

***First American Title Insurance Company
of New York***

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CURRENT DEVELOPMENTS

This is the first of a series of bulletins to be issued to clients of First American on cases and legislation of interest. A copy of any legislation or other item noted can be requested by email to Michael J. Berey, Senior Underwriting Counsel at MB@TheOffice.net or by contacting your account representative at 212-922-9700.

New York City Real Property Transfer Tax (“NYC-RPT”): Chapter 314 of the Laws of 1997 amends Section 1201(b) of the Tax Law and Section 11-2102 of the City’s Administrative Code to allow for a continuing lien deduction from consideration on the transfer on or after August 28, 1997 of a one-to-three family house, an individual residential cooperative or condominium unit, or an economic interest in such property if the continuing mortgage, lien or encumbrance existed before the date of the transfer. The exclusion from consideration does not apply to a transfer to a mortgagee, lienor or encumbrancer or to a REIT. New RPT forms will be issued.

Acknowledgments: Chapter 179 of the Laws of 1997, adding Section 309-a to the Real Property Law, effective July 8, 1997, enables the use of a new uniform, all inclusive acknowledgment form which can be used when an individual signs and when execution is on behalf of an entity. This form will, as of September 1, 1999, be the only form of acknowledgment allowed for instruments affecting real property executed in New York State. Until then, either the new form or the forms currently in use can be employed. The Chapter also amends the form of the Certificate for a Proof of Execution by a Subscribing Witness.

Lifetime Trusts: Chapter 139 of the Laws of 1997 has amended the Estates, Powers and Trusts Law to allow for Lifetime Trusts. This change enables an inter vivos trust to have the same sole trustee and

present beneficiary, provided that at least one other person holds a future, contingent interest. The law is effective as to Lifetime Trusts created on and after June 25, 1997. A number of provisions are, however, effective December 25, 1997. When the Settlor of the trust is the sole trustee the transfer to the trustee is deemed to take place only on recording of the deed.

Mortgage Foreclosures: Chapter 232 of the Laws of 1997 amends Real Property Actions and Proceedings Law, Section 1354(2). The officer conducting the foreclosure sale is to pay out of sale proceeds any unpaid taxes, assessments and water charges. The judgment of foreclosure can no longer direct otherwise. In addition, City liens having priority over the mortgage being foreclosed are to be paid where the property involved is in a city with a population of 300,000 or more; previously this applied only to New York City.

New York City Vault Charges: Local Law 47 of the Laws of 1997 provides that no annual vault charge will be imposed on or after June 1, 1998.

Tax Warrants: Chapter 176 of the Laws of 1997 adds Section 174-a to the Tax Law to clarify that the lien period for State Tax Commission Warrants is ten years from docketing in the office of the County Clerk. A 1988 opinion of the Commission Counsel's Office had ruled that the common law lien period of twenty years applied to tax warrants. The duration of a lien of a tax warrant is to be applied the same as any other docketed money judgment.

New York City Department of Finance: The Department has provided an internet site on which a property owner can electronically file a Owner's Registration Card to enable bills for real estate taxes and special assessment charges to be sent to the person responsible for payment. Finance Department forms and instructions are available at its Internet Home Page, <http://www.ci.nyc.ny.us>.

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