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Date: August 2, 2006

To: All Clients and Friends

From: Cliff Bernstein

Re: New Commercial “Mansion Tax” Forms Issued: RTF-1 & RTF-1EE; RFT-3 & RTF-4

TITLE INSURANCE BULLETIN – NEW JERSEY

The Division of Taxation has issued the new Affidavits of Consideration: RTF-1 and RTF-1EE for use with the Commercial ‘Mansion Tax’ **effective as of August 1, 2006**. The RTF-1 continues to be used with all real property transactions entitled to an exemption. The RTF-1EE is to be used with transactions where consideration is in excess of One Million Dollars. In addition, both forms must be recorded with any transfer of Class 4 commercial property.

Both forms include calculations for the equalized value of Class 4A commercial property. The ‘equalized value’ is determined by applying the “Director’s Ratio” to the assessed value of the property. The “Director’s Ratio” is the average percentage by municipality that true value differs from assessed value. This calculation seeks to apply the 1% ‘mansion tax’ to properties that are sold for less than their fair market value. If the property sells for less than one million, but the equalized valuation exceeds one million, the 1% commercial “mansion tax” applies to the sale price.

By way of review, under the law effective for Deeds recorded as of August 1, 2006, the additional 1% fee payable by the buyer now includes Class 4A commercial property as well as Class 2 Residential, Class 3A Farm property and Class 4C Cooperative apartment transfers for over \$1 million.

All of the new forms are available on the CB Title website: www.cbtitlegroup.com.

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