



***e* – Transfer Tax Program**

Department of Finance, Treasury Division
255 Rockville Pike L12
Rockville, MD 20850

Overview of the Program

The Montgomery County Department of Finance designed and developed the ***Electronic Transfer Tax Application*** in 2002 as a re-engineering of the simple deeds and deeds of trust business process. This financial management application created a new processing environment for real estate closing documents that is paperless. The new system expedites the present transfer process and enables settlement companies to accomplish County Transfer Office processing of simple deeds and deeds of trust online, rather than utilizing the traditional “walk through” method. The faster processing resulting from the system benefits the County through faster deposit of tax receipts and increased investment income, and benefits the settlement company through expedited customer service to its clients.

The ***Electronic Transfer Tax Application*** combines database solutions and document image retrieval to create a streamlined, integrated application. The application combines paperless electronic application submission and review, automated electronic processing of tax payments, and database tracking of payment information, all accessed through the County’s web site. It is a cutting-edge application that brings simplicity, speed, and cost savings to all parties involved in the property transfer and tax collection process.

Description of the Program

In February 2002, the Department of Finance met with a private settlement company that is a frequent participant in the County’s transfer tax application process, and formulated the concept of automating the application and processing of property transfers and mortgage refinancing. The business processes were illustrated and defined using a business system flow chart that served as the blueprint for the application development. The concept of business process re-engineering was embraced to develop the application.

Agreement to use the new electronic system is documented in a **Montgomery County Electronic Transfer Service Agreement**, which is signed by each settlement company and the County. The agreement permits the settlement companies to execute its transfers online. User requirements consist of only Internet access and a portable data file reader. A PIN is assigned to each settlement company which provides access to the system, and allows the company to fill out the *State of Maryland Land Instrument Intake Sheet* online. The system calculates all taxes due and the Intake Sheet is electronically submitted for approval.

In order to use the system, each settlement company must register each employee that is to have access to process transfers through the paperless system. Each company must assign an administrator for the system to ensure a single point of contact for the County and to access the bank information. The process saves both settlement companies and the Transfer Office substantial work and permits the settlement companies to record their documents in the Land Records in a more timely manner.



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A Web interface menu enables the settlement company to fill out a form that automatically calculates and verifies entries. It stores entries to the database and converts the information into a portable data file. It allows settlement companies to either partially prepare or complete the intake forms at any time prior to submission, allowing the data to be input many days in advance and saved for submission at a later date. This helps the firms to address workload issues related to high volume activity periods.

Following submission of an on-line Intake Sheet by a settlement company, the system sends an e-mail to notify Transfer Office employees that an Intake Sheet is waiting to be processed. Employees use a Web interface menu to review the Intake Sheet. Each Intake Sheet is examined, evaluated, and the information verified on-line in approximately 10 minutes. Following this evaluation process, the Intake Sheet is either approved or rejected. For approved submissions, the system stamps the electronic Intake Sheet with the County employee's electronic signature and County Seal and sends an e-mail notification to the settlement company. This serves as the original document for the Circuit Court Land Records Division.

As the transactions are electronically approved by the Transfer Section, the calculated County Transfer and State Recordation Taxes as shown on the approved Intake Sheet is extracted automatically placed in an encrypted electronic deposit file and transmitted to the bank secured site (<https>) at the end of the business day for further ACH (automated clearing house) processing of the transfer tax payment. The system keeps track of all transactions and provides a periodic statement which can be retrieved from the main application web page. The report identifies the amounts paid/collected by the property tax account number. Once each transaction is successfully completed, the settlement company representative takes a printed copy of the document directly to the Clerk's Office Recording Department and records them without any additional work necessary.

During the on-line review process, some submissions may be found to be incomplete or inaccurate. When the Intake Sheet is electronically rejected, a refusal form is automatically generated by the system and e-mailed to the settlement company. The previously submitted form is made available for correction and resubmission.



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Success of the Program

The ***Electronic Transfer Tax Application*** streamlined procedures and was highly successful in meeting the expectations of an automated turn-key business solution. It significantly reduced the processing time of recording deeds and making documents retrievable at any given point in time. The application is fully automated and is an excellent model for enterprise-wide solutions. The system has built-in security features and well-implemented business procedures that protect both Montgomery County Government and settlement companies from electronic or manual system fraud.

With the automated electronic payment system, the County and the settlement company benefit from reduced banking fees associated with check writing and deposits. An additional benefit of the system is that it provides the settlement companies on-line access to records at any given point in time through the County's web site. The County views this stage of the application as a first step in creating a fully integrated and paperless system, with future enhancements and integration in the form of expanding the system to the Circuit Court land records system.

The ***Electronic Transfer Tax Application*** is the first external paperless processing application for Montgomery County Government. Considering the complexity of the concept, and the integration of multiple components (application, review, payment processing, and database access), this application is the County's finest application, achieving a total turn-key business solution that automates business processes and streamlines procedures with well-designed security measures. The system architecture is flexible, scalable and ready for future enhancements and interfaces to other applications. It is a well-documented application, developed in a timely manner and implemented within budget. The application is maintenance-free, paperless, and substantially reduces the processing time for recording deeds from an average of 30 days to 15 minutes. This financial management application is unique, in that it results in time and costs savings not only for the County, but also for private settlement companies.

For additional information please contact:

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