PROPERTY TAX FORMS

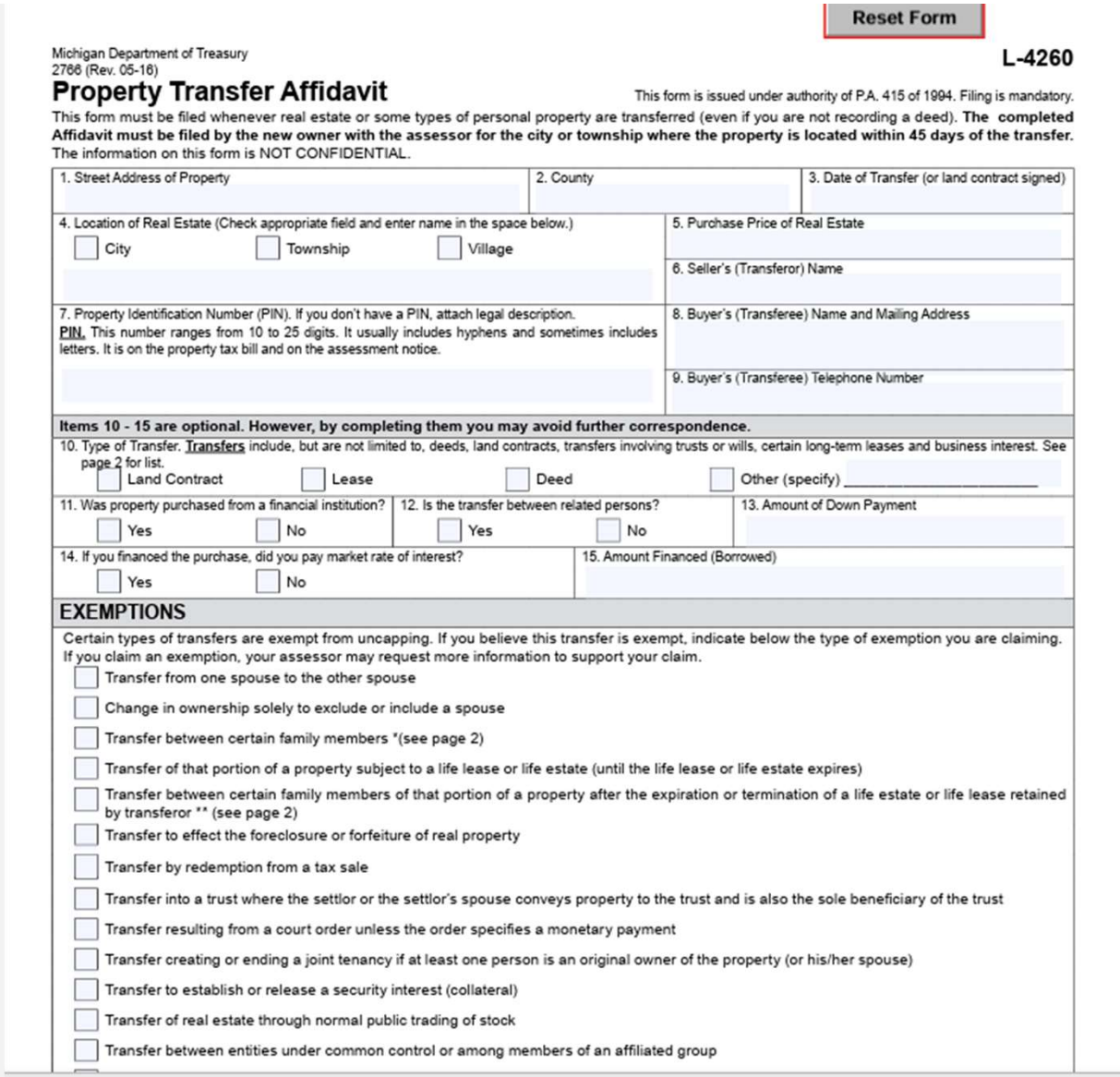
Caitlin Leszczynski, Esq., CLTP

THIS IS NOT LEGAL ADVICE

- Nothing in this presentation is intended to constitute or should be perceived as legal advice.
- This presentation is purely educational and an attorney who represents you should be employed in the creation of legal documents and contracts.
- Notably, the presenter is an attorney– but they are not your attorney and do not represent you, the company you work for, or MLTA.

PROPERTY TRANSFER AFFIDAVIT

- Tells the Municipality that there is a new owner
  - Let's them know the kind of transfer – will the taxes uncap?
- BUYER FORM
  - Must be filed within 45 days to the ASSESSOR's office OR ELSE ($$)
  - Can you mail it?
  - Best practice – get it stamped
- Provides the new mailing address to the Municipality for tax/utility bills
  - BIG DEAL
  - Seller Fraud Prevention Reminder
- Must report value on a PTA – cannot say "see RETTVA"



Reset Form

Michigan Department of Treasury
2766 (Rev. 05-16)

L-4260

Property Transfer Affidavit

This form is issued under authority of P.A. 415 of 1994. Filing is mandatory.

This form must be filed whenever real estate or some types of personal property are transferred (even if you are not recording a deed). **The completed Affidavit must be filed by the new owner with the assessor for the city or township where the property is located within 45 days of the transfer.**
The information on this form is NOT CONFIDENTIAL.

1. Street Address of Property	2. County	3. Date of Transfer (or land contract signed)

4. Location of Real Estate (Check appropriate field and enter name in the space below.) ☐ City ☐ Township ☐ Village	5. Purchase Price of Real Estate
	6. Seller's (Transferor) Name
7. Property Identification Number (PIN). If you don't have a PIN, attach legal description. PIN. This number ranges from 10 to 25 digits. It usually includes hyphens and sometimes includes letters. It is on the property tax bill and on the assessment notice.	8. Buyer's (Transferee) Name and Mailing Address
	9. Buyer's (Transferee) Telephone Number

Items 10 - 15 are optional. However, by completing them you may avoid further correspondence.

10. Type of Transfer. Transfers include, but are not limited to, deeds, land contracts, transfers involving trusts or wills, certain long-term leases and business interest. See page 2 for list.
☐ Land Contract ☐ Lease ☐ Deed ☐ Other (specify) _____

11. Was property purchased from a financial institution? ☐ Yes ☐ No	12. Is the transfer between related persons? ☐ Yes ☐ No	13. Amount of Down Payment

14. If you financed the purchase, did you pay market rate of interest? ☐ Yes ☐ No	15. Amount Financed (Borrowed)

EXEMPTIONS

Certain types of transfers are exempt from uncapping. If you believe this transfer is exempt, indicate below the type of exemption you are claiming. If you claim an exemption, your assessor may request more information to support your claim.

- ☐ Transfer from one spouse to the other spouse
- ☐ Change in ownership solely to exclude or include a spouse
- ☐ Transfer between certain family members *(see page 2)
- ☐ Transfer of that portion of a property subject to a life lease or life estate (until the life lease or life estate expires)
- ☐ Transfer between certain family members of that portion of a property after the expiration or termination of a life estate or life lease retained by transferor ** (see page 2)
- ☐ Transfer to effect the foreclosure or forfeiture of real property
- ☐ Transfer by redemption from a tax sale
- ☐ Transfer into a trust where the settlor or the settlor's spouse conveys property to the trust and is also the sole beneficiary of the trust
- ☐ Transfer resulting from a court order unless the order specifies a monetary payment
- ☐ Transfer creating or ending a joint tenancy if at least one person is an original owner of the property (or his/her spouse)
- ☐ Transfer to establish or release a security interest (collateral)
- ☐ Transfer of real estate through normal public trading of stock
- ☐ Transfer between entities under common control or among members of an affiliated group

WHAT IS A PRINCIPAL RESIDENCE EXEMPTION

County: Oakland
This is a required field.

City/Township/Village: Clarkston
This is a required field.

School District: Clarkston Comm Sch Dist
This is a required field.

Search Reset

County	City/Township/Village	School District	2023 - Homestead Millage Rate	2023 - Non-Homestead Millage Rate
Oakland	Clarkston	Clarkston Comm Sch Dist	38.6655	56.6655

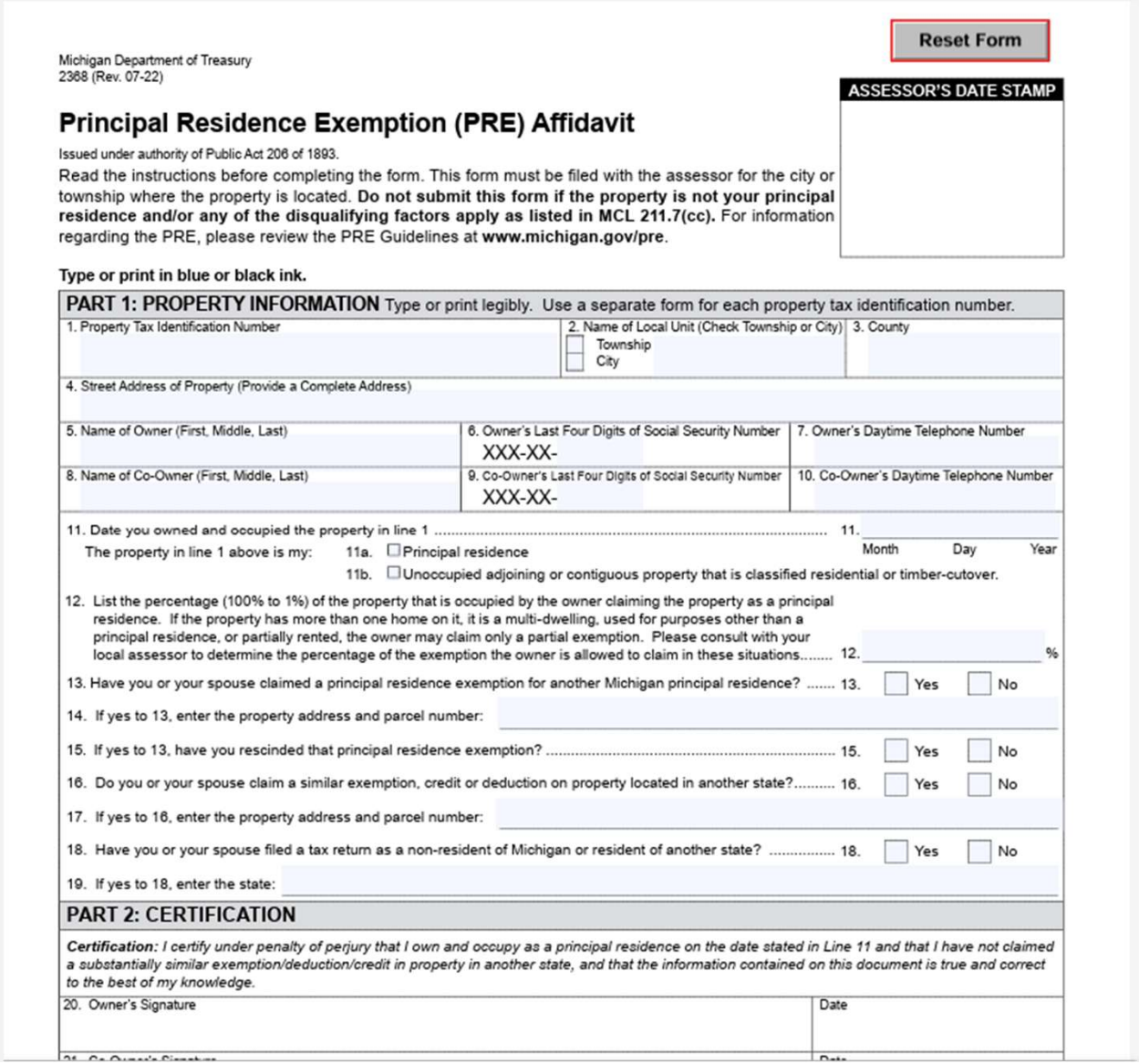
To estimate property taxes paid by the current owner, enter the taxable value. For future owners, enter the SEV: $300,000 Calculate Clear

Estimated Property Tax For Principal Residence or Qualified Farm (Homestead)	Estimated Property Tax For Second Home, Rental or Business (Non-Homestead)
$11,600	**$17,000**

DISCLAIMERS:

BUYER FORM

- Provided by the State of Michigan
- Needs to be given to the Municipality (may not match mailing address)
- **Buyer** must file this form to tell the Municipality that they qualify for this exemption
- Based off of the OWNER's residence
- Only allowed to have ONE, UNLESS they do a "Conditional Recission"
- Best Answer – "Ask the Municipality"
- "PRE Denial" and "Bona Fide Purchaser"
  - Is there likely a denial?
  - How are you protecting yourself?



Reset Form

Michigan Department of Treasury
2368 (Rev. 07-22)

ASSESSOR'S DATE STAMP

Principal Residence Exemption (PRE) Affidavit

Issued under authority of Public Act 206 of 1893.

Read the instructions before completing the form. This form must be filed with the assessor for the city or township where the property is located. **Do not submit this form if the property is not your principal residence and/or any of the disqualifying factors apply as listed in MCL 211.7(cc).** For information regarding the PRE, please review the PRE Guidelines at **www.michigan.gov/pre**.

Type or print in blue or black ink.

PART 1: PROPERTY INFORMATION Type or print legibly. Use a separate form for each property tax identification number.

1. Property Tax Identification Number	2. Name of Local Unit (Check Township or City) ☐ Township ☐ City	3. County
4. Street Address of Property (Provide a Complete Address)		
5. Name of Owner (First, Middle, Last)	6. Owner's Last Four Digits of Social Security Number XXX-XX-	7. Owner's Daytime Telephone Number
8. Name of Co-Owner (First, Middle, Last)	9. Co-Owner's Last Four Digits of Social Security Number XXX-XX-	10. Co-Owner's Daytime Telephone Number

11. Date you owned and occupied the property in line 1 ..... 11. ____ Month Day Year

The property in line 1 above is my: 11a. ☐ Principal residence

11b. ☐ Unoccupied adjoining or contiguous property that is classified residential or timber-cutover.

12. List the percentage (100% to 1%) of the property that is occupied by the owner claiming the property as a principal residence. If the property has more than one home on it, it is a multi-dwelling, used for purposes other than a principal residence, or partially rented, the owner may claim only a partial exemption. Please consult with your local assessor to determine the percentage of the exemption the owner is allowed to claim in these situations..... 12. ____ %

13. Have you or your spouse claimed a principal residence exemption for another Michigan principal residence? ..... 13. ☐ Yes ☐ No

14. If yes to 13, enter the property address and parcel number:

15. If yes to 13, have you rescinded that principal residence exemption? ..... 15. ☐ Yes ☐ No

16. Do you or your spouse claim a similar exemption, credit or deduction on property located in another state?..... 16. ☐ Yes ☐ No

17. If yes to 16, enter the property address and parcel number:

18. Have you or your spouse filed a tax return as a non-resident of Michigan or resident of another state? ..... 18. ☐ Yes ☐ No

19. If yes to 18, enter the state:

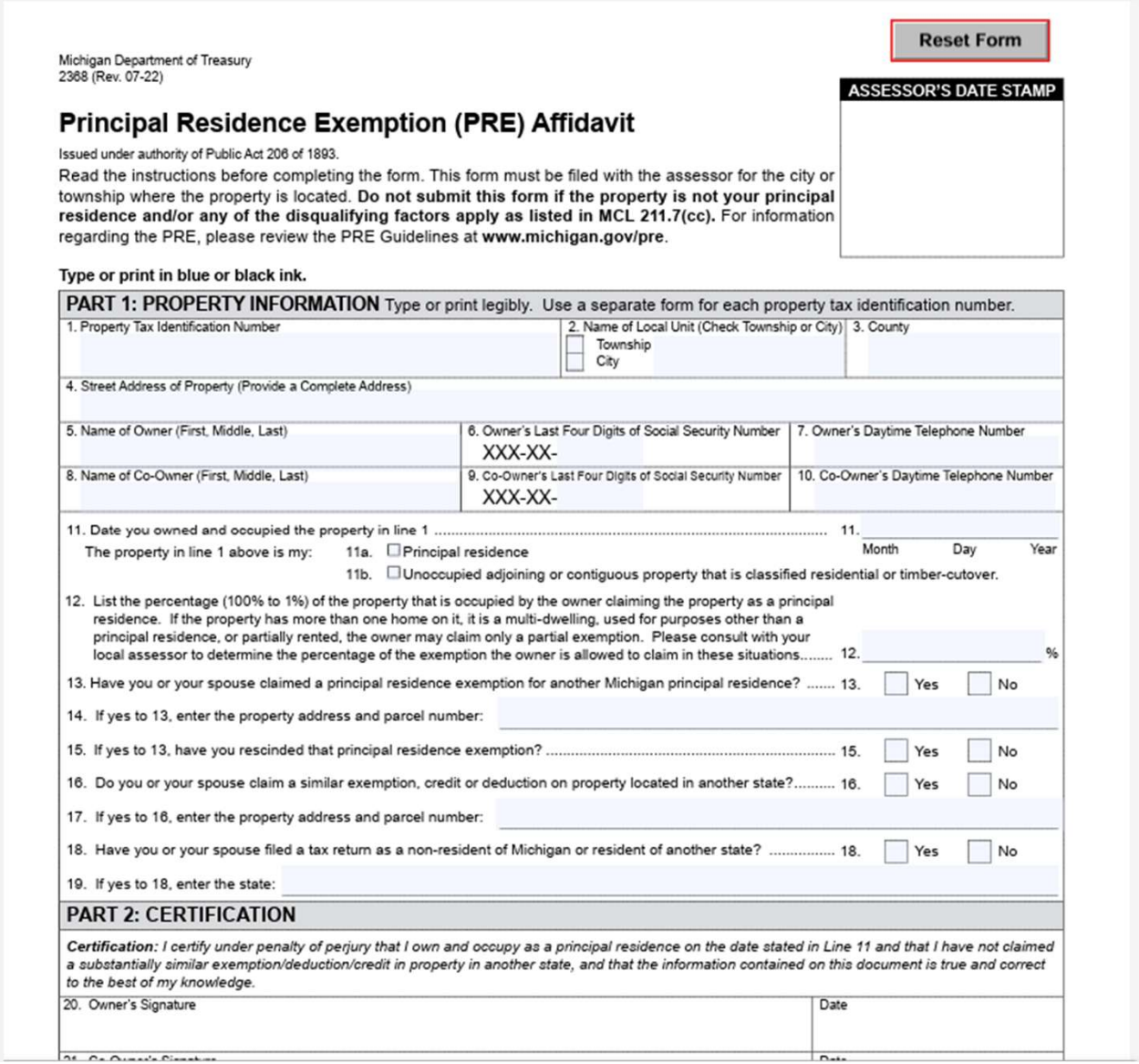
PART 2: CERTIFICATION

Certification: *I certify under penalty of perjury that I own and occupy as a principal residence on the date stated in Line 11 and that I have not claimed a substantially similar exemption/deduction/credit in property in another state, and that the information contained on this document is true and correct to the best of my knowledge.*

20. Owner's Signature	Date

ESCROW PRO TIPS

- Consider the date of your closing and the tax bill cycle, once taxes are assessed, a PRE will not be added or removed
  - June 1 for Summer Taxes
  - Nov 1 for Winter Taxes
  - This is NOT the case for a Disabled Veteran's exemption
- Compare the current status of the Seller to the buyer's new potential status when holding tax escrows



Reset Form

Michigan Department of Treasury
2368 (Rev. 07-22)

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The property in line 1 above is my: 11a. ☐ Principal residence

11b. ☐ Unoccupied adjoining or contiguous property that is classified residential or timber-cutover.

12. List the percentage (100% to 1%) of the property that is occupied by the owner claiming the property as a principal residence. If the property has more than one home on it, it is a multi-dwelling, used for purposes other than a principal residence, or partially rented, the owner may claim only a partial exemption. Please consult with your local assessor to determine the percentage of the exemption the owner is allowed to claim in these situations..... 12. %

13. Have you or your spouse claimed a principal residence exemption for another Michigan principal residence? ..... 13. ☐ Yes ☐ No

14. If yes to 13, enter the property address and parcel number:

15. If yes to 13, have you rescinded that principal residence exemption? ..... 15. ☐ Yes ☐ No

16. Do you or your spouse claim a similar exemption, credit or deduction on property located in another state?..... 16. ☐ Yes ☐ No

17. If yes to 16, enter the property address and parcel number:

18. Have you or your spouse filed a tax return as a non-resident of Michigan or resident of another state? ..... 18. ☐ Yes ☐ No

19. If yes to 18, enter the state:

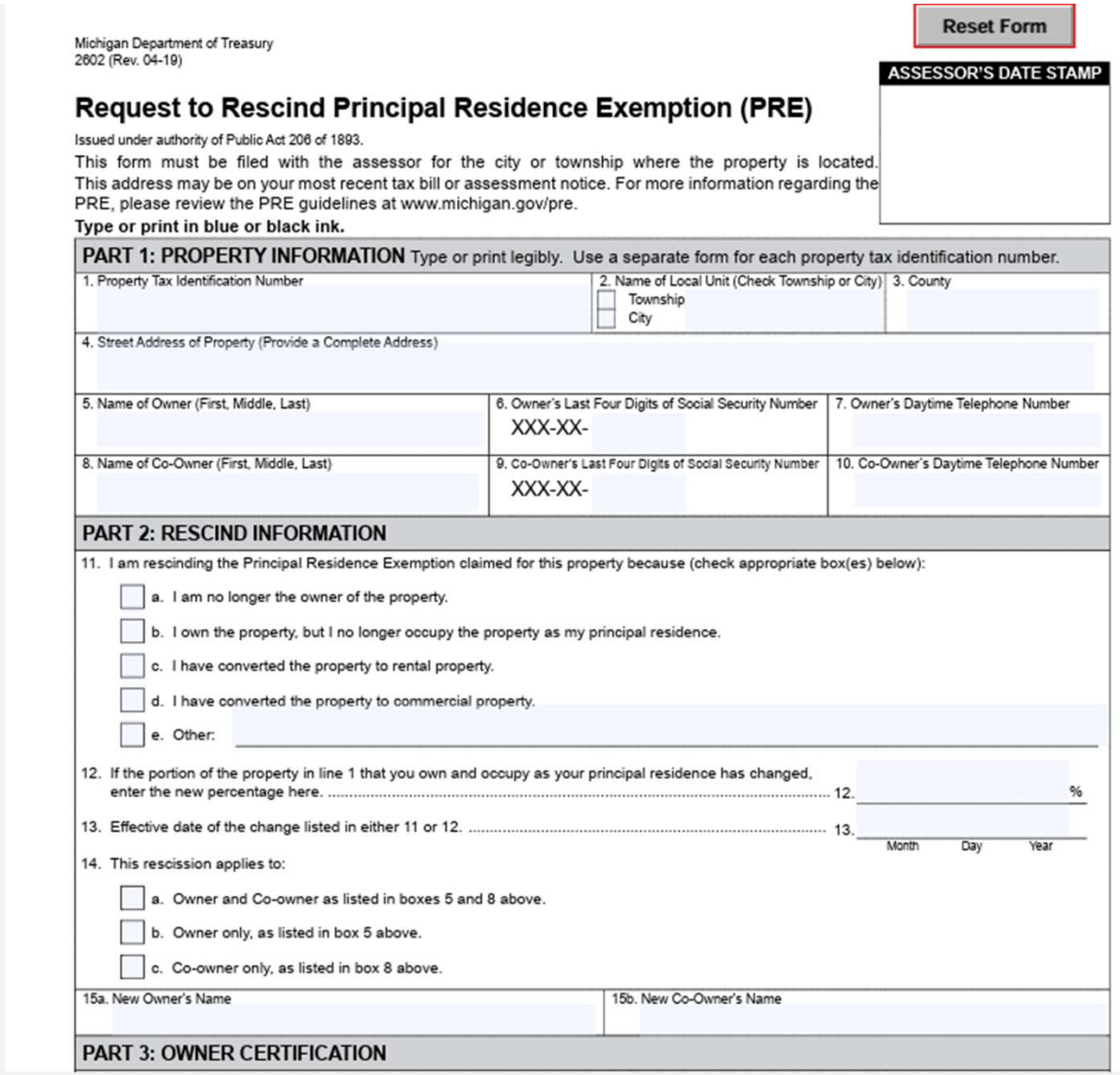
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20. Owner's Signature	Date
21. Co-Owner's Signature	Date

SELLER FORM

- Provided by the State of Michigan
- Needs to be given to the Municipality (may not match mailing address)
- **Seller** must file this form to tell the Municipality that they are no longer using their PRE for this property and that the property no longer qualifies for this exemption
- *You are required to rescind a principal residence exemption when you no longer own and occupy the property as your principal residence. The exemption will be removed December 31st of the year you rescind the exemption.*
- Only allowed to have ONE, UNLESS they do a "Conditional Recission"
- Best Answer – "Ask the Municipality"
- "PRE Denial" – you probably forgot to do this!



Reset Form

Michigan Department of Treasury
2602 (Rev. 04-19)

ASSESSOR'S DATE STAMP

Request to Rescind Principal Residence Exemption (PRE)

Issued under authority of Public Act 206 of 1893.

This form must be filed with the assessor for the city or township where the property is located. This address may be on your most recent tax bill or assessment notice. For more information regarding the PRE, please review the PRE guidelines at www.michigan.gov/pre.

Type or print in blue or black ink.

PART 1: PROPERTY INFORMATION Type or print legibly. Use a separate form for each property tax identification number.

1. Property Tax Identification Number	2. Name of Local Unit (Check Township or City) ☐ Township ☐ City	3. County
4. Street Address of Property (Provide a Complete Address)		
5. Name of Owner (First, Middle, Last)	6. Owner's Last Four Digits of Social Security Number XXX-XX-	7. Owner's Daytime Telephone Number
8. Name of Co-Owner (First, Middle, Last)	9. Co-Owner's Last Four Digits of Social Security Number XXX-XX-	10. Co-Owner's Daytime Telephone Number

PART 2: RESCIND INFORMATION

11. I am rescinding the Principal Residence Exemption claimed for this property because (check appropriate box(es) below):
- ☐ a. I am no longer the owner of the property.
- ☐ b. I own the property, but I no longer occupy the property as my principal residence.
- ☐ c. I have converted the property to rental property.
- ☐ d. I have converted the property to commercial property.
- ☐ e. Other:

12. If the portion of the property in line 1 that you own and occupy as your principal residence has changed, enter the new percentage here. ..... 12. ____ %

13. Effective date of the change listed in either 11 or 12. ..... 13. ____ (Month Day Year)

14. This rescission applies to:
- ☐ a. Owner and Co-owner as listed in boxes 5 and 8 above.
- ☐ b. Owner only, as listed in box 5 above.
- ☐ c. Co-owner only, as listed in box 8 above.

15a. New Owner's Name	15b. New Co-Owner's Name

PART 3: OWNER CERTIFICATION

ESCROW AGREEMENTS

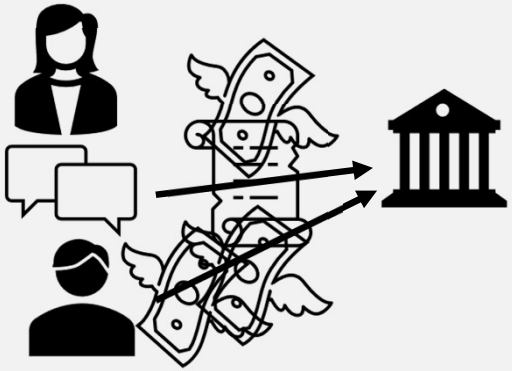
Caitlin Leszczynski, Esq., Legacy Title Agency

WHAT DO WE START WITH?

- A Reason to hold an escrow – that benefits someone (who isn't the Title Co)
  - Purchase Agreement or Addendum memorializing need for escrow agreement
- Common Types / Needs:
  - Earnest Money Deposit Escrow
  - Occupancy Escrow
  - Water Escrow
  - Damage Deposit
  - Repair Escrow
  - Pool Escrow
  - Close in Escrow Agreement

WHAT IS AN ESCROW AGREEMENT

- Let's just "Hold an Escrow"
  - Need a written agreement – that is your Escrow Agreement
- Key Factors:
  - A **Neutral** 3rd party (Escrow Agent) is
  - holding funds
  - for a specific purpose
  - for a specific time period
  - all involved parties must sign agreement (usually buyer, seller **and escrow agent**)
- This is an "Escrow" function, not a "Title" function



EXAMPLES

- Purchase Agreement: Listing Broker shall retain from the amount due Seller at closing, a minimum of $300.00 for water charges. It is the obligation of Seller to furnish the final water meter reading to escrow holder who shall pay said billing to the proper authority and return any unused portion to Seller.
  - What if they don't provide a final bill?
  - What if the final bill is $700 because they have a hot tub they filled up?
  - What if the water is paid through an HOA and there is NO separate bill?
  - What about Sewer charges?

EXAMPLES

- Purchase Agreement:

29. EARNEST MONEY: Within 2 business days following the Contract Date, as defined above, Purchaser will provide a deposit of $1,500.00 in the form of a Personal Check, and within 2 business days following the expiration of the Due Diligence Inspection Period as set forth in Section 10 above, Purchaser shall provide an additional deposit of $_____in the form of a Personal Check. All deposit funds hereunder **shall be held by Buyer's Title** or shall be held by **in accordance with the rules and regulations of the Michigan Department of Licensing and Regulatory Affairs** – **Board of Real Estate Broker and Salespersons** and applied to the Purchase Price upon consummation of the sale **or otherwise disbursed in accordance with this Agreement.**

- What if the buyer can't get a loan?
- What if the inspection goes poorly?

TERMS OF RELEASE



What event needs to happen for the funds to be released?

Mutual Agreement or Unilateral event?



Who may request funds to be released?



Who can the funds be released to?



DROP DEAD DATE

Then what?

CONFLICT RESOLUTION



What if there is a known conflict?



How do you know there isn’t a conflict?



Whose responsibility is the shortage?

BOILER PLATE

- What is the point of boiler plate language?
- Typical Contract “Boiler Plate”
  - Integration of Contracts or Changes to Terms
  - Notices
  - Severability
  - Assignment and Delegation of Responsibilities
  - Counterparts and Electronic Signatures
  - Expenses/ Loss Mitigation
  - Governing Law
  - Limitation on Relationships / Responsibilities
  - Admin Fees to be collected after a certain amount of time

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REAL LIFE REMINDERS

- Balance – Our desire to control the scenario and make things easiest for ourselves and our fulfilling a negotiated contract term
  - Do you need an additional Addendum (substantive required terms vs Escrow Agent requirements)
- Drop Dead Date

  In the event the deposit is not applied to the purchase price for the real property, JOINT written instructions are not received and/or conflicting claims have not been made in writing within 180 days of deposit of funds, the Escrow Agent may, at purchaser's request, deliver the Deposit to Purchaser, or may, at its discretion, continue holding the Deposit.
- Interpleader or Small Claims Court (attorney?)
- Accounting/Funding/ Post Close Team Practices – Do they line up with your escrow agreement?
  - "May at their own discretion" versus "shall"
  - Is Post Close / Funding / Accounting fulfilling escrow agreement promises
- Keep Terms Consistent (Always Seller not Owner, etc.)
- Mutual Agreement for Release – are you providing a form for your clients? Are your closers educating your clients?

WHAT IS **NOT** AN ESCROW AGREEMENT

- A Secured Indemnity
  - ~~A Neutral 3rd party (Escrow Agent)~~ is
    - Not a Neutral Party – The party holding the funds has an interest in the outcome
  - holding funds
    - That are being used as security to ensure a party does what it says it will do – or the funds will be used to mitigate losses
  - for a specific purpose
  - for a specific time period
  - all parties must sign
    - Only the party who the funds belong to (Indemnitor) and the Entity being Indemnified
  - **AND** – an Indemnity is being given (one party contractually agrees to protect another from financial loss)
  - THIS IS NOT AN ESCROW – DO NOT USE A STANDARD ESCROW AGREEMENT FORM

WHAT ABOUT THAT SECURED INDEMNITY THING?

- Do you have underwriter approval (do you have an underwriter approved form)?
- What should you use a secured indemnity for?
- Who are the parties?
- What is the specified risk (exception that is removed)?
- What action needs to occur?
- When does action need to occur by (drop dead date)?
- How much are we holding? Is it enough for worst case scenario?