



Title Topics



November

2004

New Realty Transfer Fee What Have We Learned So Far?

Now that we've had some experience with the new Realty Transfer Fee, let's see if we can make your life easier by giving you some easy rules to remember:

1. All deeds must be accompanied by one of these three forms:

a) Seller's Residency Certification/ Exemption (GIT/REP-3), or

b) Nonresident Seller's Tax Declaration (GIT/REP-1), or

c) Nonresident Seller's Tax Prepayment Receipt (GIT/REP-2).

Note that you must attach one of the above forms for **each owner** of the property where title is held by tenants in common or joint tenants.

Although we have not seen it yet, we presume that you could have one owner who must file the GIT/REP-1 because he lives out of while the other owner files GIT/REP-3 because she lives in New Jersey.

The Seller's Residency Certification/ Exemption (GIT/REP-3) form has been revised to exempt transactions that fall under 1031 tax free exchanges. Remember, the form is not just for residents, it is also used to claim one of the seven exemptions.

Note, also, that if the form is signed pursuant to a power of attorney, a copy of the power or authorization must be attached to the form.

Since each form counts as a page and is recorded with

(Continued on page 2)

EDITORIAL

Who's Searching Your Title?

Do you know who is searching your title? Do you think this is a strange question? After all, what difference does it make to me who is examining my client's title? In our opinion, it can mean a lot.

While not many of our clients remember the days when they would order title searches directly from a searcher at the hall of records, you can rest assured that use of a particular title searcher was based on experience.

After all, the experienced searcher knows the difference between a Federal Tax Lien and a Division of Taxation Writ of Execution. She knows that a Writ of Execution is good for 60 days, but that a Federal Tax Lien can haunt you for 20 years. He knows that a street vacation terminates public use of a street, and is not a permit to conduct a block party. And she knows that the holder of a life estate must be searched in Surrogate's Court for proof of death.

We point this out to you because of a new phenomenon on the title scene. It is that of "service companies" that will order your tax searches, your surveys, your judgment searches, and

(Continued on page 2)



Realty Transfer Fee(Continued from page 1)

the deed, you must include the form, and power of attorney/authorization, if any, in your recording fee calculation.

2. Where a full or partial exemption from realty transfer fee is claimed, you must complete and attach either the RTF-1 Affidavit of Consideration For Use by Seller or RTF-1EE Affidavit of Consideration For Use by Buyer.

RTF-1 must be attached and recorded with the deed when the **entire consideration is not recited** in deed or the acknowledgment or proof of the execution, **when full or partial exemption from the fee is claimed by grantor**, and for transfers of **“new construction.”**

RTF-1EE is for **execution by the buyer** and must be attached and recorded with the deed for the **sale of property zoned for residential use**, whether improved or not, for a consideration in **excess of \$1,000,000.**

Note, the form RTF-1EE can also be used to claim the **full exemption** from the realty transfer fee. This could occur on a sale by a government entity or between parent and child. It can also be used when the property is “new construction.” **Remember to include the affidavit in your page count!**

3. Some wrinkles.

Nonresidents and negative cash at closing. Notwithstanding that the seller has to bring cash to the closing table, he is still required to complete the Nonresident Seller’s Tax Declaration (GIT/REP-1) and make the estimated tax payment. There is nothing in the law that permits the seller in such a situation to plead his case before the Division of Taxation and walk away with a Prepayment Receipt (GIT/REP-2).

Tax ID number: Unlike most other tax forms that can be submitted with “applied for” when the filer does not yet have a social security or tax id number, the Nonresident Seller’s Tax Declaration must disclose a social security or tax id number.

What kind of experiences have you had with the new realty transfer fee? We would like to hear from you, so please drop a line to sflatow@vested.com or fax a note to 201-656-4506.

Editorial (Continued from page 1)

search your title in the county for a “low price.” In order to provide these services at the county level, these companies must use searchers being paid barely above minimum wage who travel to Bergen in the morning, Hudson before lunch and Passaic in the afternoon. When that is the practice, how does a searcher develop the special skill and expertise she needs to understand the quirks that are present in the records systems in each county?

On the other side of the coin is Vested Title. Our searchers in Hudson County have more than 100 years of experience among them. In Bergen County, it’s the same. We can say to you comfortably that Vested Title uses searchers with more than a 1000 years of experience among them! No service company employees for our clients’ work.

So, the next time a title agency solicits your business, ask “who does your searches and how many years of experience do they have?” We think the answer will surprise you.

Vested Title Inc. — Our 23rd Year

How to Contact Us:

Vested Title Inc.
648 Newark Avenue
P.O. Box 6453
Jersey City, NJ 07306

201-656-9220 201-656-4506 Fax
800-637-0251 in New Jersey

On the Web at

www.vestedtitle.com vti@vested.com

Susan L. Kruger, President
Stephen M. Flatow, Vice President & Counsel
Paul D. Kruger, Vice President & Manager
Diane R. Menard, Vice President-Sales
Jackie Stevens - Sales
Susan Ann Ryan - Sales
Michael Bellucci - Sales
Karen Miller - Policy Supervisor
Paula Tamburo - Title Officer