

skylinetitle_{LLC}

Real Estate Resource

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Welcome!



Bryant Goulding
Managing Director,
New York

Skyline Title LLC is proud to launch *Real Estate Resource*, a newsletter that will allow us to provide you with industry news and topics of interest.

With a proactive team of title insurance specialists and real estate veterans, Skyline makes sure the documents attorneys need before and during the closing are accurate, complete and provided on time. Reports are

carefully organized and easy to navigate. A skillful team of counsel guides our resourceful managers through the process. Each transaction benefits from their decades of expertise in title insurance, legal applications and real estate transactions. Skyline staff, in turn, is carefully trained to provide a personal approach and courteous service as they follow strict controls and procedures, start to finish. We look forward to working with you.

We also welcome your feedback on this newsletter. Please email yvonne@skylinetitle.biz with comments or topics you would like to see in future issues.

Skyline Sponsors Real Estate Continuing Education



Skyline Senior Counsel and Managing Director, Hudson Valley Region, Jody Fay with participants at the first Real Estate Expo.

Skyline Title LLC was one of the premier sponsors of the first-ever Real Estate Expo in Westchester County. Designed to bring local realtors in contact with local real estate attorneys for both educational and networking purposes, the Expo

became a template for the East End Real Estate Primer presented by Skyline Title on February 11, and a New York City program is in the works. Attendees will receive CLE or CRE credits and then enjoy cocktails and networking complements of Skyline Title.

For more information, email jfay@skylinetitle.biz.

The New York City Real Property Transfer Tax may depend on purchaser's intent

By Keith A. Schuman, Esq.

The New York City Department of Finance recently issued a tax ruling on behalf of a purchaser with respect to the correct tax rate to be collected for the New York City Real Property Transfer Tax on the purchase of two adjoining Sponsor apartments. Ordinarily, if two or more residential units are not physically and legally combined prior to the conveyance, the conveyance is treated as a bulk transfer or commercial transaction that subjects each apartment to a transfer tax of 1.425% if the sale price is \$500,000 or less and 2.625% if over \$500,000. However, where a purchaser is able to demonstrate a clear intent to combine the units after closing as and for the purchaser's primary residence, the Department of Finance will apparently treat the units as a single apartment for purposes of calculating the transfer taxes at the residential tax rate

of 1.00% where the sale price is \$500,000 or less and 1.425% if over \$500,000.

The question of whether the units have been purchased with the intent to combine them depends on the facts and circumstances of each case. In this particular case, the purchaser possessed a letter from the Sponsor's attorney indicating that the Sponsor had refused to allow the units to be combined prior to closing. The purchaser also had a copy of the design engagement letter, invoices and checks totaling over \$6,000 to the firm doing the design and architectural drawings (including demolition and construction drawings) necessary for the combination.

The Department of Finance agreed with the purchaser that the lower, residential tax rate was appropriate with the understanding that if the purchaser failed to commence work to combine the apartments within 15 days of closing, the purchaser would pay retroactively the additional transfer taxes owed at the 2.625% rate. The purchaser also agreed to pay the higher transfer tax rate if the

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combination was not substantially completed within one year from the closing or if either of the apartments was sold individually within a year following the closing. In this case, the units were treated as a single unit, but it is important to recognize that whether two units will be treated as a single apartment for purposes of calculating the transfer tax will depend upon a particularly clear demonstration of the purchaser's intent to combine the units immediately after closing.

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Attorney Spotlight

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Friedberg Cohen Coleman & Pinkas, LLP (FCCP) is a boutique transactional real estate law firm with offices conveniently located in midtown Manhattan. The firm specializes in all aspects of real estate law with an emphasis on residential real estate. FCCP represents a variety of clients in a myriad of transactions ranging from first-time buyers and sellers to the most experienced and savvy investors acquiring high-end luxury properties. In addition, FCCP represents numerous lenders and mortgage brokers on the mortgage side of transactions, sponsors and developers.

Founding Partner Bruce D. Friedberg was admitted to the bar in 1984 after earning his J.D. from George Washington University. He's a member of the Rent Stabilization Association of New York (1989 - present); Eastside Association of New York Not-for-Profit Association (1992 - present). Most recently, Bruce was honored to be named to the prestigious "business development board" of Hudson Valley Bank. His practice areas include: real property, contracts, business transactions, finance and banking, condominium law, cooperative housing law, residential real estate sales, commercial real estate sales, real estate leasing, conveyancing, lender law, trusts and estates, employment contracts and civil litigation.

All of the firm's clients receive the same level of exceptional service and responsiveness from the entire team of the attorneys, paralegals and support staff, who bring a positive "can do" attitude to their work. FCCP prides itself in being "deal makers, not deal breakers." Founded in 2000, the firm's well-recognized expertise and reputation for building relationships has earned them their success.

Skyline 3-D Question

In each issue, we will ask real estate professionals to give us insight into a topic of interest.

What is your forecast for the 2009 real estate market?

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"Change. The market is stagnant. Potential purchasers are holding back. Borrowers are expectant. Until the New Year, lenders were addressing their capitalization and year-end concerns, market conditions and have been hesitant

to lend. In 2009 there will be a shift; given the magnitude of the federal government's anticipated actions, along with the previous stimulus to lenders, one hopes that this shift is to confidence with and from lenders. If so, potential purchasers and borrowers can and will enter an advantageous real estate market."

"I forecast 2009 to be a busier year in the real estate market. With interest rates at historic lows, this will offer an opportunity for many homeowners to refinance their mortgage.

This year also will offer tremendous opportunities for home buyers given the reduced prices combined with low interest rates."

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"Opportunities and challenges in 2009 will make this a most surprising year for everyone in real estate."

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