

CHECKLIST

DEFERRAL FOR HOMEOWNERS WITH LIMITED INCOME

APPLICATION MUST BE SUBMITTED PRIOR TO SEPTEMBER 1, 2011

Attached is an application for the Deferral for Homeowners with Limited Income program for the second half of the **2011 property taxes using your 2010 income (may not exceed \$57,000)**. You must pay your first half 2011 property taxes in order to submit this application. Application can be made for your primary residence only, which you must occupy.

Documentation must be provided for:

- **Income – including a copy of your 2010 Federal tax return**
- **Mortgage or Lien (2010 year-end) balance documents**
- **Verification of first half property taxes paid**
- **Fire & Casualty insurance policy – with the State of WA Department of Revenue listed as loss payee**
- **Proof of ownership – Copy of your deed. You must have owned the property for more than 5 years**

Please READ & COMPLETE all white areas of the application. (The grey areas are for internal use only.)

Your **signature is required** on page 4. If applicable, the signature(s) of any other interested owners on the deed are also required.

Please be aware, this program creates a lien on your property and the deferred amount must be repaid to Washington State should you sell or transfer ownership of the home, move, if your property is condemned, or upon your death.

Return the application and required documentation to the Snohomish County Assessor's Office, Exemption Department in the envelope provided. If approved, it will be forwarded to the **Washington State Department of Revenue** for their approval and payment. Repayment to the State may be made at any time in any amount during your ownership. For any payoff amounts, please call the Department of Revenue in Olympia at **1-360-534-1413**. If you have any questions regarding this deferral application, please call the Exemption Department at (425) 388-3540.

Deferral Application for Homeowners with Limited Incomes

Complete this application and file it with your local County Assessor by September 1 in the year the taxes are due. For assistance in completing this form contact your County Assessor's Office by calling the number listed in the local government section of your telephone directory.

Part I. This deferral application is for Second Installment Taxes due in the year: _____

Applicant: _____ Telephone: _____

Spouse or Domestic Partner: _____

Mailing address: _____

City, State, Zip _____

Property address: _____

Co-tenants (someone who lives with you **AND** has an ownership interest in your home): _____

Other occupants: _____

County Parcel No: _____

Part II. I do attest and affirm that: (Check the boxes that apply.)

I own or am purchasing this residence. _____ Purchase date

This has been my principal residence since: _____ Date of Occupancy

NOTE: Share ownership in cooperative housing, life estates, leases for life, and revocable trusts do not satisfy the ownership requirement for this program.

If you and/or your spouse or domestic partner are temporarily confined to a hospital or nursing home, your home is still considered to be your principal residence.

I have a mortgage, purchase contract, or deed of trust.

Yes No If yes, you must report your mortgage balance in Part V on page 2.

This box to be completed by the Assessor's office	True and Fair Assessed (Market) Value
Date approved by Assessor: _____	Land: \$ _____
Application number: _____	Building: \$ _____
	Total**: \$ _____
	Equity Calculation
Total Mortgages, Liens, Special Assessments and Other Obligations: _____	\$ _____
Equity Value** = Total Value minus Total Mortgages, etc.:	\$ _____
Deferral Limit = 40% of Equity Value:	\$ _____

****Note:** If no insurance OR if state is not listed as "loss payee" on insurance policy, use only the land value for the total value and then stop at "Equity Value". Without insurance, or when the state is not the "loss payee", the deferral limit is the equity value in the land only.

This box to be completed by the Department of Revenue

Insurance: Attached On file Not on file State not listed as Loss Payee None

Equity Balance: \$ _____ Equity OK Lien Filed

Processed by: _____

Reviewed by: _____

Part III. My residence is a (check one):

Single family dwelling Multi-unit dwelling/condominium Mobile home

Mobile Homes: Do you own the land where the mobile home is located?: Yes No

Name of mobile home park if applicable: _____ Space No: _____

This property includes: (Check all that apply)

- My principal residence and no more than one acre of land
- More than one acre of land
- More than one residence and/or additional improvements that are not normally part of a residence (i.e. commercial buildings or improvements)

Acres or Sq Ft

My total parcel or lot size: _____

If larger than one acre, what is the minimum parcel size required by local zoning or land use regulations for each residence or lot split? _____

If local zoning and land use regulations require more than 1 (one) acre of land per residence in the area where you live, or if you are unable to subdivide into lots smaller than one acre, you may be able to defer the property taxes for your entire parcel, up to 5 (five) acres.

- Check one box:** I have attached the legal description for my residence and one (1) acre encompassing the residence. I understand that the value included in my equity calculation will only include the value for this portion of my property.
- I have elected to allow you to file your lien on my entire parcel, even though the deferral of taxes or assessment may not cover the entire parcel.

Part IV. My home is insured: Yes No **If yes, my Fire and Casualty Insurance is:**

Company name: _____ Policy No.: _____

Amount of dwelling coverage: \$ _____ Policy Expiration Date: _____

Company name: _____ Policy No.: _____

Washington State Department of Revenue is listed as a "Loss Payee" on my policy: Yes No

If Washington State Department of Revenue is not listed as a loss payee on your insurance policy, the value of your dwelling cannot be included in the equity calculation and your equity will be based on the value of the land only. For documentation, you must provide a copy of your policy. Mail it to Washington State Department of Revenue, Property Tax Division, PO Box 47471, Olympia WA 98504-7471 or fax it to Deferrals at (360) 586-7602.

Part V. Liens and obligations You must report the current balances of all mortgages and liens against the property. Do not report your deferral account balance.

- | | | | |
|------------------------------|-----------------------------|---|----------|
| <input type="checkbox"/> Yes | <input type="checkbox"/> No | Reverse Mortgage (<i>lien balance</i>) | \$ _____ |
| <input type="checkbox"/> Yes | <input type="checkbox"/> No | 1 st Mortgage (<i>lien balance</i>) | \$ _____ |
| <input type="checkbox"/> Yes | <input type="checkbox"/> No | 2 nd Mortgage(s) (<i>lien balance</i>) | \$ _____ |
| <input type="checkbox"/> Yes | <input type="checkbox"/> No | Special assessment balance(s) | \$ _____ |
| <input type="checkbox"/> Yes | <input type="checkbox"/> No | Balance on other liens, lines of credit, etc. | \$ _____ |

TOTAL Liens and Obligations _____ **\$ 0**

Part VI.

Income Year

Combined Disposable Income Worksheet

As defined in RCW 84.36.383 (4) and (5) and WAC 458-16A-100 (6) and (12)

Income:

\$ Amount

- A. **Adjusted Gross Income from Federal Tax Return.** If you did not file with IRS, enter -0- here and report your income from all sources on the appropriate lines below.
- B. **Capital Gains not already included in Line A.** Do not use losses to offset gains. Do not include the gain from the sale of your principal residence if you used the gain to purchase a replacement principal residence within the same year.
- C. **Deductions for Losses (including capital losses).** If your adjusted gross income includes deductions for losses, those amounts must be added back. Include deductions for losses from business ventures and rentals as well as capital losses.
- D. **Deductions for Depreciation.** If your adjusted gross income includes deductions for depreciation, those amounts must be added back. If you deducted depreciation as a business and/or rental expense that resulted in a loss, recalculate the net income/loss without the deduction for depreciation expense. If there is still a net loss enter -0- here, if there is net income enter the net income here.
- E. **Dividends or interest not already included in the amount on Line A.** Include interest on state and municipal bonds.
- F. **Pensions and annuities.** Report any pension and annuity amounts not included in the amount on Line A, but do not include non-taxable IRA distributions.
- G. **Military Pay and Benefits.** Report military pay and benefits not included in the amount on Line A. Do not include attendant-care and medical-aid payments. Report your CRSC here.
- H. **Veterans Pay and Benefits.** Report veterans pay and benefits not included in the amount on Line A. Do not include attendant-care and medical-aid payments. For the 2008 income year and forward, do not include disability compensation or dependency and indemnity compensation you receive from the Department of Veterans Affairs.
- I. **Social Security and Railroad Retirement Benefits.** Report Social Security and Railroad Retirement not already included in the amount on Line A. For example: If your gross Social Security benefit was \$10,000 and \$4,000 was included in adjusted gross income as the taxable amount, report the non-taxable \$6,000 here.
- J. **Income from Schedules C, E, and F not already included in the amount on Line A.** You can deduct normal expenses except depreciation expense, but do not use losses to offset income.
- K. **Other Income not already included in the amount on Line A.** Give source, type, and amount.

Subtotal Income: \$ 0.00

Less Non-Reimbursed Expenses:

- L. **Nursing Home, Boarding Home, or Adult Family Home Expenses.**
- M. **In-Home Care Expenses.** See instructions for expenses that may qualify.
- N. **Prescription Drug Costs.** Report out-of-pocket costs.
- O. **Insurance Premiums paid for Medicare under Titled XVIII of the Social Security Act (Parts A, B, C, and D).** Do not include supplemental or long-term care insurance premiums.
- P. **Enter -0- here if you filed a return with IRS and entered an amount on Line A.** If you did not file a return with IRS and you had deductions to gross income normally allowed by IRS, enter those deductions here. Allowable adjustments include alimony you paid, tuition, student loan interest, moving expenses, and others. See the instructions.

Subtotal Allowable Expenses: \$ 0.00

Total Combined Disposable Income Less Allowable Deductions: \$ 0.00

Part VII. Declaration Statement

- I understand that any deferred special assessments and/or real property taxes, together with interest, are a lien upon this property and that this lien becomes due and payable upon:
 1. The sale or transfer of the property.
 2. My death unless my surviving spouse or domestic partner, if qualified, elects to continue the deferral. (Your spouse or domestic partner must file an application to continue the deferral within ninety (90) days of your date of death.)
 3. Such time as the residence is no longer my primary residence.
 4. Condemnation of this property by a public or private body exercising the power of eminent domain, except as otherwise provided in RCW 84.60.070.
- I swear under the penalties of perjury that the information reported on this application form is true and complete. I understand that an incomplete application will delay my property tax payment.
- I understand that future deferrals are not automatic and that I must renew my application if I want to defer my property taxes next year.
- I understand that the annual interest rate on deferrals made in 2011 is 3%.
- I have attached copies of documents supporting my income information, current mortgage and lien balances, and fire and casualty insurance.

Your Signature (or the signature of your authorized agent)	Date	Percentage of Interest %
_____	_____	_____
Signatures of all other owners of interest on the deed	Date	Percentage of Interest %
_____	_____	_____
_____	_____	_____
_____	_____	_____

For information on the laws and rules governing this program, visit dor.wa.gov. To inquire about the availability of this document in an alternate format for the visually impaired, please call (360) 705-6715. Teletype (TTY) users may call 1-800-451-7985.

Instructions for Completing the Income Section of the Deferral Application for Homeowners with Limited Incomes

How is disposable income calculated?

"Disposable income" was given a specific definition by the Legislature in RCW 84.36.383(5). It is defined as adjusted gross income, as defined in the federal internal revenue code, plus all of the following that were not included in, or were deducted from, adjusted gross income:

- ◆ Capital gains, other than a gain on the sale of a principal residence that is reinvested in a new principal residence;
 - ◆ Amounts deducted for losses or depreciation;
 - ◆ Pensions and annuities, including federal Social Security Act and railroad retirement benefits;
 - ◆ Military pay and benefits other than attendant-care and medical-aid payments;
 - ◆ Veterans pay and benefits other than attendant-care payments; medical-aid payments; veterans disability benefits paid by VA and dependency and indemnity compensation (**beginning with the 2008 income year**); and
 - ◆ Dividend receipts and interest received on state and municipal bonds.
- ◆ **These income sources are included in disposable income whether or not they are taxable for IRS purposes.**

Include all income sources and amounts for you, your spouse/domestic partner, and any co-tenants that you received during the application/assessment year. The application/assessment year is the year before the taxes are actually due.

What if my income changed in mid-year?

If your income was substantially reduced (or increased) for at least two months before the end of the year and the change in income is expected to continue indefinitely, you can use your new average monthly income to estimate your annual income. Calculate your income by multiplying your new average monthly income (during the months after the change occurred) by twelve.

Example: You retired in September and your monthly income was reduced from \$2,000 to \$1,000 beginning in October. Multiply \$1,000 x 12 to estimate your new annual income. Provide documentation that shows your new monthly income and when the change occurred.

Special instructions for Lines G and H.

In 2008, the Legislature passed SSB5256 which allows you to exclude veterans' disability benefits and dependency and indemnity compensation as defined in Title 38, part 3, sections 3.4 and 3.5 of the code of federal regulations. If you are receiving these benefits, you no longer have to include those amounts in your disposable income. You must still include other military and veterans benefits. CRSC benefits must still be included in disposable income.

Special instructions for Line P.

If you had adjustments to your income for any of the following and you did not file an IRS return, report the amounts on Line P and include the IRS form or worksheet you used to calculate the amount of the adjustment.

- ◆ Certain business expenses for teachers, reservists, performing artists, and fee-basis government officials
- ◆ Self-employed health insurance or contributions to pension, profit-sharing, or annuity plans
- ◆ Health savings account deductions
- ◆ Moving expenses
- ◆ IRA deduction
- ◆ Alimony paid
- ◆ Student loan interest, tuition, and fees deduction
- ◆ Domestic products activities deduction

What is combined disposable income?

Combined disposable income is defined in RCW 84.36.383(4) as your disposable income plus the disposable income of your spouse or domestic partner and any co-tenants, minus amounts paid by you or your spouse/domestic partner for:

- ◆ Prescription drugs;
- ◆ Treatment or care for you or your spouse or your domestic partner, received in the home (Care or treatment in your home means medical treatment or care received in the home. You can deduct costs for items such as oxygen, special needs furniture, attendant-care, light housekeeping tasks, meals-on-wheels, life alert, and other services that are part of a necessary or appropriate in-home service.);
- ◆ Treatment or care for you or your spouse/domestic partner in a nursing home, boarding home, or adult family home; and
- ◆ Health care insurance premiums for Medicare. (At this time, other types of insurance premiums are not an allowable deduction.)

You should report these costs on Lines L through O.

Please contact your county assessor's office for assistance in completing this form.