# CHECKLIST

## DEFERRAL FOR HOMEOWNERS WITH LIMITED INCOME

**APPLICATION MUST BE SUBMITTED PRIOR TO SEPTEMBER 1, 2016**

Attached is an application for the Deferral for Homeowners with Limited Income program for the second half of the **2016 property taxes using your 2015 income (may not exceed $57,000).** You must pay your first half 2016 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 2015 Federal tax return**
- **Mortgage or Lien (2015 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 **1-360-534-1426**. 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 1. This deferral application is for Second Installment Taxes due in the year:** **2016**

Applicant: _____ Spouse or Domestic Partner: _____

Mailing Address: _____

City: _____ Zip Code: _____

Home Ph: _____ Cell Ph: _____ Email Address: _____

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

_____

Other Occupants: _____

Property Address: (if different than mailing) _____

Property City: _____ Property Zip Code: _____

County Parcel No: _____

**Part 2. Ownership and Residency:** (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, under certain circumstances 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 5 on page 2.**

**This box to be completed by the Assessor's office**

Date approved by Assessor: _____

Application number: _____

**True and Fair Assessed (Market) Value**

Land: $ _____

Building: $ _____

**Total**** $ _____

**Equity Calculation**

**Total Eligible Value**:** **$** _____

Total Mortgages, Liens, Special Assessments and Other Obligations: **$** _____

**Equity Value** = Total Eligible 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 Eligible 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.

**Part 3. 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 (or up to five (5) acres if the excess acreage is required by local land use regulations). I understand that if I choose this option 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 assessments may not cover the entire parcel. I understand that if I choose this option the value of my entire legal parcel can be included in the equity calculation.

**Part 4. 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: _____

Local Agent: _____ Agent's Phone 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) 534-1380.

**Part 5. Liens and obligations** You must report the current balances of all mortgages and liens against the property. Do not report your deferral account balance.

| | | | |
|---|---|---|---|
| ☐ Yes | ☐ No | Reverse Mortgage *(lien balance)* | $ _____ |
| ☐ Yes | ☐ No | 1st Mortgage *(lien balance* | $ _____ |
| ☐ Yes | ☐ No | 2nd Mortgage(s) *(lien balance)* | $ _____ |
| ☐ Yes | ☐ No | Special assessment balance(s) | $ _____ |
| ☐ Yes | ☐ No | Balance on other liens, lines of credit, etc. | $ _____ |
| | | **TOTAL Liens and Obligations** | $ _____ |

## Combined Disposable Income Worksheet

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

**IMPORTANT: PLEASE ANSWER ALL OF THE FOLLOWING QUESTIONS.**

| | 2015 Income Year | County Use Checklist |
|---|---|---|
| **Income:** | **$$ Amount** | ☐ IRS Tax Return<br>☐ 1040<br>☐ 1040-A or EZ |
| A. ☐ **Yes** ☐ **No** **Did you file a federal tax return?** If yes, enter your Adjusted Gross Income (AGI) from your federal tax return and attach a complete copy of your return. If no, enter 0. | | |
| B. ☐ **Yes** ☐ **No** **Did you have capital gains that were not reported on your tax return?** Do not add the gain from the sale of a primary residence if you used the entire gain to purchase a replacement residence within the same year. **Do not use losses to offset gains.** | | ☐ Sch D<br>☐ Form 4797 or 6252<br>☐ Other _____ |
| C. ☐ **Yes** ☐ **No** **Did you have deductions for losses included in your tax return?** If yes, the losses must be added back to the extent they were used to offset/reduce income. (Ex: On Schedule D, you reported a ($10,000) loss but the loss was limited to ($3,000), shown on Line 13 of your 1040. Add the ($3,000) loss used to offset/reduce your income.) (Ex: You filed two Sch C's – one with a ($10,000) loss and one with a $5,000 net income. A net loss of ($5,000) was reported on your 1040, Line 12. Add back the ($10,000) loss.) | | ☐ Sch C<br>☐ Sch D<br>☐ Sch E<br>☐ Sch F<br>☐ Other _____ |
| D. ☐ **Yes** ☐ **No** **Did you deduct depreciation expense in your tax return?** If yes, that expense must be added back to the extent the expense was used to reduce your income. (Ex: Net loss reported: If you deducted depreciation as a business and/or rental expense that resulted in a loss, recalculate the net income/loss without the depreciation expense. If there is still a net loss enter -0- here, if there is net income enter the net income here.) | | ☐ Sch C<br>☐ Sch E<br>☐ Sch F<br>☐ Sch K-1<br>☐ Other _____ |
| E. ☐ **Yes** ☐ **No** **Did you have nontaxable dividend or interest income, OR, income from these sources that was not reported on your tax return?** If yes, add that income here. Include non-taxable interest on state and municipal bonds. | | ☐ Bank Statements<br>☐ 1099's<br>☐ Other _____ |
| F. ☐ **Yes** ☐ **No** **Did you have nontaxable pension and annuity income, OR, income from these sources that was not reported on your tax return?** If yes, report the amounts here. (Ex: You received $10,000 in pensions and annuities. The taxable amount was $6,000. Report the nontaxable $4,000 here.) Do not include non-taxable IRA distributions. | | ☐ 1099's<br>☐ Other _____ |
| G. ☐ **Yes** ☐ **No** **Did you receive military pay and benefits that were nontaxable, OR, income from these sources that was not reported on your tax return?** If yes, report that income here, including **CRSC**. Do not include attendant-care and medical-aid payments. | | ☐ DFAS Statement<br>☐ 1099's<br>☐ Other _____ |
| H. ☐ **Yes** ☐ **No** **Did you receive veterans pay and benefits from the Department of Veterans Affairs that was nontaxable, OR, that was not reported on your tax return?** If yes, report that income here. Do not include attendant-care and medical-aid payments, disability compensation, or dependency and indemnity compensation paid by DVA. | | ☐ VA Statement<br>☐ 1099's<br>☐ Other _____ |
| I. ☐ **Yes** ☐ **No** **Did you receive nontaxable Social Security or Railroad Retirement Benefits, OR, income from these sources that was not reported on your tax return?** If yes, report that income here. (Ex: Your gross Social Security benefit was $10,000 and $4,000 was included in AGI as the taxable amount, report the non-taxable $6,000 here.) | | ☐ SS Statement<br>☐ RRB Statement |
| J. ☐ **Yes** ☐ **No** **Did you receive income from business, rental, or farming activities (IRS Schedules C, E, or F) that was not reported on your tax return?** Report that income here. You can deduct normal expenses, except depreciation expense, but **do not use losses to offset income.** | | ☐ Sch C<br>☐ Sch E<br>☐ Sch F<br>☐ Other _____ |
| K. ☐ **Yes** ☐ **No** **Did you receive Other Income that is not included in the amounts on Lines A - J?** Give source, type, and amount. _____ | | ☐ Other _____<br>☐ Other _____ |
| **Subtotal Income:** | $ | |
| **Did you have any of the following Allowable Deductions?** | | |
| L. ☐ **Yes** ☐ **No** **Nursing Home, Boarding Home, or Adult Family Home costs.** | | ☐ Other _____ |
| M. ☐ **Yes** ☐ **No** **In-Home Care expenses.** See instructions for qualifying expenses. | | ☐ Other _____ |
| N. ☐ **Yes** ☐ **No** **Prescription Drug costs.** | | ☐ Printout/Receipt |
| O. ☐ **Yes** ☐ **No** **Medicare Insurance Premiums under Title XVIII of the Social Security Act (Parts B, C, and D).** Currently, there is no allowable deduction for supplemental, long-term care, or other types of insurance premiums. | | ☐ SS Statement<br>☐ Other_____ |
| P. ☐ **Yes** ☐ **No** **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 expenses normally allowed by IRS as adjustments to gross income, enter those deductions here. Allowable adjustments include alimony you paid, tuition, moving expenses, and others. See the instructions. | | ☐ _____<br>☐ _____ |
| **Subtotal Allowable Deductions:** | $ | |
| **Total Combined Disposable Income:** | $ | |

**County Use Only:** _____

## Part 7. Declaration Statement

**By signing this form I confirm that:**

- 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:
  - The sale or transfer of the property.
  - 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.)
  - Such time as the residence is no longer my primary residence.
  - 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 2016 is 2%**.
- **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 Ownership Interest |
|---|---|---|
| | | % |

| Signatures of all other owners of interest on the deed | Phone | Date | Percentage of Ownership Interest |
|---|---|---|---|
| | | | % |
| | | | % |
| | | | % |

To ask about the availability of this publication in an alternate format, please call 1-800-647-7706. Teletype (TTY) users may use the Washington Relay Service by calling 711. For tax assistance, call (360) 534-1409.

# Instructions for Completing the Deferral Application for Homeowners with Limited Incomes

To avoid delays in processing your application, remember to answer all questions, include all of the required documentation, and sign the form. Anyone who has an ownership interest in the property must sign the form.

Leave the "County Use Only" areas blank.

You must include documentation of your income; account balances for existing mortgages or other liens against your property; and a copy of your insurance policy showing the State of Washington Department of Revenue listed as "loss payee". Without insurance documentation, we will only include land value in the equity calculation. If you have questions about what to include, contact your County Assessor's Office.

## Instructions for Completing the Income Section

**How is disposable income calculated?**

The Legislature gave "disposable income" a specific definition. According to RCW 84.36.383(5), "disposable income" is 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 (annuities also include income from unemployment, disability, and welfare);
- 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, medical-aid payments, veterans' disability benefits, and dependency and indemnity compensation; and
- Dividend receipts and interest received on state and municipal bonds.
- **This income is included in "disposable income" even when it is not taxable for IRS purposes.**

**Important:** Include all income sources and amounts received by you, your spouse/domestic partner, and any co-tenants during the application/assessment year (the year before the tax is due). If you report income that is very low or zero, attach documentation showing how you meet your daily living expenses. Use **Line K** to report any income not reported on your tax return and not listed on Lines A through J.

**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 you expect that change in income 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 $3,500 to $1,000 beginning in October. Multiply $1,000 x 12 to estimate your new annual income.

**Report this amount on Line K** and do not complete Lines A through J. Provide documentation that shows your new monthly income and when the change occurred.

**Line K – Report all household income not already included or discussed on Lines A through J.** Include foreign income not reported on your federal tax return and income contributed by other household members not shown in Part 1. Provide the source and amount of the income.

**Lines L - O - What is combined disposable income?**

RCW 84.36.383(4) defines "combined disposable income" 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 or domestic partner for:

- Prescription drugs;
- Treatment or care of either person in the home or 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.)

Care or treatment in your home means medical treatment or care received in the home, including physical therapy. You can also deduct costs for necessities 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.

**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 these 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

**CONTACT YOUR COUNTY ASSESSOR'S OFFICE FOR ASSISTANCE IN COMPLETING THIS FORM.**