



SUTTON LAND TITLE AGENCY

MEMORANDUM - LEGAL SERVICES UPDATE

Subject: MORTGAGE RECORDING TAX INCREASE – EFFECTIVE IMMEDIATELY

According to a provision in the proposed New York State budget bill (which it is anticipated will be passed on April 1 this year) the “additional” mortgage tax provided for in Tax Law section 253, subd. 2 (a) is being increased from \$.25 per hundred dollars of mortgage principal secured to \$.30 per hundred dollars of mortgage principal secured when the property is located in those counties comprising the Metropolitan Commuter Transportation District. **(Kings [Brooklyn], Bronx, New York [Manhattan], Queens, Richmond [Staten Island], Nassau, Suffolk, Westchester, Putnam, Dutchess, Rockland, and Orange.)**

The change in the statute becomes effective immediately upon approval by the governor, and will apply to mortgages recorded on and after the effective date of the legislation, regardless of the date on which the mortgage is made or funded.

When the property is principally improved or to be improved by a one or two family residence or dwelling, the first \$10,000 of principal debt continues to be exempt from the “additional” mortgage tax (the so-called \$25 exemption, which will now be a \$30 exemption in the 12 counties listed bellow).

Although other counties may impose the “additional” mortgage tax, the increase does not apply to those other counties, and the “additional” mortgage tax in those other counties remains at \$.25 per hundred dollars of mortgage debt.

Following our underwriters’ instructions, all our closers have been instructed, effective immediately, to start collecting the increased mortgage tax when the property is located in any of the 12 counties listed above. Please be advised that if there is a delay in the passage of the budget bill, and the extra 5 cents per hundred dollars of mortgage debt is not required to be paid, the excess funds will be repaid to the party paying it.

It should be noted that this tax does not affect the Lender’s portion of the tax (which remains at ¼ of 1% of the amount of the mortgage [\$.25 per hundred dollars of principal debt]) when the property is improved by one or more structures containing in the aggregate not more than 6 residential dwelling units.

Please feel free to contact our Legal Department at 877.656.9952, or any of our local offices.