STATE CONTROLLER'S OFFICE

PROPERTY TAX POSTPONEMENT PROGRAM

Frequently Asked Questions

Updated October 15, 2015

1. When can I submit an application for the Property Tax Postponement (PTP) Program?

   We will begin accepting applications October 1, 2016.

2. What are the eligibility requirements?

   Acceptance into the Program will depend on availability of funding.

   An applicant must apply each year in which postponement is desired, and show s/he meets the following criteria:
   - Is at least 62 years of age, or blind, or disabled;
   - Owns and occupies the property as his or her principal place of residence;
   - Has a total household income of $35,500 or less, as defined in Revenue and Taxation Code (RTC) 20503 and 20585, and
   - Has at least 40% equity in the property each year an application is submitted.

3. What is the definition of disabled?

   According to the Social Security Administration, generally, a person is considered disabled if he or she is unable to engage in any substantial gainful activity due to a physical or mental impairment that is expected to last for a continuous period of 12 months or longer. Proof of disability is required every year.

4. I was previously in the Program and met the 20% equity requirement. Will I qualify for the new Program?

   No, not unless you have 40% equity in your property. Pursuant to Revenue and Taxation Code (RTC) section 20583 (d) (1), to be eligible for the Program in September of 2016 and going forward, you must have at least 40% equity in the property.

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Note: There are a number of bills pending in the Legislature that may change the law under which this Program will operate. All information is subject to change as laws, regulations, policies, and procedures develop. For further information, please check back regularly for updates or contact the State Controller's Office at postponement@sco.ca.gov or 1-800-952-5661.

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5. If I was eligible before, can I be “grandfathered” into the new Program on a one-time basis?

   No, State law does not allow previously eligible applicants to be “grandfathered in”. Each person will have to apply and meet the new eligibility requirements each year, regardless of whether or not they were previously in the program.

6. Will a refinance, reverse mortgage, or home equity loan affect an applicant or claimant’s eligibility?

   An applicant who refinances or has an equity loan may not have sufficient equity in the property to qualify for postponement.

   If a claimant who has an existing PTP loan refinances or obtains a reverse mortgage, the PTP loan becomes due and payable according to Government Code (GC) 16190.

7. Once my PTP account is established, may I request a subordination of the PTP lien?

   No. State law no longer permits subordination of the PTP lien.

8. When does the PTP loan become due and payable?

   Pursuant to Government Code (GC) 16190 and Revenue and Taxation Code (RTC) 20639.11, all PTP loans become due & payable if the:

   - property is no longer the claimant’s principal place of residence,
   - claimant dies (and there is no approved surviving spouse),
   - claimant sells, conveys, or otherwise transfers the property,
   - claimant becomes delinquent on a senior lien,
   - owner refinances or obtains reverse mortgage,
   - State Controller’s Office learns postponement was in error

9. What is the interest rate on PTP loans?

   The interest rate for all PTP loans made after July 1, 2016 will be 7% per annum, simple interest. (Government Code 16183)

   Example: on a PTP loan whose principal is $1,000, the interest would be $70 per year. That is, $5.83 in accrued interest each month.

10. If I apply to the Program and am not approved, could I be subject to penalties and interest for the current year taxes?

    Yes, you could be. You should consult with your county Tax Collector to determine your liability and best course of action.

11. Does the State take title to the property once the application is approved?

    No. The State places a lien against the property when the loan is made, but title to the property does not change.

12. Are defaulted property taxes eligible for postponement?

    No. Pursuant to State law, the PTP Program cannot pay for prior years' delinquent taxes. Revenue and Taxation Code Section 20584 (c) defines "property taxes" as taxes for the current fiscal year only.

13. How will the public learn about the PTP Program?

    The State Controller's Office (SCO) will be planning and conducting outreach activities in addition to notification on the SCO web site, and county property tax bills.

14. Can mobilehomes or manufactured homes participate in the program? What if the home is on a permanent foundation and is not separately taxed, can it qualify for this program?

    No. Recent changes to state law do not allow participation by any kind of mobile or manufactured home whether it is affixed to land or not.

15. Can floating homes and houseboats participate in the Program?

    No. Recent changes to state law do not allow participation by floating homes or houseboats.

16. How will counties know which property owners have submitted applications and their status?

    The State Controller's Office will be collaborating with the counties and developing policies and procedures to address this question. This topic will be discussed with the Committee on County Tax Collecting Procedures.

17. If someone is eligible for the Program, what will the typical application processing time be?

The State Controller's Office will be conducting eligibility testing, and developing relevant policies and procedures. At this time we cannot estimate the typical processing time of an application because a number of changes were made to the law that governs eligibility requirements.

18. Is there a limit to how many eligible applicants will be accepted into the Program each year? What happens to pending applications once the maximum is reached?

Applications will be approved and taxes paid on a first come, first served basis. If a time comes where there are not enough funds to cover all eligible applicants, the State Controller's Office will have a procedure in place to notify eligible applicants that they will not be receiving funds. These processes and procedures will be developed pending legal guidance and discussion with the Committee on County Tax Collecting Procedures.

19. Will there be a hotline for assessors and tax collectors to call for questions, status reports and problem resolution?

It is the intention of the State Controller's Office to have on-going collaboration meetings with the counties through the program implementation process. Items of this nature can be discussed and implemented if determined necessary. This is a topic to be discussed with the Committee on County Tax Collecting Procedures.

20. Will the State provide an informational brochure to help potential applicants understand the 40% equity requirement and other eligibility criteria?

Yes, the State Controller's Office will prepare program materials explaining program information and requirements.

21. What if the county is going to sell my property at auction prior to September of 2016?

A claimant will only be eligible to receive PTP funds for current fiscal year taxes. Revenue and Taxation Code (RTC) 20584 (c) states, "Property taxes" means property taxes for current fiscal years for which the claim is made and excludes delinquent taxes for prior fiscal years.

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