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PROPERTY AND SPECIAL TAXES DEPARTMENT
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No. 2010/038

August 11, 2010

TO COUNTY ASSESSORS AND INTERESTED PARTIES:

PRELIMINARY CHANGE OF OWNERSHIP REPORT
AND
CHANGE IN OWNERSHIP STATEMENT

As announced in Letter To Assessors 2009/050, Board staff recently conducted an interested parties process to implement the provisions of Senate Bill 824 (Stats. 2009, ch. 67), effective January 1, 2010. SB 824 amended Revenue and Taxation Code section 480.4 to remove the language for the *Preliminary Change of Ownership Report* (PCOR) from the statute. Section 480.4 now provides that the Board will prescribe the language for the PCOR after consultation with the California Assessors' Association (CAA) and interested parties.

Following the interested parties process, the Board adopted the attached PCOR at its July 15, 2010 meeting. Also adopted at the July 15 meeting was the attached *Change in Ownership Statement* (COS) which mirrors the PCOR. Both the PCOR and COS forms are available in a fillable PDF format that has been designed and tested for Americans with Disabilities Act (ADA) compliance. When posted to a website, the forms will be readable by a screen reader for individuals with sight impairments. All counties must implement the use of the revised PCOR and COS by the January 1, 2011 lien date.

During the course of the interested parties process for development of the revised PCOR, several questions were raised. The following are those questions and the responses from the Board's Legal Department.

Questions and Answers

1. Does the language in SB 824 allow interested parties to develop multiple PCORs?

There is no explicit requirement in the language of either section 480.3 or 480.4, as amended by SB 824, which requires there only be one PCOR applicable to all types of transferees, or that allows the development of different PCORs for different transferees. SB 824 simply requires that the Board, after consultation with the CAA and interested parties, prescribe the PCOR. However, we believe that there should be only one PCOR since section 480.4, subdivision (b), states that the Board shall prescribe *the* PCOR, suggesting that there should only be one form. We believe that multiple PCORs may be more likely to cause confusion and frustrate the statutory purpose of section 480.4 to maintain "statewide uniformity in the contents of the report." This would, however, in no way preclude the

development of a PCOR with multiple sections or schedules requesting different information from different types of transferees.

However, while we believe that only one PCOR should be used statewide, development of multiple COSs may be feasible to capture data necessary for county assessors to make a valuation decisions for some property use-types, for example hotels or industrial properties.

2. *If an assessee completes all the information on a PCOR, and the county then mails out a COS, can a penalty be applied if the COS is not returned or is returned with incomplete information?*

Yes. The PCORs and COSs are two separate statements governed by two separate statutory provisions. Compliance with one does not waive the requirement to comply with the other. Furthermore, section 480.3, subdivision (d), governing PCORs, provides that, "The authority to obtain information pursuant to this section is in addition to, and not in lieu of, any existing authority the assessor has under this article." However, currently the PCOR and COS mirror each other so there would be no benefit for a county assessor to send a COS after receiving a completed PCOR.

3. *If a PCOR is completed for a commercial property (for example) and a subsequent form is then sent requesting more detailed income information and the supplemental form is not returned, could this be considered as an incomplete PCOR and a COS procedure started that might result in a penalty under section 482?*

Section 480.3 allows a transferee to file a PCOR at the time of recording a document that evidences a change in ownership and avoid an additional \$20 recording fee. The additional \$20 recording fee is the only penalty allowed by statute in the event a PCOR is not filed at the time of recording. If a county assessor determines that a filed PCOR is incomplete, he/she may send a "supplemental" PCOR requesting the transferee provide all the necessary information. Alternatively, a county assessor may send a COS to the transferee. If the COS statement is not filed or is filed incomplete, the county assessor may apply a penalty as provided for in section 482. As explained in the answer to question 2, the PCOR and COS are governed by separate statutory provisions, and the filing of one does not relieve the transferee of the obligation to file the other.

4. *Can an assessor mail a taxpayer a PCOR when it has not been completed at the time of recording or must the assessor send the taxpayer a COS?*

Section 480.3 allows the filing of a PCOR at the time of recording a document that evidences a change in ownership. That provision does not provide for the filing of a PCOR at any other time. Thus, while there is no statutory prohibition against a county assessor requesting a PCOR at some time other than recording, we believe it is not good practice to do so. Furthermore, no penalty would apply if the transferee did not file a PCOR subsequently sent by a county assessor. As explained above, the consequences for non-filing of a PCOR is at the time of recording which results in an additional \$20 recording fee. The

recorder may not refuse to record the document even if a PCOR is not filed as long as the additional fee is paid.

For these reasons, it is our opinion that if a PCOR is not filed at the time of recording, a county assessor should send a COS to obtain change in ownership information. If the COS is not filed by the transferee within 45 days of the county assessor's request, the section 482 penalty will then apply.

If you have questions regarding the implementation of the PCOR and COS, please contact Mr. Bryan Bagood, Forms Coordinator, at bryan.bagood@boe.ca.gov or at 916-322-3815.

Sincerely,

/s/ David J. Gau

David J. Gau
Deputy Director
Property and Special Taxes Department

DJG:sk

CHANGE IN OWNERSHIP STATEMENT

This statement represents a written request from the Assessor.
Failure to file will result in the assessment of a penalty.

FILE THIS STATEMENT BY: _____

IMPORTANT NOTICE

The law requires any transferee acquiring an interest in real property or manufactured home subject to local property taxation, and that is assessed by the county assessor, to file a Change in Ownership Statement with the County Recorder or Assessor. The Change in Ownership Statement must be filed at the time of recording or, if the transfer is not recorded, within 45 days of the date of the change in ownership, except that where the change in ownership has occurred by reason of death the statement shall be filed within 150 days after the date of death or, if the estate is probated, shall be filed at the time the inventory and appraisal is filed. The failure to file a Change in Ownership Statement within 45 days from the date of a written request by the Assessor results in a penalty of either: (1) one hundred dollars (\$100); or (2) 10 percent of the taxes applicable to the new base year value reflecting the change in ownership of the real property or manufactured home, whichever is greater, but not to exceed two thousand five hundred dollars (\$2,500) if that failure to file was not willful. This penalty will be added to the assessment roll and shall be collected like any other delinquent property taxes, and be subject to the same penalties for nonpayment.

SELLER/TRANSFEROR		ASSESSOR'S PARCEL NUMBER	
BUYER/TRANSFeree		BUYER'S DAYTIME TELEPHONE NUMBER ()	
STREET ADDRESS OR PHYSICAL LOCATION OF REAL PROPERTY			
MAIL PROPERTY TAX INFORMATION TO (NAME)			

ADDRESS	CITY	STATE	ZIP CODE
<input type="checkbox"/> YES <input type="checkbox"/> NO This property is intended as my principal residence. If YES, please indicate the date of occupancy or intended occupancy.			MO DAY YEAR

PART 1. TRANSFER INFORMATION *Please complete all statements.*

YES NO

- A. This transfer is solely between spouses (*addition or removal of a spouse, death of a spouse, divorce settlement, etc.*).
- B. This transfer is solely between domestic partners currently registered with the California Secretary of State (*addition or removal of a partner, death of a partner, termination settlement, etc.*).
- *C. This is a transfer between: parent(s) and child(ren) grandparent(s) and grandchild(ren).
- *D. This transaction is to replace a principal residence by a person 55 years of age or older.
Within the same county? YES NO
- *E. This transaction is to replace a principal residence by a person who is severely disabled as defined by Revenue and Taxation Code section 69.5. Within the same county? YES NO
- F. This transaction is only a correction of the name(s) of the person(s) holding title to the property (*e.g., a name change upon marriage*).
If YES, please explain: _____
- G. The recorded document creates, terminates, or reconveys a lender's interest in the property.
- H. This transaction is recorded only as a requirement for financing purposes or to create, terminate, or reconvey a security interest (*e.g., cosigner*). If YES, please explain: _____
- I. The recorded document substitutes a trustee of a trust, mortgage, or other similar document.
- J. This is a transfer of property:
 - 1. to/from a revocable trust that may be revoked by the transferor and is for the benefit of the transferor, and/or the transferor's spouse registered domestic partner.
 - 2. to/from a trust that may be revoked by the creator/grantor/trustor who is also a joint tenant, and which names the other joint tenant(s) as beneficiaries when the creator/grantor/trustor dies.
 - 3. to/from an irrevocable trust for the benefit of the creator/grantor/trustor and/or grantor's/trustor's spouse grantor's/trustor's registered domestic partner.
 - 4. to/from an irrevocable trust from which the property reverts to the creator/grantor/trustor within 12 years.
- K. This property is subject to a lease with a remaining lease term of 35 years or more including written options.
- L. This is a transfer between parties in which proportional interests of the transferor(s) and transferee(s) in each and every parcel being transferred remain exactly the same after the transfer.
- M. This is a transfer subject to subsidized low-income housing requirements with governmentally imposed restrictions.
- *N. This transfer is to the first purchaser of a new building containing an active solar energy system.

* If you checked YES to statements C, D, or E, you may qualify for a property tax reassessment exclusion, which may allow you to maintain your previous tax base. If you checked YES to statement N, you may qualify for a property tax new construction exclusion. A claim form must be filed and all requirements met in order to obtain any of these exclusions. Contact the Assessor for claim forms.

Please provide any other information that will help the Assessor understand the nature of the transfer.

THIS DOCUMENT IS NOT SUBJECT TO PUBLIC INSPECTION

PART 2. OTHER TRANSFER INFORMATION

Check and complete as applicable.

A. Date of transfer, if other than recording date: _____

B. Type of transfer:

- Purchase Foreclosure Gift Trade or exchange Merger, stock, or partnership acquisition (Form BOE-100-B)
- Contract of sale. Date of contract: _____ Inheritance. Date of death: _____
- Sale/leaseback Creation of a lease Assignment of a lease Termination of a lease. Date lease began: _____
- Original term in years (*including written options*): _____ Remaining term in years (*including written options*): _____
- Other. Please explain: _____

C. Only a partial interest in the property was transferred. YES NO If YES, indicate the percentage transferred: _____ %

PART 3. PURCHASE PRICE AND TERMS OF SALE

Check and complete as applicable.

A. Total purchase or acquisition price. Do not include closing costs or mortgage insurance.

\$ _____

Down payment: \$ _____ Interest rate: _____ % Seller-paid points or closing costs: \$ _____

Balloon payment: \$ _____

Loan carried by seller Assumption of Contractual Assessment* with a remaining balance of: \$ _____

* An assessment used to finance property-specific improvements that constitutes a lien against the real property.

B. The property was purchased: Through real estate broker. Broker name: _____ Phone number: () _____

Direct from seller From a family member

Other. Please explain: _____

C. Please explain any special terms, seller concessions, financing, and any other information (e.g., buyer assumed the existing loan balance) that would assist the Assessor in the valuation of your property.

PART 4. PROPERTY INFORMATION

Check and complete as applicable.

A. Type of property transferred

- Single-family residence Co-op/Own-your-own Manufactured home
- Multiple-family residence. Number of units: _____ Condominium Unimproved lot
- Other. Description: (i.e., timber, mineral, water rights, etc.) Timeshare Commercial/Industrial

B. YES NO Personal/business property, or incentives, are included in the purchase price. Examples are furniture, farm equipment, machinery, club memberships, etc. Attach list if available.

If YES, enter the value of the personal/business property: \$ _____

C. YES NO A manufactured home is included in the purchase price.

If YES, enter the value attributed to the manufactured home: \$ _____

YES NO The manufactured home is subject to local property tax. If NO, enter decal number: _____

D. YES NO The property produces rental or other income.

If YES, the income is from: Lease/rent Contract Mineral rights Other: _____

E. The condition of the property at the time of sale was: Good Average Fair Poor

CERTIFICATION

*I certify (or declare) under penalty of perjury under the laws of the State of California that the foregoing and all information hereon, including any accompanying statements or documents, is true and correct to the best of my knowledge and belief. **This declaration is binding on each and every buyer/transferee.***

SIGNATURE OF BUYER/TRANSFeree OR CORPORATE OFFICER ▶	DATE
NAME OF BUYER/TRANSFeree/LEGAL REPRESENTATIVE/CORPORATE OFFICER (PLEASE PRINT)	TITLE

E-MAIL ADDRESS

PRELIMINARY CHANGE OF OWNERSHIP REPORT

To be completed by the transferee (buyer) prior to a transfer of subject property, in accordance with section 480.3 of the Revenue and Taxation Code. A *Preliminary Change of Ownership Report* must be filed with each conveyance in the County Recorder's office for the county where the property is located. Please answer all questions in each section, and sign and complete the certification before filing. This form may be used in all 58 California counties. If a document evidencing a change in ownership is presented to the Recorder for recordation without the concurrent filing of a *Preliminary Change of Ownership Report*, the Recorder may charge an additional recording fee of twenty dollars (\$20).

NOTICE: The property which you acquired may be subject to a supplemental assessment in an amount to be determined by the County Assessor. Supplemental assessments are not paid by the title or escrow company at close of escrow, and are not included in lender impound accounts. **You may be responsible for the current or upcoming property taxes even if you do not receive the tax bill.**

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STREET ADDRESS OR PHYSICAL LOCATION OF REAL PROPERTY	

MAIL PROPERTY TAX INFORMATION TO (NAME)

ADDRESS	CITY	STATE	ZIP CODE	
<input type="checkbox"/> YES <input type="checkbox"/> NO This property is intended as my principal residence. If YES, please indicate the date of occupancy or intended occupancy.		MO	DAY	YEAR

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- *D. This transaction is to replace a principal residence by a person 55 years of age or older.
Within the same county? YES NO
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- F. This transaction is only a correction of the name(s) of the person(s) holding title to the property (*e.g., a name change upon marriage*).
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- K. This property is subject to a lease with a remaining lease term of 35 years or more including written options.
- L. This is a transfer between parties in which proportional interests of the transferor(s) and transferee(s) in each and every parcel being transferred remain exactly the same after the transfer.
- M. This is a transfer subject to subsidized low-income housing requirements with governmentally imposed restrictions.
- *N. This transfer is to the first purchaser of a new building containing an active solar energy system.

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- Loan carried by seller Assumption of Contractual Assessment* with a remaining balance of: \$ _____
- * An assessment used to finance property-specific improvements that constitutes a lien against the real property.

B. The property was purchased: Through real estate broker. Broker name: _____ Phone number: () _____

Direct from seller From a family member

Other. Please explain: _____

C. Please explain any special terms, seller concessions, financing, and any other information (e.g., buyer assumed the existing loan balance) that would assist the Assessor in the valuation of your property.

PART 4. PROPERTY INFORMATION

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- Single-family residence
- Co-op/Own-your-own
- Manufactured home
- Multiple-family residence. Number of units: _____
- Condominium
- Unimproved lot
- Other. Description: (i.e., timber, mineral, water rights, etc.) _____
- Timeshare
- Commercial/Industrial

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If YES, enter the value of the personal/business property: \$ _____

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SIGNATURE OF BUYER/TRANSFEEE OR CORPORATE OFFICER	DATE
NAME OF BUYER/TRANSFEEE/LEGAL REPRESENTATIVE/CORPORATE OFFICER (PLEASE PRINT)	TITLE
E-MAIL ADDRESS	