

Wright Ford Young & Co.

Certified Public Accountants and Consultants, Inc.

Are you at least 55? Want to maintain your Prop. 13 property tax basis in your next move?

Dear Clients and Friends:

If you have moved recently, are contemplating downsizing, or are moving in the future there is a little known California proposition (Prop. 60) that may allow you to save a great deal in property taxes. Homeowners who are at least 55-years of age are allowed to transfer existing Proposition 13 factored base year property tax values to a replacement residence located within the same county (and sometimes in other counties), if certain qualifying conditions are met.

Do you qualify?

The following is a list of some of the most important conditions to qualifying:

1. You or your spouse must be at least 55 years old as of the date of transfer of the original (your old) property.
2. The replacement (your new) property must be at least equal or lesser market value than the original property.
3. The original and replacement property must be located in the same county. However, if the replacement property is located in a different county you may still qualify depending on what county (in CA) the replacement property is located.
4. The replacement dwelling must be purchased or newly constructed within two years (before or after) of the sale of the original property.

What does equal or lesser market value mean?

In many cases the market value would just be the sales price of the original property and the purchase price of the new property. The market value can differ from sales price if the sale was made above or below the actual fair market value of the property.

According to Proposition 60 the definition of equal or lesser market value is as follows:

1. The replacement property market value can be up to 100% of the original property market value if the replacement property was purchased before the original property was sold.
2. The replacement property can be up to 105% of the market value of the original property if the replacement property is purchased within one year of the sale of the original property.
3. The replacement property can be up to 110% of the market value of the original property if the replacement property is purchased within the 2nd year after the sale of the original property.

If you feel you may qualify on a recent purchase (within the past couple years) or will qualify on a future purchase, please give us a call to go over all the implications of the sale and the conditions of this proposition. We have only listed the key qualifying conditions here and there are a few additional that may apply.

Very truly yours,

WRIGHT FORD YOUNG & CO.

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