§ 402. United States or state property held under contract of sale. 1. Whenever the legal title of real property is in the United States, or in the state of New York, but the use, occupation or possession thereof is in a person, partnership, association or corporation under a contract of sale or other agreement whereby a right to acquire the premises through an option, a first privilege or a first refusal is granted, or whereby upon one or more payments the legal title thereto is to be or may be acquired by such person, partnership, association or corporation, his or its interest in such real property shall be assessed and taxed as real property and shall be entered in the assessment roll in the same manner as if such person, partnership, association or corporation held the legal title to such property, except for the addition to the description of the words "interest under contract", "interest under option", or other appropriate words descriptive of the interest in the property so assessed. Such assessment shall be at the full value of such interest.

2. The assessors shall add to the assessment roll opposite the description of any such interest a notation stating that the real property itself so owned by the United States, or by the state, is not to be taxed. Every notice of sale or other process and every conveyance or other instrument affecting the title to any such property, consequent upon the non-payment of any such tax, shall contain a statement that such legal title is not sold or to be sold or affected.

3. The classification of such interest as real property for the purposes of taxation under this chapter shall not be affected by any provision of the contract or agreement under which the same is held.