

## CHAPTER 349 OF THE LAWS OF 2008

On July 21, 2008, Governor Paterson signed Chapter 349 into law. The new legislation, which is effective immediately, creates an exemption from the Peconic Bay Region Community Preservation Fund transfer tax in the towns of Southampton, East Hampton and Shelter Island for qualifying first time homebuyers and for certain not-for-profit corporations. The exemption applies only, as to individual purchasers, if the property is a one or two family house, townhouse or condominium which is to be owner occupied by the homebuyer and if the purchase price and income of the first time homebuyer falls within certain limits. If the purchaser is a qualifying not-for-profit corporation, the exemption applies to any real property which will provide housing under the conditions stated in the legislation.\*

We have been advised that the following procedures will be in effect (these are subject to change until finalized):

In order to obtain the exemption, the purchaser must apply to the appropriate town PRIOR TO CLOSING by submitting an application on the town supplied form, together with a copy of their latest income tax return and a copy of the contract of sale. Upon determining that the requirements have been met, the town official will sign the town form granting this new exemption as well as Part II (Explanation of Exemption) on the Peconic Bay Region Community Preservation Fund transfer tax return. BOTH forms must be submitted to the County Clerk in order for the deed to be recorded without the payment of the Peconic Bay Region transfer tax. We do not know if the town(s) will permit the buyer to apply for a refund if the tax is paid prior to receiving an exemption.

The Peconic Bay Region Community Preservation Fund transfer tax form has been amended. The amended form must be used for all closings starting immediately. It can be accessed on the Suffolk County Clerk's web site at

<http://www.co.suffolk.ny.us/home/departments/countyclerk.aspx>

The transfer tax form MUST be printed on 8 ½ by 14 paper or it will be rejected by the county clerk. The towns are preparing their exemption application forms and procedures at this time. Please note that transfers of properties in Southold and Riverhead will not receive the exemption; however, the county requires the use of the new Peconic Bay form for these towns also.

**\*Note:** With respect to individual purchasers, neither the purchase price limit nor the homebuyer's income limit to be entitled to the exemption are not discussed above because those amounts are not relevant to title underwriting. With respect to not-for-profit corporations, the purpose of the conveyance must be to provide affordable housing opportunities, and the corporation must be incorporated for that purpose. You may refer to Chapter 349 of the Laws of 2008 for more specific information on these topics.