



Combined Real Estate Transfer Tax Return and Credit Line Mortgage Certificate for Real Estate Investment Trust Transfers

Recording Office Time Stamp

Before completing this form, see General information on back.

Schedule A - Information relating to conveyance

Form for Schedule A with fields for Grantor and Grantee information, including name, mailing address, and social security numbers.

Table with columns for Tax map designation (Section, Block, Lot), Address, City/village, Town, and County.

Type of property conveyed (check applicable box)

Form for property type selection (Vacant land, Commercial/industrial, Apartment building, Office building, Other) and date of conveyance.

Condition of conveyance (check all that apply)

Form for condition of conveyance with options for fee interest, controlling interest, mere change of identity, and other.

Schedule B - Real estate transfer tax return (Article 31 of the Tax Law)

Part 1 - Computation of tax due

Table for Part 1 computation of tax due with lines 1-4 and corresponding amounts.

Part 2 - Explanation of exemption claimed in Part 1, line 1 (check either box that applies)

Form for Part 2 with options for mere change of identity or other explanation.

Schedule C - Credit line mortgage certificate (Article 11 of the Tax Law)

Complete the following only if the interest being transferred is a fee simple interest.

I (we) certify that: (check the appropriate box)

Form for Schedule C with certification questions regarding credit line mortgages and tax exemptions.

Table for recording officer's use with columns for amount received, date received, and transaction number.

**General information**

A conveyance of real property to a real estate investment trust (REIT), as defined in section 856 of the Internal Revenue Code, may be subject to the transfer tax at the reduced rate of \$1 for each \$500 or fractional part of consideration. The conveyance may be to the REIT itself or to an entity, such as a partnership or a corporation, in which a REIT owns a controlling interest immediately following the transfer (REIT transfer).

To qualify for the reduced transfer tax rate, REIT transfers that are *in connection with the initial formation* of the REIT must occur on or after June 9, 1994. In addition, the REIT transfer must also meet certain *ownership retention requirements* and the *use of proceeds requirement* described below. **See TSB-M-94(4)R for the requirements for determining whether a REIT transfer qualifies as being a transfer that occurs in connection with the initial formation of the REIT.**

In addition, REIT transfers *other than those in connection with the initial formation* of the REIT qualify for the reduced transfer tax rate if they occur on or after July 13, 1996, but before September 1, 2017. Furthermore, in order to qualify for the reduced transfer tax rate, a REIT transfer must meet the *ownership retention requirements* described below.

**Ownership retention requirements**

As part of the consideration for the conveyance of real property or interest therein, the grantor(s) must receive ownership interests in the REIT or in an entity controlled or to be controlled by the REIT which have at least a certain minimum value as described herein. The value of those ownership interests received in the REIT or in an entity controlled or to be controlled by the REIT must be equal to at least 40% (50% if the conveyance is *other than in connection with the initial formation* of a REIT) of the equity value of the real property or interest therein conveyed by the grantor(s) to the grantee. In addition, the ownership interests in the REIT or in an entity controlled or to be controlled by the REIT received by the grantor(s) as part of the consideration for the conveyance must be retained by the grantor(s) (or an owner of the grantor) for a period of at least two years from the date of the REIT transfer, except in the case of the subsequent conveyance of these interests as a result of the death of an individual grantor. **See TSB-M-94(4)R for the method used to calculate the equity value of the property and the value of the ownership interests received.**

**Use of proceeds requirement**

At least 75% of the net cash proceeds (after deducting underwriting discounts) received by the REIT from its initial offering must be used for the following purposes:

- (a) to make payments on loans secured by any interest in the real property owned directly or indirectly by the REIT;
- (b) to pay for capital improvements to the real property owned directly or indirectly by the REIT;
- (c) to pay costs, fees and expenses (including brokerage fees, commissions and professional fees) incurred in connection with the creation of a leasehold or sublease pertaining to the real property owned directly or indirectly by the REIT;
- (d) to make payments to or on behalf of a tenant as an inducement to enter into a lease or sublease, including but not limited to the following:
  - (i) a cash bonus paid to a tenant for signing a lease;
  - (ii) a payment for the unexpired term of a tenant’s previous lease;
  - (iii) payment of a tenant’s moving costs;
  - (iv) payment for a tenant’s improvements that do not constitute capital improvements (such as temporary partitions or non-permanent electrical wiring for computer equipment); and
  - (v) payment of a tenant’s attorneys’ fees;

- (e) to acquire any interest in real property (including an ownership interest in any entity owning real property) **except** an acquisition that would qualify for the reduced rate of tax provided for a REIT transfer (without regard to this requirement); or
- (f) for reserves established for any of the purposes described in items (a), (b), (c) or (d) above.

For purposes of this requirement, the term *real property* includes real property owned directly or indirectly by the REIT, whether located inside or outside New York State. Also, the calculation of the net cash proceeds from the initial offering of the REIT is made without regard to any proceeds resulting from the exercise of any underwriter’s over-allotment option in connection with the initial offering of the REIT shares.

**Payment of estimated personal income tax by individuals, estates, and trusts**

**Nonresidents** – Nonresident individuals, estates, and trusts taxed under Article 22 of the Tax Law must comply with the provisions of Tax Law section 663, estimating the personal income tax on the gain, if any, from the sale or transfer of certain real property located in New York State. Such nonresident individuals, estates, and trusts are required to either complete Form IT-2663, *Nonresident Real Property Estimated Income Tax Payment Form*, or Form TP-584, Schedule D, *Certification of exemption from the payment of estimated personal income tax*, and file it with Form TP-584-REIT.

**Residents** – The requirement for payment of estimated personal income tax under Tax Law section 663 does not apply to individuals, estates, and trusts who are **residents** of New York State at the time of the sale or transfer. Resident individuals, estates, and trusts must complete Form TP-584, Schedule D, *Certification of exemption from the payment of estimated personal income tax*, and file it with Form TP-584-REIT.

See *Payment of estimated personal income tax*, on page 1 of Form TP-584-I, *Instructions for Form TP-584*, for more information.

**Specific instructions**

**Schedule A**

**Condition of conveyance**

Indicate the condition of conveyance by checking all the condition(s) that apply. If you check item d, attach Form TP-584.1, *Real Estate Transfer Tax Return Supplemental Schedules*, to Form TP-584-REIT, with Schedule F completed.

**Schedule B**

**Line 1** – Enter the consideration for the conveyance as set forth in section 1402(b)(3) of the Tax Law. **See TSB-M-94(4)R for more information on the calculation of consideration and net cash flow from operations.**

**Line 2** – **See Form TP-584-I, Instructions for Form TP-584**, page 3, for more information on the continuing lien deduction.

**Line 3** – Enter the taxable consideration by subtracting line 2 from line 1.

**Line 4** – Compute and enter the amount of tax due based on the consideration entered on line 3. The rate is \$1 for each \$500, or fractional part thereof, of taxable consideration on line 3.

**Schedule C**

Check the appropriate box on Schedule C, if this schedule is required.

**Signature and affirmation (both the grantor(s) and grantee(s) must sign).**

The undersigned certify that the above return, including any certification, schedule or attachment, is to the best of his/her knowledge, true and complete, and authorize the person(s) submitting such form on their behalf to receive a copy for purposes of recording the deed or other instrument effecting the conveyance.

Grantor signature	Title	Grantee signature	Title
Grantor signature	Title	Grantee signature	Title