

County of Santa Cruz
Low Income Senior and Disabled
Property Tax Postponement Program

FOR THE UNINCORPORATED AREAS OF SANTA CRUZ COUNTY

***(NOT AVAILABLE TO RESIDENTS IN THE CITIES OF CAPITOLA, SCOTTS VALLEY,
WATSONVILLE OR SANTA CRUZ)***



Contents:

Program Summary	2
Frequently Asked Questions	3, 4
Filing an Application	4, 5
What to Expect if you file	5
Other Program Information	6

PROGRAM SUMMARY FOR TAX INSTALLMENTS DUE DECEMBER 10, 2015 AND APRIL 10, 2016

The Housing Authority of the County of Santa Cruz (HA) administers the Property Tax Postponement (PTP) Program on behalf of the County of Santa Cruz. The County has set aside approximately \$100,000 for the program. The PTP enables eligible homeowners in the unincorporated areas of the County to postpone payment of the property taxes on their residence. To qualify, a homeowner must meet all of the following criteria:

- Be at least 62 years of age, blind, or disabled;
- Own and occupy the property in unincorporated Santa Cruz County as his or her principal place of residence;
- Have a total household income of \$35,500 or less;
- Have a maximum combined property tax bill of \$7,985 for the installments due on December of 2015 and April 10, of 2016;
- Have at least 20% equity in the property, and
- Have your home insured.

To apply for the program, a homeowner must:

- ✓ Submit your completed application form with a non-refundable \$50 fee no later than close of business September 23, 2015;
- ✓ Attach all of the required documentation;
- ✓ Include a copy of your most recently filed tax return with all W-2s, 1099s and Schedules;
- ✓ Include a copy of your current and most recent earnings, retirement benefits, unemployment benefits, social security benefits, alimony/spousal support, all monies that you know and expect to receive into the household (all earnings for 2015),
- ✓ Include verification of all assets (savings and checking accounts, 401ks, stock, interest, dividends, rental income, unemployment insurance payments) in the form of a most recent statement or payout.
- ✓ Submit an application fee in the amount of \$50.00.
- ✓ Execute a loan agreement.

During the week of November 3rd, 2015 HA staff will notify eligible applicants that their applications have been approved. Those eligible homeowners will be scheduled to attend an appointment at the HA office to execute a Property Tax Postponement Loan Agreement with the HA ("Loan Agreement"). The Loan Agreement establishes the repayment requirements, and requires the homeowner to execute a deed of trust which will be recorded by HA against the property, securing repayment of the postponed taxes. Interest is computed on the postponed taxes on a simple interest basis of 5% and is added to the loan amount.

The postponed property tax and interest are due and payable when any of the following occurs:

- The qualified property ceases to be the primary residence of the homeowner;
- The homeowner sells or conveys title to the home;
- The homeowner dies and does not have a spouse, registered domestic partner, or other qualified individual who continues to reside in the home;
- Future property taxes or other senior liens are allowed to become delinquent; or
- Equity in the subject property falls below 20%.

FREQUENTLY ASKED QUESTIONS

Can I roll the \$50 non-refundable application fee into my loan?

No. The application fee cannot be rolled into the loan.

I won't have a copy of my current tax bill by the time my application is due. How do I know what I owe?

The Housing Authority will obtain this information from the Tax Collector's Office and will confirm the amounts you owe prior to the time loan documents are signed.

Does the County or the HA take title to your property?

No. A deed of trust is recorded against the property to secure repayment of the postponed taxes and accumulated interest, but title to the property does not change.

What if I don't have a copy of my most recently filed tax returns?

You must *immediately* contact the Internal Revenue Service (IRS) to request a copy of your most recent 'tax transcript'. Contact the IRS at 1-800-908-9946. You can also order on-line. There is no fee. According to the IRS, the transcript should arrive within 5-10 days of your order by phone or over the internet.

Am I eligible if I already paid my December 10, 2015 Tax Installment?

No. This program will provide a loan for both the December 10, 2015 tax installment and April 10, 2016 tax installment.

What if I submit my application after the deadline?

Any application received AFTER close of business Wednesday, September 23, 2015 but prior to January 19, 2016 will be considered only for the April 10, 2016 tax payment. No exceptions to this date will be made. If your application is late you will be responsible for your December 10, 2015 tax installment including any fees for late payments. If you do not meet the January 19, 2016 date, you will be responsible for the April 10, 2016 tax installment including any and all fees for late payment.

Is there a minimum credit score required to qualify?

No. The equity in your home is the security for your loan.

Will a refinance affect an applicant's eligibility or PTP account?

Possibly. A cash-out refinance may cause a decrease in the equity in your home. Therefore, an applicant who refinances may not have sufficient equity in his or her home to qualify for the PTP program. If you refinance your home after you have obtained a PTP loan, you may be required to repay the PTP loan in full; in some cases you may no longer qualify for the PTP program.

Will a reverse mortgage affect an applicant's eligibility or PTP account?

Yes. If you have a reverse mortgage, you are ineligible for this program. If at some other date you receive a reverse mortgage, you will be disqualified from the program and be obligated to pay the PTP loan in full; in most cases you will no longer qualify for the PTP program.

What is the definition of disabled?

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 when the homeowner applies to participate in the PTP Program. If you do not have proof of disability, feel free to utilize the 'Confirmation of Disability Form' included with the Application Instructions.

If the participant dies, can the surviving spouse or registered domestic partner continue in the PTP Program?

Possibly. A co-owner may submit an application to continue in the PTP Program as long as he/she meets the eligibility requirements. Any eligible surviving spouse or registered domestic partner need not repay the postponed amount as long as he/she continues to reside in the home.

What is the interest rate on postponed taxes?

Interest in the amount of 5% per year is computed on postponed amounts using a simple interest basis. Interest continues to accrue on the postponed amounts until all postponed taxes plus interest are repaid to the County.

EXAMPLE OF PRINCIPAL AND INTEREST OWED AFTER 5 YEARS		
Annual Property Tax Bill (both installments)	5% simple interest for 5 years (\$100 per year)	Principal and interest owed after 5 years
\$2,000	\$500	\$2,500

FILING AN APPLICATION

Important dates to remember for those who submit an application by the September 23, 2015 due date:

August 26, 2015	Program forms available on Housing Authority website (www.hacosantacruz.org)
September 23, 2015, 5:00 p.m.	Last day to submit application, fee and or accompanying documentation
Week of November 2, 2015	Housing Authority will notify you of your eligibility status
Weeks of November 16 & 23, 2015	Eligible applicants will attend appointment to sign loan agreements
December 1, 2015	Treasurer-Tax Collector will be notified of those individuals eligible for tax postponement
Week of December 7th, 2015	Housing Authority will file a lien against your property to protect the loan
April 1, 2016	Treasurer-Tax Collector will be notified of those individuals eligible for tax postponement

Important dates to remember for those who do not submit an application by September 23, 2015:

January 19, 2016, 5:00 p.m.	Last day that late applications, fee, and / or accompanying documentation may be submitted.
Week of March 7, 2016	Housing Authority will notify you of your eligibility status
Week of March 21, 2016	Eligible applicants will attend appointment to sign loan agreements
April 1, 2016	Treasurer-Tax Collector will be notified of those individuals eligible
Week of April 4, 2016	Housing Authority will file a lien against your property to protect the loan

When to File

You must file an application each year that the program is available if you wish to participate in the program. Only one application may be filed per household. The filing period for the Property Tax Postponement Program is August 26, 2015 through close of business, September 23, 2015

Please file early. Applications will be processed on a first-come first served basis. However, if the program is over-subscribed, a lottery will be held to determine the ranking of applications. Remember to submit your non-refundable fee with the application. If you fail to do so, your application will not be considered 'received'.

Applications received after September 23, 2015 will not be processed for the December tax installment.

Where to File

Mail your completed application and required documentation to the following address:

Housing Authority of the County of Santa Cruz
 Property Tax Postponement Program
 2931 Mission Street
 Santa Cruz, CA 95060

WHAT TO EXPECT IF YOU FILE FOR TAX POSTPONEMENT

When your Application is Received

Your application fee will be deposited and the Housing Authority will notify you by mail within a few days of the receipt of your application.

Approved Application; Property Tax Postponement Loan Agreement

If after processing your application you are found eligible, the HA will mail you an acceptance letter containing a *draft* copy of the Loan Agreement document(s) and Amortization Schedule for your loan. The letter will include an appointment date and time. You will be required to attend this appointment at the HA to execute (sign) the Property Tax Postponement Loan Agreement.

Appointments to Execute Loan Agreement

Appointments to sign the loan documents will be scheduled during the weeks of November 16th and 23rd. It is imperative that you be available to attend your scheduled appointment.

Payment of Taxes

No later than December 1st, the Housing Authority will inform the Office of the Treasurer-Tax Collector that you have been determined eligible and have signed your loan agreement. The amount of property taxes specified in the loan agreement will then be postponed. The Housing Authority will record a lien against your property to protect the loan.

Denied Application

If the HA denies your application, you are responsible for the payment of your taxes to the County Tax Collector. If the County does not receive your installment payments by December 10, 2015 and April 10, 2016 the County will assess fees for late payments.

If your application is submitted without the application fee (includes post-dated checks or those returned for insufficient funds) it will not be considered as 'received' and will not be processed.

If your application is denied due to a lack of program funding, the full application fee will be refunded to you.

If your application is denied because you do not meet the program eligibility guidelines, no portion of the application fee will be refunded to you. This includes applications missing **any** required documentation (most recently filed 1040 and all schedules, proof of blindness and or disability (if applicable), copy of your property tax billing installment(s), and for those properties outside of the unincorporated areas of the County

OTHER PROGRAM INFORMATION

Interest Rate on Postponed Taxes

Interest in the amount of 5% per year is computed on postponed amounts on a simple interest basis. Interest continues to accrue on the postponed amounts until all postponed taxes plus interest are repaid to the HA. The interest rate is 5% per annum. See page 4 for an illustration of simple interest.

Account Statement

The HA can provide you with an account statement at any time by calling (831) 454-9455 ext. 329 or writing to the HA at the address shown on page 4, or e-mailing your request to info@hacosantacruz.org. Your request may take up to two weeks to process. The HA's response will be sent to the address you have indicated on the application where you would like your mail sent.

Payments

You may make full or partial payments on your loan account before the obligation becomes due. All payments received are applied first toward accumulated interest and then toward the outstanding principal balance of your loan (e.g., postponed tax amount).

Make your check or money order payable to the Housing Authority of the County of Santa Cruz and mail it to the address shown on page 4. Please include your Social Security number on the check or money order and property address loan has been applied to, and on any accompanying documents, to ensure proper credit. You must also indicate that the payment is being sent with regards to the Property Tax Postponement Program (See the Privacy Notification on the inside back cover.)

Prior Year Defaulted Taxes

The County of Santa Cruz Senior Property Tax Postponement Program is not available for payment of prior year defaulted taxes.