

# FEDERAL STANDARD ABSTRACT

## TITLE NEWS

Issue #5

February 2005

### UPDATE - NEW YORK CITY REAL ESTATE TAXES

The first half 2004-2005 real estate tax bills in the City of New York applied 2003-2004 real estate taxes. New York City's Department of Finance has adjusted the real estate taxes payable in the second half of current fiscal year 2004-2005 to account for the changed tax rates. The increase in tax applicable to the first half of the tax year is payable as part of the second half tax bill and equally as between the third and the fourth quarter tax bills for taxpayers making quarterly payments.

The rate for each \$100 or assessed valuation for fiscal year 2004-2005 was changed for Class One from 14.550 to 15.094; for Class Two from 12.620 to 12.216; for Class Three from 12.418 to 12.553; and for Class Four from 11.431 to 11.558. Class One generally includes one-to-three family residential real property, small stores and offices with one or two apartments attached, vacant land zoned for residential use, and most condominiums that are not more than three stories. Class Two includes all other real property that is primarily residential, such as cooperative buildings. Class Three includes utility real property. Class Four includes all commercial and industrial real property not within the other three tax classes.

### UPDATE - NEW YORK STATE TRANSFER TAX, MORTGAGE RECORDING TAX, AND NON-RESIDENT ESTIMATED INCOME TAX

The New York State Department of Taxation and Finance has posted to its website a November 2004 revision of the "Combined Real Estate Transfer Tax Returns, Credit Line Mortgage Certificate, and Certification of Exemption from the Payment of Estimated Personal Income Tax" ("TPF-584") and a December 2004 revision of the "Mortgage Recording Tax Return" ("MT-15"). The MT-15 is used when the mortgaged property is in more than one county and different mortgage tax rates apply. The revised TP-584 and instructions can be found at [http://www.tax.state.ny.us/forms/form\\_number\\_order\\_st.htm](http://www.tax.state.ny.us/forms/form_number_order_st.htm). See [http://www.tax.state.ny.us/forms/form\\_number\\_order\\_mt\\_pt.htm](http://www.tax.state.ny.us/forms/form_number_order_mt_pt.htm) for revised Form MT-15. ACRIS, New York City's Automated City Register Information System, continues to use the October 2003 version of TP-584 and the Department of Finance advises that it will presently accept that earlier version.

2005 Forms IT-2663 ("Nonresident Real Property Estimated Tax Payment Form") and IT-2664 ("Nonresident Cooperative Unit Estimated Income Tax Payment Form") for transfers after December 31, 2004 but before January 1, 2006, with instructions should be posted on the web on or about January 1, 2005 at [http://www.tax.state.ny.us/forms/form\\_number\\_order\\_income.htm](http://www.tax.state.ny.us/forms/form_number_order_income.htm). The new 2005 forms had been posted but were withdrawn by the Department of Finance to ensure that they were not inadvertently used for transfers in 2004.

### KEY ELEMENTS OF A 1031 EXCHANGE

The purpose of a 1031 exchange is to defer the payment of taxes on some or all of the capital gain realized on the property to be exchanged. The key elements are:

- A. Owner/Exchangor cannot have actual or constructive receipt of the sale proceeds.
- B. Utilize a Qualified Intermediary prior to the close of sale of the Relinquished Property.
- C. Replacement Property must be identified in writing to the Qualified Intermediary within 45 days of the closing of the Relinquished Property. When identifying Replacement Property one of the following rules must be followed:
  1. Three-Property Rule: Up to three properties of any value may be identified. The Exchangor can purchase one, or all three properties.
  2. Two Hundred Percent Rule: Any number of properties can be identified so long as the aggregate fair market value of all properties identified does not exceed 200% of the sale price of the Relinquished Property.
  3. Ninety Five Percent Rule: If both above rules are exceeded in the number and value of the properties identified, it will be considered valid if at the end of the exchange, the Exchangor has succeeded in acquiring properties worth an aggregate of at least 95% of the fair market value of all of the properties identified.

D. The transaction must be completed by the earlier of (i) 180 days from the date of the first closing or (ii) the due date of the exchanger's tax return (including extensions) for the year the Relinquished Property was sold.

## IMPORTANT CONTACT INFORMATION

### OFFICE OF THE CITY REGISTER

Manhattan -- 66 John Street, 13<sup>th</sup> Floor  
New York, NY 10038  
(212) 361-7550

Bronx -- 1932 Arthur Avenue, 3<sup>rd</sup> Floor  
Bronx, NY 10457  
(718) 579-6825

Brooklyn -- Kings Municipal Building  
210 Joralemon Street, Room 2  
Brooklyn, NY 11201  
(718) 802-3590

Queens -- 144-06 94<sup>th</sup> Avenue, 1<sup>st</sup> Floor  
Jamaica, NY 11435  
(718) 298-7200

Staten Island -- Richmond County Clerk's Office  
The County Court House  
18 Richmond Terrace, Room 103  
Staten Island, NY  
(718) 390-5386  
\*\* In Staten Island, the Richmond County Clerk is independent of the City Register.

### HIGHWAY DEPARTMENT (SIDEWALK VIOLATIONS)

Manhattan -- 40 Worth Street  
New York, NY 10013  
(212) 323-8501

Bronx -- 1400 Williamsbridge Road  
Bronx, NY 10461  
(718) 931-2066

Brooklyn -- 248 Duffield Street  
Brooklyn, NY 11201  
(718) 780-8129

Queens -- Queens Borough Hall  
120-55 Queens Boulevard  
Kew Gardens, NY 11424  
(718) 286-2770

Staten Island -- 10 Richmond Terrace  
Borough Hall  
Staten Island, NY 10301  
(718) 816-2348

### DEPARTMENT OF BUILDINGS

Manhattan -- 280 Broadway, 3<sup>rd</sup> Floor  
New York, NY 10007  
(212) 566-5000

Bronx -- 1932 Arthur Avenue, 5<sup>th</sup> Floor  
Bronx, NY 10457  
(718) 579-6920

Brooklyn -- Kings Municipal Building  
210 Joralemon Street, 8<sup>th</sup> Floor  
Brooklyn, NY 11201  
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Queens -- Queens Borough Hall  
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Staten Island -- 10 Richmond Terrace  
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(718) 816-2315

## \*\*\*SAVE THE DATE \*\*\*

Celebrate with us at the FSA Annual Dinner!

Date: Friday, February 18, 2005  
Time: 6:30PM  
Place: Sheraton LaGuardia East Hotel (Ball Room)

Please R.S.V.P. by February 4, 2005 to Elza Ip at (212) 343-2282 or [eip@FederalStandardAbstract.com](mailto:eip@FederalStandardAbstract.com).

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