

NYSLTA

New York State Land Title Association, Inc.

Tradition, Excellence, Knowledge and Vision

Winter Newsletter

President's Message

The land title communities around the state tend to be small and close-knit, so a lot of downstate members may not know me, or my background. I started as a searcher 35 years ago and have worked in the title industry in Rochester continuously since then. Most of those years I only dealt with "Zone 1" properties upstate, but in the past 5 years with my current company, Frontier Abstract, I've been reading titles for all counties in New York, so I am becoming more familiar with issues and problems unique to Zone 2. For more than 20 years I have served NYSLTA in some way; as a member of committees, EC member, Legislative Committee Chair, Agents Section Chair and Vice-Chair, and now as President. For all those years, I have never failed to be impressed by the professionalism, knowledge and integrity of the NYSLTA members I have met from all over the state.

Unlike other types of insurance agents and companies, we don't just sell policies and pay claims. We are truly the guardians of property owner's title for their homes and businesses. It is the "shield" of our searching, evaluation and clearance work that protects New Yorkers; the TI policy itself really just backs up and guarantees our hard work. One of the main jobs of our Association is to communicate that vital role to our regulators, legislators and the general public.

This year that is an especially challenging task. The DFS recently proposed new cyber security regulations that could prove difficult and costly for many of our members. TI-specific regulations, likely based on a DFS bureau's inaccurate understanding of our marketing and business practices, will also be proposed soon. On a more mundane level, there have been irritatingly misleading media reports about TI recently, and hundreds of agents around the state will be applying for re-licensing this spring, each one requiring at least 15 hours of Continuing Education in order to keep doing business.

However, our Association is ON IT! We submitted detailed comments on the cyber regulations to the DFS and coordinated our response with ALTA and trade associations in other industries. We have met with recent top level appointees of the new DFS Superintendent Maria Vullo, and have set up new meetings with existing DFS officials. Our "Legislative Day" meetings met with a record number of NYS legislators, all of them in their District Offices where conversations can be more relaxed and detailed. The Association's Education Committee has held multiple CE seminars, and has scheduled many more for the coming months. We have formed a new Public Relations Committee dedicated to improving the industry's public image.

We know that we have to do more to reach out to you, the members, to find out what your concerns are and let you know what is going on with our industry. We will be holding at least three "Town Hall" meetings around the state in order to communicate with you better. We are also testing a new video conferencing system to allow you to attend our Executive Committee meetings virtually, no matter where you are located. I also encourage you to contact me with any concerns or questions you may have. Please email me at bcollins@frontierabstract.com or call 585-955-6111.

If you haven't already done so please send in your membership form and fees as soon as possible. Your membership has never been needed more! If you would like to be more involved in your industry's welfare in the coming years, please consider volunteering for a NYSLTA committee. Just like the title industry itself, our Association's most valuable assets are its people!

Bill Collins, Frontier Abstract and Research Services, Inc.

Industry News Information

- **Department of Financial Services Proposed Cybersecurity Regulations:** The Department of Financial Services (DFS) has proposed an addition to the Financial Services Law [23 NYCRR Part 500]. The proposed regulation covers cybersecurity requirements. Title insurance underwriter corporations and licensed title agents are subject to this proposed regulation. A link to the Governor's announcement is provided here: <http://www.dfs.ny.gov/about/press/pr1609131.htm>, A link to the NYSLTA comment letter is provided here: <http://nyslta.site-ym.com/?page=GovRelations>
Executive Director, Robert Treuber, gave testimony on Monday, December 19 regarding the impact of the proposed regs on the title industry at an Assembly Banking Committee meeting. A link to an article about the hearing is provided here: <http://www.timesunion.com/local/article/Bankers-mortgage-brokers-question-cybersecurity-10807459.php>
- **Mortgage Tax and Industrial Development Agency (IDA):** The Department of Taxation and Finance issued a Technical Memorandum on November 2, 2016 TSB-M-16(1)R stating that as of September 30, 2016, a mortgage executed, given, made, transferred, or assigned by or to an IDA, an agent of an IDA, or an entity receiving financial assistance from an IDA, is **not** exempt from the additional mortgage recording tax imposed by Tax Law Section 253(2) when the real property that is subject to the mortgage is located in a county that is part of a transportation district. Thus, IDA's are no longer afforded a full mortgage tax exemption and must pay the additional mortgage tax of .30%. NOTE: The bill was signed into law on September 30, 2016, and, as drafted, has an immediate effective date. The approval memo signed by Governor Cuomo indicated that to allow for the completion of several projects, the Governor and the Legislature agreed to a chapter amendment extending the effective date until July 1, 2017. However, until this chapter amendment is enacted by the legislature (which is currently not in session), mortgages executed, given, made, transferred, or assigned by or to an IDA, an agent of the IDA, or an entity receiving financial assistance from an IDA are not exempt from the additional mortgage recording tax imposed by Tax Law section 253(2) when the real property that is subject to the mortgage is located in a county that is part of a transportation district. To view the full memo: https://www.tax.ny.gov/pdf/memos/mortgage/m16_1r.pdf
- **Mortgage Tax:** A link to mortgage tax collected in each county for NYS fiscal year 2015/16 is provided here: https://www.tax.ny.gov/pdf/2015-16_Collections/Table%2023.pdf
- **Mortgage and Transfer Tax Interest Rates:** New York State Department of Taxation and Finance has published interest rates for January through March of 2017. Mortgage Recording Tax and Real Estate Transfer Tax Refund Rates are set at 3%; Late Payments & Assessments Rates are set at 8%; Sales and Use Tax Refund Rate is 3%; Late Payment and Assessments Rate is 14.5 %. With regard to Sales and Use Tax the Department states the following: "The Tax Law requires the interest rate on sales tax assessments or late payments to be set at 14.5% for this quarter. However, if the Commissioner determines that the failure to pay or the delay in payment is due to reasonable cause and not willful neglect, the Commissioner may impose interest at the corporation tax late payment and assessment rate. That rate is 8% for this quarter." Click here for a full list of taxes: https://www.tax.ny.gov/pay/all/interest_rates/int0117.htm
- **Nassau County Disputed Assessment Fund Program:** Nassau County has started a program where monies will be collected in order to fund refunds for Class 4 commercial property owners who win a tax assessment grievance. These parcels are those class 4 commercial properties whose tentative assessments are grieved with the Assessment Review Commission (ARC) and are the subjects of a timely filed Real Property Tax Law Article 7 Petition. You can visit <https://www.nassaucountyny.gov/DocumentCenter/View/16027> for frequently asked questions regarding the Disputed Assessment Fund.

- Nassau County Tax Map Verification Fee:** Last year, Nassau County hiked the tax map verification fee by 200%, from \$75 to \$225. They also increased the per-block recording fee by 100%, from \$150 to \$300. This year, Nassau County considered an increase in the mortgage recording fee from \$300 to \$350. NYSLTA joined a coalition of industry groups that lobbied against any increase in mortgage recording fees. The Nassau County Legislature initially passed a budget that contained no increase in mortgage recording fees or tax map verification fees. However, under New York State Law, NIFA (The Nassau Interim Finance Authority) has the right to reject the budget if it is not balanced. NIFA rejected the proposed budget, and now it has been sent back to the county government for re-negotiation. Nassau County has approved the increase. The fee required by the Department of Assessment for issuing a TMVL will be \$355 effective January 1, 2017. *NOTE: County Legislator Howard Kopel, representing District 7 and a long-time opponent of fee hikes, has worked from within county government to convince his fellow legislators to reject fee hikes. Mr. Kopel is an active member of NYSLTA.*
- NYC RPT:** The NY State Legislature enacted and Governor Cuomo signed into law, an amendment to Section 11-2106 of the Administrative Code of The City of New York. The amendment adds a new Section 9 to Subdivision (b). Section 11-2106 grants exemptions to various transactions from the imposition and payment of the New York City Real Property Transfer Tax ("RPTT"). The driving force behind this legislation was the fact that the NYC Department of Finance ("DOF") was disallowing exemptions for certain projects where there was a Nominee Agreement in place between the Beneficial Owner and the Housing Development Fund Company ("HDFC") Nominee. The City believed that there was a lack of statutory authority to permit this exemption under those circumstances. The legislation grants partial exemptions from RPTT for the conveyance of Real Property (or an economic interest therein) to an HDFC, or to an entity in which a controlling interest is held by an HDFC. The law became effective on August 19, 2016, however, it is retroactive and applies to all eligible conveyances dating back to January 1, 2010. A copy of the legislation can be found here:
<http://files.constantcontact.com/c2ef1eef101/f10aeac7-ae4-4699-a489-9f80560ced4a.pdf>
- STAR (School Tax Relief) Program:** The legislature has recently made changes to the STAR Program affecting new homeowners. New homeowners will now receive a STAR credit and a check will be issued instead of receiving a property tax exemption. The amount of the benefit will remain the same. New homeowners no longer apply to their assessor for the benefit. Instead, they register directly on the Tax Department's website
<https://www.tax.ny.gov/star/>. New homeowners who do not have access to the Internet can call the New York State Tax Department at 518-457-2036.
- Suffolk County Recording Fees:** Pursuant to an act of the Suffolk County Legislature (to be enacted into law shortly), effective January 1, 2017, the Suffolk County Clerk's office will begin to assess a Mortgage Verification fee on all mortgage related documents submitted for recording. The assessment will be charged at a rate of \$300 per document and will affect documents such as, but not limited to Mortgages, Assignments, CEMAs and Satisfactions of Mortgage. Pursuant to Christopher Como, Esq., Official Examiner of Title at the Suffolk County Clerk's Office, the resolution for the new mortgage verification fee has not yet been passed, but the legislature is expected to vote on Tuesday, December 20, 2016. Once the vote is done and the fee is passed, the county will issue a formal policy with regard to same. Prior to that, our *expectation* is that this fee will be treated the same as in years past. As long as the document is in Real Property by December 31, 2016 the new fee will not apply. Documents presented in Real Property on January 1, 2017 and after will be assessed the fee. The thirty-day rule will still apply, so if the documents were verified prior to January 1, 2017 they would still have to be recorded within the 30 day period, otherwise the new fee will apply.
- Transfer Tax:** A link to transfer tax collected in each county for NYS fiscal year 2015/16:
https://www.tax.ny.gov/pdf/2015-16_Collections/Table17.pdf

“Are my independent contractors covered?”

By Jennifer Holt, Professional Liability Program Manager, Merriam Insurance Agency

This is one of the most common questions I am asked when preparing quotes for E&O insurance. My answer is always the same: “we must look at the policy form to see how your carrier covers ICs.” More often than not, E&O insurance coverage is usually extended to the Independent Contractors being used. However, it is important to understand the nuances behind who is covered and the impact they have on your E&O policy.

Many policy forms cover Independent Contractors only as “natural persons,” meaning there is no intent to cover other corporations outside of your own. It makes sense that other entities you are working with should have their own coverage in place, rather than relying on yours. Additionally, the IC is only covered for work they are doing on your behalf, and not for work done on their own or for others.

Almost all E&O applications now ask for information relating to your use of ICs. Although frustrating, it is important to provide an accurate representation of your Independent Contractor exposure. Here are some key things we are looking for:

- How much of your work is done by ICs rather than your company/employees?
- Are you doing your due diligence to vet your ICs? How much experience do they have in the industry? Do they have a record of any claims? Do they carry their own E&O insurance?

The answers to these questions can impact the eligibility and cost of your E&O insurance. The lengthy application you complete each year gives the insurance company an overview of **your** business operations and exposures, not that of your ICs. This is why it is important to be sure that you are diligent in screening your independent contractors. You want to be sure that your ICs are experienced professionals, worthy of the carrier extending your coverage to them.

NYSLTA Member, Jennifer Holt writes often on various E&O insurance topics and regularly conducts informative webinars. You can reach her for more information at 877-637-7426 ext. 206.

Charitable Works Corner

NYSLTA Raises \$37,960.00 for NY Charity

At the 2016 NYSLTA convention the Charitable Works Committee held its 3rd annual auction. The 2016 beneficiary was HorseAbility, a center for equine facilitated therapy for special needs individuals.

Once again the evening was a success! Attendees participated in friendly competition by bidding on great prizes, enjoyed the skills of our MC, John Piccirillo, and the general camaraderie of the event was felt throughout. The auction highlighted the altruistic nature of the NYSLTA membership. Sixty-two prizes were donated by members to make this event possible, and the generosity of our attendees far surpassed the committee's expectations.

The funds raised will go toward the HorseAbility Scholarship Fund for therapy lessons for special needs families, as well as the refurbishing of their large outdoor ring and two horse stalls. Once the refurbishing effort is complete, plaques engraved with *New York State Land Title Association* will be installed on the structures.

Thank you to the committee and friends of the committee who spent many hours putting auction together.

The Charitable Works Committee welcomes member input and suggestions. If you are involved in an event and need volunteers, please feel free to contact the committee at charitableworks@nyslta.org.

Kathy Roper
Chair, Charitable Works Committee



"BECAUSE RIDING IS FOR EVERYONE!"

October 18, 2016

New York State Land Title Association
65 Broadway, Suite 501
New York, NY 10006
Attn: Regina Capone

Dear Members,

On behalf of all the campers, riders, staff, and volunteers at HorseAbility, I would like to truly thank you for your most generous donation of \$37,960.00.

Your gift makes a considerable difference here at HorseAbility; allowing us to maintain and advance our programming, strengthen our mission, and continue to offer quality programs to service the special needs community. It is because of the kindness and support of individuals like you that HorseAbility has been able to survive and thrive for the past 23 years. **THANK YOU!**

HorseAbility is proudly settled in our 20 acre facility on the campus of the College at SUNY Old Westbury. This facility is solely dedicated to our program, which has allowed us to continue to grow as an organization. We strive to meet the needs of our students through creating new and expanding our existing programming. To keep you informed of all the great happenings, upcoming events and achievements here at the farm you will receive our email updates, newsletters and mailings. We invite you to come visit our farm to see our program, horses, students and volunteers in action and see how your gift helps us "Share the gift of horses."

For tax purposes, please keep this letter as acknowledgement of your contribution.

Again, thank you for your support and for all you do for our participants and horses as you choose to be a part of their lives through your generosity.

Sincerely,

Katie

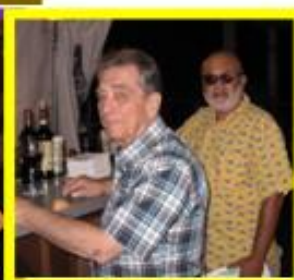
Katie McGowan
Founder/Executive Director

*Thank you all for
An amazing event.
All your effort is much
appreciated!*

HorseAbility is a non-profit organization (501)(c)(3) status as designated by the IRS.

Note-No goods, services or monies were given by HorseAbility in connection with the above contribution.

NYSLTA Convention 2016 - Montauk Charitable Works Auction



To view new members of the New York State Land Title Association

[CLICK HERE](#)

New York State Land Title Association, Inc. is the
statewide voice of the Title Insurance Industry

Have an idea for an article? Email news@NYSLTA.org

New York State Land Title Association, Inc. |
65 Broadway, Suite 501, New York, NY 10006
P: 212-964-3701 F: 212-964-7185
info@NYSLTA.org

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BECOME A MEMBER

All title professionals in New York State, members and non-members, benefit from the work of the NYSLTA. The work we do and the things we can accomplish are only limited by the will, resources and support of our members. By joining the NYSLTA and supporting your professional association, you help us accomplish more and accelerate progress toward a business environment optimized for the secure conveyance of title to real property. There are also competitive advantages and direct benefits to you and your company. Most of our benefits and services are exclusively for members.

<http://nyslta.site-ym.com>