



Chicago Title Presents
**Important
Information
for Seniors**



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Maintaining A Beautiful Home...

You Make It Look So Easy, But It's Not!

Now that the kids are grown, you may want to consider moving to a smaller home and taking your base year tax rate with you!

Propositions 60 and 90 are constitutional initiatives passed by California voters and commonly known as the Senior Citizen's Replacement Dwelling Benefit or Empty Nest Act. They provide property tax relief by preventing reassessment when an adult, age 55 or over, sells his or her existing residence and purchases or constructs a replacement residence of equal or lesser value.

This enables active adults who have raised their family to buy a smaller home and not be penalized by having to pay a higher property tax based on the current value of the new property. Qualified individuals will continue to pay approximately the same amount of annual property taxes as before.

Getting Specific...

When a qualified senior citizen purchases or constructs a new residence, it is not reassessed. The Assessor transfers the factored base value of the original residence to the replacement residence. Prop. 60 originally required that the replacement and the original be located in the same county. Later, Prop. 90 enabled this to be modified by local ordinance.

Equal or Lesser Value

The comparison must be made using the **full market value** of the original property as compared to the **full market value** of the replacement dwelling as of its date of purchase/completion of new construction.

This is important because the sales/purchase price is not always the same as market value. The Assessor must determine the market value of each property, which may differ from sales price.



Qualification is Easy but Exact

The seller of the original residence, or spouse who resides with the seller, must be at least 55 years of age at the time of sale.

Please check with the Office of the Assessor in your county to determine the applicable time frames for sale and purchase of a replacement residence.

For example, in Los Angeles County, the replacement residence must have been purchased or constructed on or after November 6, 1986, if the original was located in Los Angeles County. The replacement residence must have been purchased or constructed on or after November 9, 1988, if the original was located in any other California county.

Did You "Move Down" To A Smaller Home Recently?

Claims must be filed within three years following the purchase of the replacement residence.

Claim forms are available from the public counters in the Assessor's Office of participating counties.




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Eligibility Requirements

1.

The replacement property must be the owner's principal residence and eligible for the Homeowner's Exemption. The original property, at the time of its sale, must have been eligible for the Homeowner's Exemption, or entitled to the Disabled Veteran's Exemption.

After you have received Prop. 60/90 benefits, you must file a Homeowner's Exemption on the replacement property. It is not granted automatically.

2.

The seller of the original residence, or a spouse residing with the seller, must be at least 55 years of age as of the date that the original property is transferred.

Additional record owners need not identify themselves as a claimant; to do so is to use the "once in a lifetime" benefit as a principal claimant.

3.

The replacement property must be of equal or lesser "current market value" than the original.

The Assessor must determine the market value of both the original and the replacement property, which may differ from sales price.

4.

The original and replacement properties must be sold and purchased respectively on or after the dates specified in the individual county ordinances.

5.

The replacement property must be purchased or newly constructed within two years (before or after) of the sale of the original property.

6.

The owner must file an application within three years following the purchase date or new construction completion date of the replacement property.

7.

This is a one-time only filing. Prop. 60/90 relief cannot be granted if the claimant or spouse was granted relief in the past.

8.

Prop. 60/90 relief includes, but is not limited to: single family residences, condominiums, units in planned unit developments, cooperative housing corporation units or lots, community apartment units, mobilehomes subject to local real property tax, and owner's living premises which are a portion of a larger structure.

9.

In most instances, if more than one owner of an original property is eligible for Prop. 60/90, they must choose among themselves which one will use the benefits.

Note: The co-owners of the original residence cannot divide the benefit and transfer half to separate replacement residences. The co-owners must determine between themselves which one would receive the benefit if they are establishing separate residences.





Supplemental Assessments

When the replacement property is purchased or newly constructed, the Assessor must issue positive or negative supplemental assessments. The Assessor processes the factored base value of the original property for the replacement property. If this value is higher than the prior value of the replacement property, positive supplemental assessment is issued and a supplemental tax bill is mailed. If this value is lower than the prior value of the replacement property, a negative supplemental assessment is issued, and a refund is mailed.

Time Plays a Part in the Market Value of the Replacement Property

Depending on when you purchase the replacement property, equal or lesser value means:

100 percent or less of the market value of the original property if a replacement property is purchased before an original property is sold.

105 percent or less of the market value of the original property if a replacement property is purchased within the first year after an original property is sold.

110 percent or less of the market value of the original property if a replacement property is purchased within the second year after an original is sold.

New Construction of the Replacement Property

A qualified claimant may purchase a replacement dwelling and within two years make an addition to the new property as long as the total amount of the purchase and the new construction (as determined by the Assessor) do not exceed the market value of the original property.

Unless the replacement dwelling completely satisfies the “equal or lesser value test,” no benefit is available.

Some Final Notes

The law provides that an original property must be sold for consideration and subject to reappraisal at full market value. You cannot dispose of your original property by gift or devise and expect the purchase of replacement property to qualify for tax relief under Prop. 60/90.

A claimant may transfer the factored base year value from an original single family residence to a replacement duplex or multi-unit (living in one unit and renting the others) as follows:

The owner could carry the factored base year value of the original property to that portion of the replacement residence and the land that constitutes a reasonable size to embody a site for the residence. However, that portion comprising the abode must be of equal or lesser value than the original property. The rest of the parcel will be appraised at its market value.

The disclosure of social security numbers by all claimants of a replacement dwelling is required by Revenue and Taxation Code, Section 69.5. The numbers are used by the Assessor to verify the eligibility of persons claiming this exclusion and by the state to prevent multiple claims in different counties. The claim is not subject to public inspection.

The counties that are currently participating in the program can, in the future, enact an ordinance that would not accept the transfer of baseyear value to a replacement dwelling except as defined in Proposition 60. Always check with the local county Assessors office for current participation details and compliance.

Very Important Follow-Up Steps

A.

Check with your County Assessor to determine precisely how Propositions 60/90 are implemented in your area.

B.

Call your local real estate agent or broker to accomplish the sale of your original property and assist in finding the replacement residence.

C.

Rely on Chicago Title to insure the purchase of your new home.



The following counties have enacted an ordinance to accept approximately the same amount of annual property taxes from any California county when the replacement residence is located within their county.

You may contact the Office of the Assessor for more information and forms in each of the following counties:

Alameda

County Assessor's Office
1221 Oak Street, Room 145
Oakland, California 94612
(510) 272-3755

Los Angeles

500 West Temple Street, Room 205
Los Angeles, California 90012-2770
(213) 893-1239

Orange

630 North Broadway
12 Civic Center Plaza, Room 148
Entrance, P.O. Box 149
Santa Ana, California 92702
(714) 834-2727

San Diego

1600 Pacific Highway, Room 103
San Diego, California 92101-2480
(619) 531-5507

San Mateo

555 County Center Blvd.
Redwood City, California 94063-1639
(650) 363-4500

Santa Clara

70 West Hedding Street
San Jose, California 95110
(408) 299-5500

Ventura

800 South Victoria Avenue
Ventura, California 93009
(805) 654-2181

There are a number of counties that have rejected Prop. 90 and would therefore, only allow the replacement dwelling benefit for transfers within the county.

Amador

Butte

Calaveras

Colusa

Contra Costa

Del Norte

El Dorado

Fresno

Glenn

Humboldt

Imperial

Inyo

Kings

Lake

Lassen

Madera

Marin

Mendocino

Merced

Mono

Napa

Nevada

Placer

Plumas

Riverside

Sacramento

San Benito

San Bernardino

San Francisco

San Joaquin

San Luis Obispo

Santa Barbara

Santa Cruz

Shasta

Sierra

Siskiyou

Solano

Sonoma

Stainislaus

Sutter

Trinity

Tulare

Tuolumne

Yolo

Yuba

The remaining counties have not implemented the proposition. There is no limit on implementation and counties can elect to take no action.

Alpine
Mariposa
Tehama



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