



FIDELITY NATIONAL TITLE UPDATES

– BULLETIN –

APRIL 2005

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SPECIAL EDITION

2005 BUDGET BILL IMPOSES 5¢ INCREASE TO THE METRO AREA MORTGAGE TAX – AFFECTS MORTGAGES RECORDED ON OR AFTER JUNE 1, 2005 –

Effective June 1, 2005, the *additional* portion of the New York State Mortgage Tax, Article 11, § 2(a) (commonly called the MTA Tax) affecting mortgages recorded in certain New York metropolitan area counties *will be increased by five-cents to thirty-cents for each one-hundred dollars secured by a mortgage on real property.* The tax increase legislation also continues an increased deduction up to a maximum of thirty-dollars on the first ten-thousand dollars of the mortgage amount calculated at three-tenths of a percent (.30%). The exemption is only applicable on properties improved or to be improved by a single, one or two-family dwelling. The tax increase applies to mortgages recorded in *the five counties of New York City and the counties of Nassau, Suffolk, Westchester, Rockland, Orange and Dutchess* which comprise the Metropolitan Commuter Transportation District (the "MCTD"). (See Tax Calculation Table, post.)

Mortgages recorded before June 1 will continue being taxed at the old rate of twenty-five cents per one-hundred dollars with an allowed the one or two-family deduction of twenty-five one-hundredths of a percent (.25%) up to a maximum of twenty-five dollars on the first ten-thousand dollars secured by the mortgage.

Pursuant to Article 7, § 4 of the New York State Constitution, the amendment to the Budget Bill, Senate Bill 4271, was deemed law when it passed both houses of the legislature Tuesday evening, April 12. A Governor's Budget Bill, passed without change, does not require the Governor's signature to become law. Notwithstanding, it is reported that the Governor, did sign the Bill on April 13. *Borrowers who paid the increase in any county that collected the additional tax may file for a refund with the Department of Taxation and Finance using the Mortgage Recording Tax Claim for Refund form*

(*MT-15.1*), available on the internet at <http://www.tax.state.ny.us/forms/default.htm> or from a Fidelity branch office.

There are Counties within the MCTD that are experiencing long recording delays. Therefore, while the effective date of the tax increase is June 1, 2005, collecting the increased tax before June 1 to insure that the proper mortgage tax can be paid at the time of recording may be necessary. We have been told that personnel at the Department of State Taxation and Finance have instructed recording officers to "date-stamp" the documents they receive before the effective date, and to honor the date when processing the documents for recording. However, we do not know if the practice will be implemented in all counties.

TAX CALCULATION EXAMPLES FOR MORTGAGES RECORDED ON OR AFTER JUNE 1, 2005:

New York City Mortgage Tax:

<i>Less than \$500,000 all property types</i>	2.05%
<i>\$500,000 or more Residential Properties (1-3 family single Condominium unit)</i>	2.175%
<i>\$500,000 or more Commercial Properties (including all vacant land)</i>	2.80%

Westchester County:

<i>All mortgages (including Westchester County* local tax of .25%)</i>	1.30%
<i>(* Mortgages of property located within the City of Yonkers also add .50% for a total tax of 1.80%)</i>	

Rockland County:

<i>All mortgages (including Rockland County local tax of .25%)</i>	1.30%
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Suffolk, Nassau, Orange & Dutchess Counties:

<i>All mortgages (State basic, additional and Special additional tax)</i>	1.05%
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is a publication of

Fidelity National Title Insurance Company

