



January 15, 2016

To Realtors and Title Insurance Companies:

Please be advised that on March 24, 2015 the Town of Avon adopted Ordinance No. 15-02 which amended Chapter 3.12 Real Estate Transfer Taxes of the Avon Municipal Code (attached). The amendments to the Chapter 3.12 include:

- A definition of Primary Residence has been adopted which requires a Buyer to establish occupation and use of a property as a primary residence within 30 days of conveyance of the property unless a 90 day extension is requested at the time of application.
- A requirement that recipients of the Primary Residence exemption provide evidence of primary residence to the Town which may include a Colorado Driver's License or Photo ID and/or Voter Registration.
- A co-signor to bank financing will not disqualify a Buyer from the Primary Residence exemption.
- The addition of section 3.12.060 (15 c.) stating that the Primary Residence exemption applies only to the portion of the transfer tax actually paid by the buyer and will not reduce any portion of the transfer tax that the seller agrees to pay in the transaction. **If the buyer is splitting the real estate transfer tax with the seller, the exemption is only applicable to the buyer's half of the tax.**
- A clarification that the applicant may apply for an exemption from real property transfer tax for up to 75 days after the date of transfer.
- A clarification that failure to apply for an exemption does not qualify as transfer tax paid in error.

Please note that the Town of Avon has updated the Real Estate Transfer Tax Exemption Application Form, adopted instructions for completing the Real Estate Transfer Tax Exemption Application Form, and updated the Promissory Note form for Primary Residence exemptions. The forms and instructions are attached and may also be viewed on the Town's website at www.avon.org/realestatetransfertax

General Reminders:

- The Town imposes a real property transfer tax in the amount of 2% of the consideration paid on the transfer of real estate property within the municipal limits. **All** transfers of real property within the Town of Avon in which no transfer tax is due, must have a related exemption application approved by the Assistant Town Manager. **This includes any transaction recorded with Eagle County** such as a name change, transfer to a trust or LLC, addition of a spouse, etc.
- There is a \$22 fee for each Primary Residence exemption application, but currently no fee for other exemption types. ****Fee changed to \$26 December 1st, 2016**
- The Primary Residence exemption is **NOT** a first time homebuyer exemption. It is intended for buyers that are purchasing a property to live in as their full-time, year-round residence.



- The conditions of the Primary Exemption include:
 - The applicant must meet the definition of a Primary Resident as provided in section 3.12.020 of the Town of Avon Municipal Code.
 - The first \$160,000 of the purchase price is exempted from the 2% transfer tax, therefore the maximum exemption is \$3,200.
 - A lien for the amount of exempted transfer tax is placed on the property for one full year after the date of acquisition. The Town will release the lien no sooner than one year after the acquisition date if the Borrower provides evidence that the property was used as a primary residence.
 - If the applicant does not meet these conditions, or sells the property within the first year of residency, the amount of exempted transfer tax will be immediately due and payable.
- If a buyer has previously received the Primary Residence exemption, they may apply for it again under section 3.12.060(16) of the Town of Avon Municipal Code. This section requires that the applicant meets the definition of an Eagle County employee by working an average of at least 30 hours per week per year or earning 75% of his/her income by working in Eagle County. Retired individuals wanting to claim this exemption must have worked a minimum of 5 years in Eagle County for an average of at least 30 hours per week per year. An employment verification letter from the current or past employer is required.
- **If a buyer does not have an approved exemption at the time of closing**, but intend to apply, please escrow the potentially exempted funds for a more timely refund to the buyer. All refunds must go through the original payer, meaning that the Town must refund the title company who must then process the refund to the buyer.

If you have any questions or concerns regarding the transfers of real property within the Town of Avon please contact Kelly Huitt at 748-4445 or khuitt@avon.org.

Sincerely,

A handwritten signature in blue ink that reads "Kelly Huitt".

Kelly Huitt
Town of Avon
Budget Analyst