

SO LONG PRIVACY!

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If you buy or sell commercial real estate, you are familiar with the unrecorded separate Declaration that is filed with virtually every Grant Deed, telling the County but not the public the amount of the documentary transfer tax (which is almost always based upon the sales price). By filing the Declaration, you avoided putting the transfer tax on the face of the Deed, thereby preventing the news media and everyone else with access to a computer from learning how much was paid for the property.

Well, thanks to our friends at the Appraisers Institute, beginning January 1, that law will be repealed, and the amount of the documentary transfer tax will now appear on the face of every recorded Deed (and similar documents on which DDT is paid) in California. The math is not tough to turn the DDT into the sales price. Simply, multiply the DDT by 1,000, and, presto, you have the purchase price (with certain exceptions like loan assumptions).

This new law, which was sponsored by the Appraisers Institute, is GREAT for appraisers trying to obtain comparable prices, not so great for a Buyer's or Seller's privacy.

The law, introduced as AB 1888 by Assemblyman Ting (D) of San Francisco, is "intended to provide transparency in the documentary transfer tax law." Well, I think it's really intended to provide transparency about your personal finances. Surprisingly, there was no recorded opposition to the bill from any of the real estate organizations at the Capitol.

So, if you sell your land or building beginning in January of next year, be prepared for the Business Journal and the Bee to have your sales price right there in the first paragraph. The grumblings will then begin amongst your competitors and the brokerage houses, like "Can you believe how much he paid for that dog? I looked at that last year and passed for half as much!"

Maybe there was no opposition because the loss of privacy is so commonplace now. Be thankful it's just the sales price, not the credit card you used at Home Depot!

If you want more information about AB 1888, email me or give me a call.