

City of  Dover

MEMORANDUM

TO: All Real Estate Attorneys  
All Title Companies

FROM: Chappy Lucas

DATE: November 23, 1999

RE: Changes In First-Time Buyer Program

On November 22, 1999, City Council made the following changes to the City of Dover's First Time Home Buyer's Exemption Program:

- > Required the use of a City of Dover Affidavit of Exemption (copy attached for duplication & use).
- > Adopted a non-refundable section stipulating that no claims for rebates will be honored after the deed has been recorded.
- > Established a 1 ½ percent per month penalty for unpaid realty transfer taxes resulting from a false affidavit.

The effective date for these changes is January 2, 2000.

BE IT ORDAINED BY THE MAYOR AND COUNCIL OF THE CITY OF DOVER IN COUNCIL MET:

That the Dover Code be amended by striking in its entirety current subsection (9) of Section 19.5-19 and by inserting a new subsection (9) to read as follows:

- (9) "First time home buyer" is exempt from the transfer tax as provided herein. A "first time home buyer" means a natural person who has at no time held an interest in residential real estate, wherever located and which has been occupied as their principal residence, and who intends to occupy the property being conveyed as his or her principal residence within 90 days following recordation of the deed. The first time home buyer must file an affidavit certifying to his or her qualifications before the exemption can be granted. In order to alleviate claims for rebate of the transfer tax paid, no rebate shall be made once the deed for the transaction has been recorded. First time home buyers submitting a false affidavit in any respect which would entitle them to the exemption shall be subject to payment of the unpaid transfer tax plus interest at the rate of 1½ percent per month and, upon direction by Council, referral to the Attorney General of the State of Delaware for criminal prosecution. This subsection shall become effective January 2, 2000, and shall apply to all real estate settlements held on or after that date.

ADOPTED: \*

#### SYNOPSIS

The theory behind the "first time home buyer's exemption" was to help out new homeowners who were purchasing their first residence, supposedly for a modest amount, and to reduce the amount of costs that they would be incurring. After the exemption had been in place for a period of time, it became apparent that it was not accomplishing its stated purpose and unfortunately, it appeared that unqualified persons were attempting to take advantage of the exemption. The amendment requires an affidavit, a statement under oath, by the first time home buyer, certifying to compliance with the essential requirements for the exemption. In the event that the affidavit is falsified, then the home buyer is subject to payment of the transfer tax plus interest at 1½ percent per month and, subject to approval by Council, referral to the Attorney General of the State of Delaware for criminal prosecution. Further, in order to establish a policy on rebate of taxes paid alleged where the first time home buyer was unaware of the exemption at the time of settlement, the amendment provides that no rebate of the transfer tax paid shall be made once the deed for the transaction has been recorded.

(Sponsors-Malone, Salters, and Christiansen)

# CITY OF DOVER

## RESIDENTIAL FIRST-TIME BUYER

### AFFIDAVIT OF EXEMPTION

This form must be accompanied by the State of Delaware Really Transfer Tax Return and Affidavit of Gain and Value Form 5402. Only properties classified as residential on Form 5402, Part C are eligible for exemption consideration.

NAMES OF ALL BUYERS

\_\_\_\_\_  
\_\_\_\_\_

ADDRESS OF PROPERTY BEING PURCHASED

\_\_\_\_\_  
\_\_\_\_\_

I/we swear/affirm under penalty of law, that the following statements are true and correct.

I/we, either jointly or individually, have **NEVER** had an ownership interest in any residential real estate, wherever located, which has been occupied as my/our principal residence.

The above purchased property is my current principal residence or I/we intend to make it my/our principal residence within 90 days following recordation.

\_\_\_\_\_  
\_\_\_\_\_  
Buyer's Signature

\_\_\_\_\_  
\_\_\_\_\_  
Buyer's Signature

Subscribed and sworn before me this

\_\_\_\_\_ Day of  
\_\_\_\_\_ 19\_\_\_\_  
\_\_\_\_\_

# CITY OF DOVER

## RESIDENTIAL FIRST-TIME BUYER

### AFFIDAVIT OF EXEMPTION

This form must be accompanied by the State of Delaware Realty Transfer Tax Return and Affidavit of Gain and Value Form 5402. Only properties classified as residential on Form 5402, Part C are eligible for exemption consideration.

NAMES OF ALL BUYERS

\_\_\_\_\_  
\_\_\_\_\_

ADDRESS OF PROPERTY BEING PURCHASED

\_\_\_\_\_  
\_\_\_\_\_

I/we swear/affirm under penalty of law, that the following statements are true and correct.

I/we, either jointly or individually, have **NEVER** had an ownership interest in any residential real estate, wherever located, which has been occupied as my/our principal residence.

The above purchased property is my current principal residence or I/we intend to make it my/our principal residence within 90 days following recordation.

\_\_\_\_\_

Buyer's Signature

\_\_\_\_\_

Buyer's Signature

Subscribed and sworn before me this

\_\_\_\_\_ Day of  
\_\_\_\_\_ 20\_\_\_\_  
\_\_\_\_\_