



UNDERWRITING BULLETIN 2005 – 11

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An information bulletin for the agents of the Commonwealth/Transnation companies

TO: ALL AGENTS, COUNSEL, MANAGERS, CLEARANCE
PERSONNEL AND CLOSERS

FROM: LAWRENCE B. LIPSCHITZ, VICE PRESIDENT and COUNSEL

SUBJECT: NEW YORK CITY:
REAL PROPERTY TRANSFER TAX AND MORTGAGE TAX

DATE: June 20, 2005

New York City has changed the rule regarding the taxation of a 1 to 2 family dwelling with an attached garage and/or vacant land.

Previously when the conveyed or mortgaged property was composed of two tax lots, one of which was improved by a 1 or 2 family dwelling, and the other was either an adjoining parcel of vacant land used in conjunction with the dwelling or was an adjoining parcel improved with a garage that was used in conjunction with the dwelling, the City of New York took the position that the two lots were to be taxed at the 1-3 family dwelling rate (the residential rate).

Now, NYC is treating the above combination of parcels, for both the NYC Real Property Transfer Tax and for Mortgage Tax purposes as commercial property. At closing, the appropriate taxes based on the higher commercial rates should be collected to assure prompt recording of the documents.

Notwithstanding that New York City is treating the combination of the two parcels as commercial property for New York City RPTT and Mortgage Tax purposes, if the purchase price of the combined property is \$1 million or more and the dwelling house is a 1 or 2 family dwelling, the New York State “mansion tax” will apply.

The fee for the filing of the RP-5217NYC will be at the higher rate of \$165.

The City continues to tax two combined condominium units, each with its own separate tax lot, at the residential rate if one of the units has no kitchen.

If you have any questions, on this topic, please call Michael Kelly, Stacey Krone, or me, your counsel at Commonwealth Land Title Insurance Company and Transnation Title Insurance Company of New York.