasurer/Recorder or visit http://dor.wa.gov or call 360-534-1503. To inquire about the availability of this document in an alternate format, please call 360-705-6705. Teletype (TTY) users may use the Washington Relay Service by calling 711.
This form must be submitted with the Real Estate Excise Tax Affidavit (FORM REV 84 0001A for deeded transfers and Form REV 84 0001B for controlling interest transfers) for claims of tax exemption as provided below. Completion of this form is required for the types of real property transfers listed in numbers 1-3 below. Only the first page of this form needs original signatures.

AUDIT: Information you provide on this form is subject to audit by the Department of Revenue. In the event of an audit, it is the taxpayers' responsibility to provide documentation to support the selling price or any exemption claimed. This documentation must be maintained for a minimum of four years from date of sale. (RCW 82.64.100) Failure to provide supporting documentation when requested may result in the assessment of tax, penalties, and interest. Any filing that is determined to be fraudulent will carry a 50% evasion penalty in addition to any other accrued penalties or interest when the tax is assessed.

PERJURY: Perjury is a class C felony which is punishable by imprisonment in a state correctional institution for a maximum term of not more than five years, or by a fine in an amount fixed by the court of not more than five thousand dollars ($5,000.00), or by both imprisonment and fine (RCW 9A.20.020 (1C)).

The persons signing below do hereby declare under penalty of perjury that the following is true (check appropriate statement):

1. DATE OF SALE: (WAC 458-61A-306(2))

I, (print name) ____________________________________________ , certify that the ________ (type of instrument), dated ____________ , was delivered to me in escrow by ________________ (seller's name). NOTE: Agent named here must sign below and indicate name of firm. The payment of the tax is considered current if it is not more than 90 days beyond the date shown on the instrument. If it is past 90 days, interest and penalties apply to the date of the instrument.

Reasons held in escrow: ____________________________________________

Signature ____________________________________________

Firm Name ____________________________________________

2. GIFTS: (WAC 458-61A-201) The gift of equity is non-taxable; however, any consideration received is not a gift and is taxable. The value exchanged or paid for equity plus the amount of debt equals the taxable amount. One of the boxes below must be checked. Both Grantor (seller) and Grantee (buyer) must sign below.

YES: Grantor (seller) gifts equity valued at $ ____________ to grantees (buyers).

NO (If yes, please call (360) 534-1503 to see if this transfer is taxable). If grantor (seller) was on title as co-signor only, please see WAC 458-61A-213 for exemption requirements.

NOTE: Examples of different transfer types are provided on the back. This is to assist you with correctly completing this form and paying your tax.

"Consideration" means money or anything of value, either tangible (boats, motor homes, etc) or intangible, paid or delivered, or contracted to be paid or delivered, including performance of services, in return for the transfer of real property. The term includes the amount of any lien, mortgage, contract indebtedness, or other encumbrance, given to secure the purchase price, or any part thereof, or remaining unpaid on the property at the time of sale. "Consideration" includes the assumption of an underlying debt on the property by the buyer at the time of transfer.

A. Gifts with consideration

1. Grantor (seller) has made and will continue to make all payments after this transfer on the total debt of $ ____________ and has received from the grantee (buyer) $ ____________ (include in this figure the value of any items received in exchange for property). Any consideration received by grantor is taxable.

2. Grantee (buyer) will make payments on ______% of total debt of $ ____________ for which grantor (seller) is liable and pay grantor (seller) $ ____________ (include in this figure the value of any items received in exchange for property). Any consideration received by grantor is taxable.

B. Gifts without consideration

1. There is no debt on the property; Grantor (seller) has not received any consideration towards equity.

2. Grantor (seller) has made and will continue to make 100% of the payments on the total debt of $ ____________ and has not received any consideration towards equity. No tax is due.

3. Grantee (buyer) has made and will continue to make 100% of the payments on total debt of $ ____________ and has not paid grantor (seller) any consideration towards equity. No tax is due.

4. Grantor (seller) and grantees (buyers) have made and will continue to make payments from joint account on total debt before and after the transfer. Grantee (buyer) has not paid grantor (seller) any consideration towards equity. No tax is due.

Has there been or will there be a refinance of the debt? YES □ NO □ (If yes, please call (360) 534-1503 to see if this transfer is taxable). If grantor (seller) was on title as co-signor only, please see WAC 458-61A-215 for exemption requirements.

The undersigned acknowledge this transaction may be subject to audit and have read the above information regarding record-keeping requirements and evasion penalties.

Grantor's Signature ____________________________________________ Date ____________

Grantee’s Signature ____________________________________________ Date ____________

Grantor's Name (print) ____________________________________________

Grantee’s Name (print) ____________________________________________

3. IRS "TAX DEFERRED" EXCHANGE (WAC 458-61A-213)

I, (print name) ____________________________________________, certify that I am acting as an Exchange Facilitator in transferring real property to __________________________ pursuant to IRC Section 1031, and in accordance with WAC 458-61A-213. NOTE: Exchange Facilitator must sign below.

Signature ____________________________________________

Date ____________________________________________

Exchange Facilitator’s Name (print) ____________________________________________

DEPARTMENT OF REVENUE
This form must be submitted with the Real Estate Excise Tax Affidavit (FORM REV 84 0001A for deeded transfers and Form REV 84 0001B for controlling interest transfers) for claims of tax exemption as provided below. Completion of this form is required for the types of real property transfers listed in numbers 1-3 below. Only the first page of this form needs original signatures.

AUDIT: Information you provide on this form is subject to audit by the Department of Revenue. In the event of an audit, it is the taxpayers' responsibility to provide documentation to support the selling price or any exemption claimed. This documentation must be maintained for a minimum of four years from date of sale. (RCW 82.65.100) Failure to provide supporting documentation when requested may result in the assessment of tax, penalties, and interest. Any filing that is determined to be fraudulent will carry a 50% evasion penalty in addition to any other accrued penalties or interest when the tax is assessed.

PERJURY: Perjury is a class C felony which is punishable by imprisonment in a state correctional institution for a maximum term of not more than five years, or by a fine in an amount fixed by the court of not more than five thousand dollars ($5,000.00), or by both imprisonment and fine (RCW 9A.20.020 (1C)).

In the event of an audit, it is the taxpayer’s responsibility to provide documentation to support the selling price or any exemption claimed. This documentation must be maintained for a minimum of four years from date of sale. (RCW 82.65.100) Failure to provide supporting documentation when requested may result in the assessment of tax, penalties, and interest. Any filing that is determined to be fraudulent will carry a 50% evasion penalty in addition to any other accrued penalties or interest when the tax is assessed.

The persons signing below do hereby declare under penalty of perjury that the following is true (check appropriate statement):

1. [ ] DATE OF SALE: (WAC 458-61A-306(2))

I, (print name) certify that the (type of instrument), dated __________, was delivered to me in escrow by _______________. (seller's name). NOTE: Agent named here must sign below and indicate name of firm. The payment of the tax is considered current if it is not more than 90 days beyond the date shown on the instrument. If it is past 90 days, interest and penalties apply to the date of the instrument. Reasons held in escrow: ________________________________________________________________________________

Signature: ___________________________  Firm Name: ___________________________

2. GIFTS: (WAC 458-61A-201) The gift of equity is non-taxable; however, any consideration received is not a gift and is taxable. The value exchanged or paid for equity plus the amount of debt equals the taxable amount. One of the boxes below must be checked. Both Grantor (seller) and Grantee (buyer) must sign below.

Grantor (seller) gifts equity valued at $__________ to grantee (buyer).

NOTE: Examples of different transfer types are provided on the back. This is to assist you with correctly completing this form and paying your tax. "Consideration" means money or anything of value, either tangible (boats, motor homes, etc) or intangible, paid or delivered, or contracted to be paid or delivered, including performance of services, in return for the transfer of real property. The term includes the amount of any lien, mortgage, contract indebtedness, or other encumbrance, given to secure the purchase price, or any part thereof, or remaining unpaid on the property at the time of sale. "Consideration" includes the assumption of an underlying debt on the property by the buyer at the time of transfer.

A. Gifts with consideration

1. [ ] Grantor (seller) has made and will continue to make all payments after this transfer on the total debt of $__________ and has received from the grantee (buyer) $__________ (include in this figure the value of any items received in exchange for property). Any consideration received by grantor is taxable.

2. [ ] Grantee (buyer) will make payments on ______ % of total debt of $__________ for which grantor (seller) is liable and pay grantor (seller) $__________ (include in this figure the value of any items received in exchange for property). Any consideration received by grantor is taxable.

B. Gifts without consideration

1. [ ] There is no debt on the property; Grantor (seller) has not received any consideration towards equity. No tax is due. 

2. [ ] Grantor (seller) has made and will continue to make 100% of the payments on the total debt of $__________ and has not received any consideration towards equity. No tax is due.

3. [ ] Grantee (buyer) has made and will continue to make 100% of the payments on total debt of $__________, and has paid grantor (seller) any consideration towards equity. No tax is due. 

4. [ ] Grantor (seller) and grantee (buyer) have made and will continue to make payments from joint account on total debt before and after the transfer. Grantee (buyer) has not paid grantor (seller) any consideration towards equity. No tax is due.

Has there been or will there be a refinance of the debt? [ ] YES  [ ] NO (If yes, please call (360) 534-1503 to see if this transfer is taxable). If grantor (seller) was on title as co-signor only, please see WAC 458-61A-215 for exemption requirements. The undersigned acknowledge this transaction may be subject to audit and have read the above information regarding record-keeping requirements and evasion penalties.

Grantor's Signature: ___________________________  Date: __________  Grantee’s Signature: ___________________________  Date: __________

Grantor's Name (print): ___________________________  Grantee’s Name (print): ___________________________

4. [ ] IRS "TAX DEFERRED" EXCHANGE (WAC 458-61A-213)

I, (print name) ___________________________, certify that I am acting as an Exchange Facilitator in transferring real property to ___________________________pursuant to IRC Section 1031, and in accordance with WAC 458-61A-213. NOTE: Exchange Facilitator must sign below.

Exchange Facilitator’s Signature: ___________________________  Date: __________  Exchange Facilitator’s Name (print): ___________________________
Assumption of debt. If the grantee agrees to assume payment of the grantor's debt on the property in return for the transfer, there is consideration, and the transfer is not exempt from tax. Real estate excise tax is due on the amount of debt assumed, in addition to any other form of payment made by the grantee to the grantor in return for the transfer. However, equity in the property can be gifted.

Rebutable presumption regarding refinancing transactions. (a) There is a rebuttable presumption that the transfer is a sale and not a gift if the grantee is involved in a refinancing of debt on the property within six months of the time of the transfer. (b) There is a rebuttable presumption that the transfer is a gift and not a sale if the grantee is involved in a refinancing of debt on the property more than six months from the time of the transfer.

Documentation. (a) A completed real estate excise tax affidavit is required for transfers by gift. A supplemental statement approved by the department must be completed and attached to the affidavit. The supplemental statement will attest to the existence or absence of underlying debt on the property, whether the grantee has or will in the future make any payments on the debt, and whether a refinance of debt has occurred or is planned to occur. The statement must be signed by both the grantor and the grantee. (b) The grantor must retain financial records providing proof that grantor is entitled to this exemption in case of audit by the department. Failure to provide records upon request will result in subsequent denial of the exemption.

Examples. (a) Overview. The following examples, while not exhaustive, illustrate some of the circumstances in which a grant of an interest in real property may qualify for this exemption. These examples should be used only as a general guide. The taxability of each transaction must be determined after a review of all the facts and circumstances.

(b) Examples--No debt. (i) John conveys his residence valued at $200,000 to Sara. John comes off of the title. There is no underlying debt on the property, and Sara gives John no consideration for the transfer. The conveyance from John to Sara qualifies for the gift exemption from real estate excise tax. (ii) Keith and Jean, as joint owners, convey their residence valued at $200,000 to Jean as her sole property. There is no underlying debt on the property. In exchange for her one-half interest of the property, Jean gives Keith $10,000. Keith has made a gift of $90,000 in equity, and received consideration of $10,000. Real estate excise tax is due on the $10,000.

(c) Examples--Existing debt. (i) Josh conveys his residence valued at $200,000 to Samantha. Josh has $25,000 in equity and an underlying debt of $175,000. Josh continues to make the mortgage payments out of his own funds, and Samantha does not contribute any payments toward the debt. Since Josh continues to make the payments, there is no consideration from Samantha to Josh, and the transfer qualifies for exemption as a gift. (ii) Josh conveys the residence to Samantha, and after the transfer, Samantha begins to make payments on the debt. Josh does not contribute to the payments on the debt after the transfer. Josh has made a gift of his $25,000 equity, but real estate excise tax is due on the $175,000 debt that Samantha is now paying. (iii) Dan conveys his residence valued at $200,000 to himself and Jill as tenants in common. Dan has $25,000 in equity and an underlying debt of $175,000. Dan and Jill open a new joint bank account, to which they both contribute funds equally. Mortgage payments are made from their joint account. There is a rebuttable presumption that real estate excise tax is due on the conveyance because Jill appears to be contributing toward payments on the debt. In that case, real estate excise tax is due on the consideration given by Jill, (50% of the underlying debt) based upon her contributions to the joint account. The tax will be calculated on a one-half interest in the existing debt ($87,500). (iv) Dan conveys the residence to himself and Jill, and Dan has $25,000 in equity, and a mortgage of $175,000 on the property. Dan and Jill open a new joint bank account, to which they both contribute funds equally. Mortgage payments are made from their joint account. The conveyance is exempt from real estate excise tax, because Jill has not given any consideration in exchange for the transfer. (v) Bob conveys his residence valued at $200,000 to himself and Jane as tenants in common. Bob has $25,000 in equity, and an underlying debt of $175,000. Bob and Jane have contributed varying amounts to an existing joint bank account for many years prior to the conveyance. Mortgage payments have been made from the joint account both before and after the transfer. The conveyance is exempt from real estate excise tax, because Jane's contributions toward the joint account from which the payments are made are not deemed consideration in exchange for the transfer from Bob (because she made contributions for many years before the transfer as well as after the transfer, there is no evidence that her payments were consideration for the transfer). (vi) Bill and Melanie, as joint owners, convey their residence valued at $200,000 to Melanie, as her sole property. There is an underlying debt of $170,000. Prior to the transfer, both Bill and Melanie had contributed to the monthly payments on the debt. After the transfer, Melanie begins to make 100% of the payments, with Bill contributing nothing toward the debt. Bill's equity ($15,000) is a gift, but Melanie's taking over the payments on the mortgage is consideration received by Bill. Real estate excise tax is due on 50% of the underlying debt ($85,000), based upon Bill's contributions to the joint account. Tax is due on the remaining 50% as a gift. (vii) Eric and Jean, as joint owners, convey their residence valued at $200,000 to Erin as sole owner. There is an underlying debt of $170,000 in both their names. For the three years prior to the transfer, Erin made 100% of the payments on the debt. After the transfer, Erin continues to make 100% of the payments. The transfer is exempt from the real estate excise tax because Erin made all the payments on the property before the transfer as well as after the transfer; there is no evidence that her payments were consideration for the transfer.

(d) Examples--Refinanced debt. (i) Bob conveys his residence to himself and Jane. Within one month of the transfer, Bob and Jane refinance the underlying debt on the property. The transfer is exempt from the real estate excise tax because the payments on the underlying debt of $175,000. Within one month of the transfer, Kyle and Amy refinance the mortgage in both their names, and open a joint bank account to which they contribute funds equally. Payments on the new mortgage are made from the joint account. There is a rebuttable presumption that Amy's contributions to the joint account are consideration for the transfer, since Amy appears to have agreed to pay half of the monthly debt payment, and real estate excise tax may be due. The measure of the tax is one-half of the underlying debt to which Amy is contributing ($87,500). (ii) Kyle conveys his residence valued at $200,000 to himself and Jean as joint owners. Kyle contributes toward the payments on the underlying debt of $175,000. Nine months after the transfer, Kyle and Amy refinance the property in both of their names. After the refinance, Kyle and Amy contribute equally to a new joint bank account from which the mortgage payments are now made. Amy's contribution to the mortgage nine months after the transfer is not deemed consideration in exchange for the transfer from Kyle to the two of them as tenants in common. The conveyance will qualify for the gift exemption.

(e) Example--Refinanced debt--"Cosigner." Charlie and Sadie, a married couple, own a residence valued at $200,000 with an underlying mortgage of $170,000. Sadie receives the property when they divorce. After a few months, Sadie tries to refinance, but her credit is insufficient to obtain a loan in her name. Sadie can pay half of the monthly payment on her own, but not the full amount. As a result of the divorce, Sadie now has a 50% equity interest in the property. (i) Kyle conveys his residence valued at $200,000 to Sadie as sole owner. Following the refinance, Sadie makes 100% of the payments on the new debt, and Aunt Grace gives no consideration for being added to the title. The conveyance adding Aunt Grace to the title is exempt from real estate excise tax. Although the quitclaim deed from Sadie to Aunt Grace may be phrased as a gift, the transfer is exempt as Aunt Grace's interest in the property serves as an exempt security interest to protect Aunt Grace in the event Sadie defaults on her mortgage. See WAC 458-61A-215 for this exemption.

(f) Example--Rental or commercial property. Sue owns a rental property valued at $200,000, with an underlying mortgage of $175,000. Sue conveys the property to herself and Zack as tenants in common. Prior to the transfer, the rental income went to a bank account in Sue's name only, and she made the mortgage payments from her separate funds. After the transfer, Zack and Sue deposit a portion of the rental income in the account in their joint names. The conveyance is exempt from real estate excise tax because this is a business arrangement. As a business venture, one-half of the rental income now belongs to Zack, and is being contributed toward payment of the mortgage. The real estate excise tax will be due on the one-half interest of the debt contributed by Zack ($87,500).