

**TP-584-REIT** (3/07)

Recording Office Time Stamp

New York State Department of Taxation and Finance

**Combined Real Estate Transfer Tax Return and**

**Credit Line Mortgage Certificate for Real Estate Investment Trust Transfers**

Before completing this form, see *General Information* on back.

**Schedule A — Information relating to conveyance**

Type of property conveyed *(check applicable box)*

**1**

**2**

**3**

**4**

**5**

Vacant land Commercial/industrial Apartment building

Office building Other

Date of conveyance

month day year

Condition of conveyance *(check all that apply)*

1. Conveyance of fee interest
2. Acquisition of a controlling interest (state percentage acquired %)
3. Transfer of a controlling interest (state percentage transferred %
4. Conveyance which consists of a mere change of identity or form of ownership or

organization *(attach Form TP-584.1, Schedule F)*

e.

Other *(describe)*

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

**Part I** – Computation of tax due

**1**

Enter amount of consideration for the conveyance *(if you are claiming a total exemption from tax, enter consideration*

*and proceed to Part II)* ...............................................................................................................................................

Continuing lien deduction *(see instructions if property is taken subject to mortgage or lien)* ................................................ Taxable consideration *(subtract line 2 from line 1)* ..........................................................................................................

Tax due: $1 for each $500, or fractional part thereof, of consideration on line 3 .........................................................

**2**

**3**

**4**

**Part II** – Explanation of exemption claimed in Part I, line 1 (check either box that applies)

a. Conveyance is a mere change of identity or form of ownership or organization where there is no change in beneficial

ownership ............................................................................................................................................................................................ a.

b. Other *(attach explanation)* ................................................................................................................................................................... b.

**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)*

1

2

The real property being sold or transferred is not subject to an outstanding credit line mortgage.

The real property being sold or transferred is subject to an outstanding credit line mortgage. However, an exemption from the tax is claimed for the following reason:

The transfer of real property is to a person or entity where 50% or more of the beneficial interest in such real property after the transfer is held by the transferor.

The maximum principal amount secured by the credit line mortgage is $3,000,000 or more and the real property being sold or transferred is **not** principally improved nor will it be improved by a one- to six-family owner-occupied residence or dwelling.

**Please note:** for purposes of determining whether the maximum principal amount secured is $3,000,000 or more as described above, the amounts secured by two or more credit line mortgages may be aggregated under certain circumstances. See TSB-M-96(6)R for more information regarding these aggregation requirements.

Other (attach detailed explanation).

The real property being transferred is presently subject to an outstanding credit line mortgage. However, no tax is due for the following reason:

A certificate of discharge of the credit line mortgage is being offered at the time of recording the deed.

A check has been drawn payable for transmission to the credit line mortgagee or his agent for the balance due, and a satisfaction of such mortgage will be recorded as soon as it is available.

The real property being transferred is subject to an outstanding credit line mortgage recorded in (insert liber and page or reel or other identification of the mortgage). The maximum principal amount secured in the mortgage

is . No exemption from tax is claimed and the tax of

is being paid herewith. *(Make check payable to county clerk where deed will be recorded or, if the recording is to take place in New York City, make check payable to the* ***NYC Department of Finance.****)*

3

4

For recording officer’s use

Amount received

Date received

Transaction number

**1**

**2**

**3**

**4**

Tax map designation

Address

City/village

Town

County

Section

Block

Lot

Grantor

Individual Corporation Partnership Other

Name *(if individual; last, first, middle initial)*

Social security number

Mailing address

Federal employer identification number

Grantee

Individual Corporation Partnership Other

Name *(if individual; last, first, middle initial)*

Social security number

Mailing address

Federal employer identification number

**TP-584-REIT** (3/07) (back)

**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 o*wnership 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, 2008. 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:

(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

for reserves established for any of the purposes described in items (a), (b), (c) or (d) above.

(f)

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,** *Line Instructions for*

*Completing Form TP-584,* page 2, 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.

(a)

to make payments on loans secured by any interest in the real property owned directly or indirectly by the REIT;

to pay for capital improvements to the real property owned directly or indirectly by the REIT;

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;

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:

(b)

(c)

(d)

(i)

(ii)

a cash bonus paid to a tenant for signing a lease;

a payment for the unexpired term of a tenant’s previous lease;

payment of a tenant’s moving costs;

(iii)

1. 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
2. payment of a tenant’s attorneys’ fees;

**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