

RE: MORTGAGE TAX INCREASE

This office has been informed by the New York State Land Title Association's that a budget bill was approved by Governor Pataki. As originally drafted, the increase was supposed to be effective on April 1, 2005. However, it is our understanding that the subsequent amendments have extended the effective date of the increase in mortgage tax to June 1, 2005.

The increase would apply to the counties within the Metropolitan Transportation District, which are as follows: Bronx, New York Queens, Kings Richmond, Suffolk, Nassau, Westchester, Rockland, Orange Putnam and Dutchess.

The Underwriters are still strongly recommended that an escrow for the higher tax be taken for all mortgages in the affected counties closing prior to June 1, 2005. Escrows should begin to be collected for transactions closing on or after May 15, 2005. However, for those mortgages that get recorded prior to June 1, 2005 and which are taxed at the "old" rate, any escrow that has been collected in contemplation of the payment of the higher tax will be return to the depositor. In the event that any mortgage is recorded prior to June, 1, 2005 and charged the higher mortgage tax rate imposed by the statute, a refund of the overpayment should be requested by utilizing form MT-15.1 (Mortgage Recording Tax Claim for Refund) which can be downloaded from the website of the New York State Department of Taxation and Finance.

Also, please be advised that when the property is principally improved or to be improved by a one or two family residence or residential condo unit, the first \$10,000.00 of principal debt continues to be exempt from the "additional" mortgage tax (**the so-called \$25.00 exemption, which will now be a \$30 exemption in the counties listed below**)

MORTGAGE TAX RATE FOR NEW YORK

	PRESENT TAX	NEW TAX
A. Mortgages less than \$500,000	2%	2.05%
B. Mortgages of 1, 2, 3 family dwelling, Individual residential Condo Unit, individual Cooperative apartment securing \$550,000, or more	2.125%	2.175%
C. All other mortgages \$500,000, or more	2.75%	2.80%

MORTGAGE TAX RATE FOR NASSAU, SUFFOLK, PUTNAM AND ORANGE, DUTCHESS, ROCKLAND, WESTCHESTER, (AND FRANKLIN COUNTY)

	PRESENT TAX	NEW TAX
A. All Mortgages	1.00%	1.05%
Rockland	1.25%	1.30%
Westchester	1.25%	1.30%
Yonkers	1.75%	1.80%

We will advise as soon as we have further details on this subject.