

# 2022-23 Fiscal Year PROPERTY TAX POSTPONEMENT GUIDE

FOR COUNTY TAX COLLECTORS, ASSESSORS, AND  
RECORDERS



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## **SECTION 1: PROPERTY TAX POSTPONEMENT OVERVIEW**

### **PROGRAM BACKGROUND**

Article 13, Section 8.5 of the California Constitution authorizes the postponement of property tax payments due from senior, blind, or disabled homeowners with low-to-moderate income. The Senior Citizens Property Tax Postponement Act, signed into law in 1977, established the Property Tax Postponement (PTP) Program, administered by the State Controller's Office (SCO).

Senate Bill (SB) X3 suspended the PTP Program effective February 20, 2009. This legislation prohibited SCO from accepting claims for property tax postponement. All funding for the program was eliminated beginning in fiscal year 2009-10.

Assembly Bill (AB) 2231 reinstated the PTP Program on September 28, 2014 and authorized SCO to begin accepting applications in October of 2016. This bill modified specific provisions and requirements of the PTP Program, including establishing a self-funded program. The reinstated program must fund itself through collections without any general fund contribution.

SB 1130 (Statutes of 2018) added manufactured homes back into the PTP Program beginning October 1, 2019, and allocated 1% of the funds available in the PTP Fund to postpone taxes for eligible manufactured home owners.

AB 133 (Statutes of 2019) revised the income limit for the PTP Program, raising it to \$45,000 for the 2020-21 filing period, and raising it annually based on the rate of inflation after that. For the 2022-23 filing period, the income limit is \$49,017. In addition, AB 133 lowered the interest rate to 5% per year.

While SCO is the main administrator of the PTP Program, collaboration with the counties is necessary in order to make the program successful and sustainable. The County Tax Collectors, Assessors, and Recorders perform important functions that are crucial to the success of the PTP Program. The *Property Tax Postponement Guide* (Guide) provides an overview of the PTP Program activities and the counties' responsibilities. The Guide should be used as a reference to assist county staff as they perform activities impacted by the PTP Program.

### **PROGRAM CONTACTS AND ADDITIONAL INFORMATION**

For program forms, flyers, Frequently Asked Questions, and fillable or printable application forms, please visit our website at [www.ptp.sco.ca.gov](http://www.ptp.sco.ca.gov).

Counties may call (800) 952-5661, and choose option four, or email [postponement@sco.ca.gov](mailto:postponement@sco.ca.gov) for account or routine questions such as to request an application booklet for a potential claimant. To inquire about in-person trainings or

presentations at your meetings, or for policy questions or guidance, please contact us directly.

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## PROGRAM SUMMARY

The PTP Program allows eligible homeowners to postpone payment of part or all of the property taxes on his or her primary residence. To participate in the program, homeowners must complete and submit an application to SCO proving eligibility each year in which they wish to postpone their taxes (only current year taxes are eligible for postponement). To be eligible for the program, the homeowner must:

- be at least 62 years of age, blind, or disabled;
- own and occupy the home as his or her principal place of residence (floating homes, and house boats are **not** eligible);
- have a total household income of \$49,017 or less;
- have at least 40% equity in the property; and
- **not** have a reverse mortgage on the property.

If the claimant is granted postponement, SCO will make a payment directly to the County Tax Collector for the current-year property taxes requested and create an account receivable for each PTP claimant. A lien will be recorded by SCO against the qualified property to secure eventual repayment of those deferred taxes plus interest. For manufactured homes where the owner of the manufactured home does not own the land, a security agreement will be filed with the Department of Housing and Community Development (HCD). The claimant may pay all or part of the postponed taxes and interest at any time but they become due and payable when the claimant:

- dies;
- moves from or sells the property;
- transfers title;
- defaults on a senior lien;
- refinances the residential dwelling; or
- elects to participate in a reverse mortgage program.

When the PTP account is paid in full, SCO will prepare a Release of Lien and forward to the County Recorder for recordation.

## FUND MANAGEMENT

Under current law, the program must fund itself through collections. The PTP Fund (Fund) covers postponements as well as SCO's costs of administering the program. As the amount collected from PTP accounts vary, SCO will manage the Fund to determine the amount of money available for postponements in a given fiscal year.

As a result of the funding limitations, applications will be processed and approved on a first-come, first-served basis. The priority and order of each application will be based on the postmark date followed by the date it is received by SCO.

## PROGRAM TIMELINE/KEY DATES

July – August	<u>County Reconciliation</u> – SCO, County Tax Collectors, and County Assessors update and reconcile properties with a valid PTP lien.
October 1 – February 10	<u>PTP Filing Period</u> – Application filing period. SCO accepts applications postmarked from October 1 – February 10.
October – May	<u>PTP Application Review</u> – SCO reviews and approves or denies applications for postponement of property taxes.
November – June	<u>Payments to Counties</u> – SCO issues electronic fund transfer (EFT) payments to the County Tax Collector and submits Notice of Lien (NOL) to the County Recorder.

## SECTION 2: APPLICATION REVIEW, APPROVAL, AND PAYMENT

### APPLICATION REVIEW

The filing period to submit an application to SCO to postpone property taxes is October 1 through February 10 of each year. Applications postmarked after the filing period deadline will be denied. See Appendix I for a sample Application Booklet.

SCO will review and approve or deny applications on a first-come, first-served basis during and around the filing period. The timeframe within which SCO can notify claimants of their status will depend on the availability of funding, completeness,

complexity, volume, and timing of applications received by SCO. In general, we hope to respond within six to eight weeks and will refine this estimate as needed.

### **Defaulted Taxes and Delinquency Fees, Penalties, and Interest**

Only current-year taxes are eligible for postponement. Per State law, SCO cannot pay for any defaulted property taxes nor any delinquency fees, penalties, or interest that are owed on the property; these taxes are the responsibility of the taxpayer. If an application is filed timely (by February 10 for the fiscal year in which postponement is being claimed) and postponement is granted, any delinquent penalties, costs, fees, and interest accrued for that fiscal year shall be canceled, pursuant to Revenue and Taxation Code (RTC) [20645.5](#).

Note: Manufactured home owners with delinquent and/or defaulted property taxes do **not** qualify for postponement.

### **Application Receipt**

Upon receipt of an application, SCO will send a letter to the applicant acknowledging receipt and assign an account number.

### **Incomplete Applications**

If SCO does not receive all of the required information or documentation, the claimant will have 30 calendar days upon notification, by phone and written correspondence from SCO, to send the missing information and maintain his or her place in the first-come, first-served order.

If the missing information is submitted 30 or more days after the notification of missing information from SCO, the application will be placed in order according to the postmark date or SCO date of receipt of the missing information.

If SCO does not receive the required information within 60 calendar days of notification, the application will be denied and the claimant will be notified by mail.

### **Withdrawn Applications**

If a claimant requests that SCO withdraw their application, SCO will not review their application further and the claimant will be reminded of the responsibility to pay property taxes to the County Tax Collector.

### **Denied Applications**

If SCO denies an application, the claimant will be notified by mail with instructions to submit an appeal if he or she believes the application was denied in error. The claimant will be reminded of the responsibility to pay property taxes to the County Tax Collector.

## Approved Applications

If SCO approves the application, the claimant will be notified that his or her application was approved and that SCO will make a payment directly to the County Tax Collector for the current-year property taxes.

## COUNTY STATUS REPORT

SCO will send a County Status Report (Appendix II) to the County Tax Collectors, via email, once a month while applications are being reviewed. The report will detail each claimant's name, property address, parcel number, postponement amount, and application status for all applications received as of that date.

### *County Tax Collector Responsibilities*

- **County Status Report Reconciliation** – Review the information and notify the SCO if any discrepancies are found with any of the claimants' information.
- **Defaulted Taxes** – Respond to SCO inquiries regarding defaulted taxes and notify SCO if a property may be up for a tax-defaulted sale.

## PROCESSING PAYMENTS

SCO will approve applications on a flow basis, and make payments directly to counties approximately every four to six weeks. A payment may be made prior to or after an installment date.

Claimants may apply to have one or both property tax installments postponed. If determined eligible and funding is available, the full amount of current taxes requested on the application will be paid, which may be for one or both installments. If the claimant has requested postponement of both installments, SCO will pay both at the same time.

Each payment to the County Tax Collector will be a lump sum amount of all postponements for approved claimants within the county during that period. Payments for manufactured home accounts will be issued separately from other property types, usually the following business day.

### Postponed Amounts

The PTP payment for each individual will cover the following items on the tax bill:

- All ad valorem property taxes for the current fiscal year;
- Fixed charges and special assessments; and
- Escape assessments charged for the first time in the current fiscal year and corrected tax bills on a case-by-case basis, if submitted within the filing period and funding is available.



**NOTE:** Pursuant to State law, the PTP payment will **not** cover any defaulted taxes or any delinquency fees, penalties, interest, or PACE loans.

### Remittance Advice File

A remittance advice file (Appendix III) will be sent, via email, in conjunction with the payment detailing each approved claimant's name, property address, parcel number, and postponement amount. Upon receipt of both the EFT payment and remittance advice, the County Tax Collector will apply the payment to the PTP claimant's current fiscal year property tax bill.

### County Tax Collector Responsibilities

- **Payment and Remittance Advice Reconciliation** – Verify that the remittance advice lists the correct property address, parcel number, and owner of record before applying the payment to the PTP claimant's taxes.
- **Incorrect Amount** – If a payment error is identified or there has been a revision to the amount due for property taxes since the bill was issued, do not reject the entire EFT payment as this will affect payment for all other approved claimants in the county.

Notify SCO immediately at (800) 952-5661 or [postponement@sco.ca.gov](mailto:postponement@sco.ca.gov). If necessary, the County Tax Collector may issue a refund to SCO for the amount in error, and a new payment may be issued to the county. However, if additional funds are needed due to a supplemental or corrected tax bill, payment will be contingent on the availability of funds.

- **Refund of Duplicate Payments** – If the property taxes have already been paid by a claimant or lender through a trust, impound, or similar account, the County Tax Collector must issue a refund of the duplicate amount **to the claimant** within **60 days**, pursuant to RTC Section [2514](#).
  - For the 2022-23 filing period, all approved applications with an escrow account will be held for payment until after the April 10 tax deadline. All of the accounts in this payment will require a refund **directly to the homeowner**.
- **Delinquent Penalties, Costs, and Fees** – If an application is filed timely (by February 10 for the fiscal year in which postponement is being claimed) and postponement is granted, any delinquent penalties, costs, fees, and interest accrued for that fiscal year shall be canceled, pursuant to RTC [20645.5](#).

In the event a county has made a determination of willful neglect, the county will not be required to cancel penalties, costs, and fees. If SCO grants a postponement, the claimant must provide an amount sufficient to cover any

delinquencies within 30 days of receiving payment from SCO. SCO will work with each County Tax Collector for any such situations.

- **Prorated/Partial Payments** – Pursuant to RTC [20583](#), PTP claimants may not be eligible to postpone the entire amount of the tax bill if a portion of the property is used for business or rental purposes. In these situations, SCO will make a payment for only the portion of the property that is used as the principal place of residence and a portion of the land surrounding it as necessary for use of the dwelling as a residence.

Additionally, if an applicant has a PACE loan on the property, they may still qualify for postponement. However, SCO cannot pay for the PACE loan portion of the tax bill.

The PTP claimant is responsible to pay the remaining balance of the property tax bill. In this instance, SCO will contact the County Tax Collector to determine the best method of payment (EFT or warrant). The partial SCO payment would be held and deposited when the PTP claimant pays the remaining portion. If the claimant has not made a payment to the county by June 30 of a given fiscal year, SCO must be notified and the payment returned to SCO at the following address:

State Controller's Office  
Departmental Accounting Office  
P.O. Box 942850  
Sacramento, CA 94250-0001

- **Designate PTP Properties** – Upon receiving payment from SCO, the County Tax Collector is required to maintain a record of property taxes that have been postponed, pursuant to RTC [2514](#).

## **SECTION 3: LIEN FOR POSTPONED PROPERTY TAXES**

### **NOTICE OF LIEN (NOL)**

In order to secure the State's interest in repayment for the postponed taxes, Government Code (GC) Section [16182](#) requires that a lien be filed against the property for which a postponement is made. If the residence in question is part of a larger parcel, the lien is attached to the entire parcel. For manufactured homes where the owner of the manufactured home does not own the land, a security agreement shall be filed with HCD to secure repayment.

At the time the EFT payment is submitted to the County Tax Collector, SCO will send the NOL to the County Recorder.

The form and contents of the NOL shall be prescribed by the Controller, signed by the Controller, and submitted directly to the County Recorder (Appendix IV). Once the lien has been recorded and indexed, SCO will provide a copy of the executed lien to the County Tax Collector and Assessor.

The lien will not be released until the account has been paid in full or otherwise discharged. PTP liens do not expire after ten years (or any other period of time). A PTP lien remains even if the claimant dies, transfers the property, or is able to discharge his or her debts in bankruptcy.

### ***County Recorder Responsibilities***

- Record the NOL for Postponed Property Taxes within **14 days** of the receipt of the notice from SCO. It must be indexed in the Grantor (name of all owners)/Grantee (State Controller) index pursuant to GC [16182 \(b\)\(5\)](#).
- The NOL must be returned by mail to SCO at the address provided on the notice.

### ***County Tax Collector Responsibilities***

- Receive a copy of the NOL from SCO.
- Maintain a record of property taxes that have been postponed, pursuant to RTC [2514](#).

### ***County Assessor Responsibilities***

- Receive a copy of the NOL from SCO.
- Maintain a record of property taxes that have been postponed, pursuant to RTC [2515](#).

## **RELEASE OF LIEN**

When a PTP account balance is paid in full, SCO will execute a Release of Lien (ROL) and direct the County Recorder to record the release imparting notice that all the amounts secured by the lien have been satisfied. For manufactured homes where the owner of the manufactured home does not own the land, SCO will submit the release to HCD and instruct them to amend the permanent title record, by removing SCO's lien. SCO will also notify the County Tax Collector and Assessor of the full release of the PTP lien and direct them to remove the information from county records.

### ***County Recorder Responsibilities***

- Record the document immediately upon receipt.
- After recording, mail the recorded ROL to the SCO address provided.

### ***County Tax Collector Responsibilities***

- Remove the information from the appropriate record of the property.

### ***County Assessor Responsibilities***

- Remove the information from the appropriate record of the property.

## **SECTION 4: NOTIFICATION OF PROPERTY CHANGE**

Consistent and timely notification of collection triggers to SCO is critical to the success of the PTP Program. The program is self-funded; therefore, it is of utmost importance that SCO is notified of collection triggers as soon as counties become aware of them. If notifications to SCO do not arrive promptly and consistently, the program will be deprived of collection opportunities which will impact its sustainability.

### ***County Tax Collector Responsibilities***

- Pursuant to RTC [3375](#), submit a Notice of Change Form (Appendix V) to SCO as soon as possible, but not later than **60 days** after processing notice of the following:
  1. The PTP property is declared tax defaulted;
  2. A transfer of ownership or changes to the mailing address of the PTP claimant; or
  3. Death of the claimant.
- Notify SCO of any other changes that may affect the PTP account.

### ***County Assessor Responsibilities***

- Pursuant to RTC [2515](#), upon processing a change in ownership status, submit a Notice of Change Form (Appendix V) to SCO.
- Pursuant to RTC [3375](#), submit a Notice of Change Form (Appendix V) to SCO as soon as possible, but not later than **60 days** after processing notice of the following:
  1. A transfer of ownership or changes to the mailing address of the PTP claimant; or
  2. Death of the claimant.
- Notify SCO of any changes to the Assessor's Parcel Number or any other changes that may affect the PTP property.

## **SECTION 5: COUNTY RECONCILIATION**

To ensure compliance with RTC [3375](#), annual comparison and reconciliation between SCO and county records is imperative to determine that all properties with valid PTP liens are identified and account records are correct. As the PTP program is self-funded, it is also crucial that all collection triggers have been accurately reported to and recorded by SCO for the pursuance of collection activities.

SCO will annually notify both the County Tax Collectors and the County Assessors of all properties within their respective counties that possess valid PTP liens (or security agreements, for manufactured homes) for the purpose of reconciling accounts. This notification (Appendix VI) will be provided through an Excel file and emailed to all the PTP contacts County Tax Collectors and Assessors have identified within their offices.

Counties will have **30 days** to review, confirm, and report back to SCO through the same Excel file any discrepancies or changes. Counties must review the information for each property to confirm its accuracy and/or report any discrepancies or updates.

### ***County Tax Collector Responsibilities***

- Review each individual PTP property and verify the accuracy of the following information:
  1. The county APN/parcel number
  2. The property owner(s) of record
  3. The situs address of the property
  4. Whether the property has become tax defaulted and the years of default
  5. Whether the claimant has been determined to be deceased
- Ensure that all properties SCO has listed with a valid PTP lien are currently identified on the county record.
- Notify SCO of any properties that have any collection triggers pursuant to RTC [3375](#) or properties that contain incorrect information.

### ***County Assessor Responsibilities***

- Review each individual PTP property and verify the accuracy of the following information:
  1. The county APN/parcel number
  2. The property owner(s) of record
  3. The situs address of the property
  4. Whether the claimant has been determined to be deceased

- Ensure that all properties SCO has listed with a valid PTP lien are currently identified on the county record.
- Notify SCO of any properties that have any collection triggers pursuant to RTC [3375](#) or property records containing incorrect information.

## **SECTION 6: TAX DEFAULTED LAND SALES**

### **Minimum Bid**

Pursuant to RTC sections [3698.5](#), [3698.7](#), and [3793.1](#) beginning September 28, 2014, the minimum price at which a property with a PTP lien may be offered for tax sale must include the outstanding balance of any PTP lien.

### ***County Tax Collector Responsibilities***

- Determine whether any of the properties in an upcoming tax sale have a PTP lien. If so, contact SCO for a projected balance due as of the expected date of the sale.

Include the PTP lien amount in the minimum bid proposal submitted to the Board of Supervisors for approval.

When a PTP lien is placed on a property, it remains in effect even if the claimant dies, transfers the property, or is able to discharge his or her debts in bankruptcy. The Tax Collector is obligated to treat the PTP lien as prior to the transfer. Therefore, if the property is transferred from the PTP claimant to another person without the lien being satisfied and that person defaults on the property taxes, resulting in a tax defaulted land sale, the outstanding PTP balance must be included in the minimum bid. Statute does not require the name of the person who defaults to match the name of the PTP claimant.

- **Reducing the Minimum Bid** – Properties must be offered at the minimum bid, including the full PTP lien amount, at least once prior to the Tax Collector reducing the price.

### **Distribution of Proceeds**

RTC [4673.1](#) provides the distribution of proceeds to the SCO for outstanding balances on PTP liens. The distribution is not conditioned on the inclusion of PTP amounts in the minimum bid.

## County Tax Collector Responsibilities

- RTC [4673.1](#) (a) (1), (2), and (3) establishes a three-step, sequential process if the total amount owed is not received:
  1. A pro rata share to the assessment funds;
  2. If fully paid, then a pro rata share to the tax funds; and
  3. If there are any remaining proceeds, to SCO's PTP balance.

As the amount received is prorated among the assessment funds and then the tax funds, SCO will only receive funds if the tax funds are first fully reimbursed.

After a tax defaulted land sale, the PTP lien is extinguished due to the foreclosure of a senior lien. Although the lien is eliminated, the personal liability of the claimant is not affected. If SCO does not receive the full balance of the PTP lien from the proceeds of the tax defaulted land sale, SCO's only recourse is to seek collection of the outstanding PTP balance from the claimant.

- Due to the inclusion of PTP balances in RTC [4673.1](#) the County Tax Collector is obligated to pay SCO the outstanding PTP balance as soon as practicably possible after receiving proceeds from the sale. The County Tax Collector is not authorized to delay the distribution of proceeds for the PTP balance, despite the possibility of a rescission following a tax defaulted land sale.

In the event a county delays the distribution of proceeds due on outstanding PTP balances longer than necessary, SCO is obligated by law to require the County Tax Collector to pay the State pursuant to GC [12419](#). This section requires that any money belonging to the State be rendered within the specified timeframe, and upon failure to do so, requires SCO to assess damages and interest.

- Should a rescission occur after the proceeds have already been distributed to SCO for the outstanding PTP balance, the proceeds will remain with SCO as the repayment of the PTP balance has been fulfilled. Once the balance on a PTP account is repaid, there is no provision nor appropriation under current law that allows SCO to issue a refund.

## **SECTION 7: APPENDICES**

- Appendix I: Sample Application Booklet*
- Appendix II: Sample County Status Report*
- Appendix III: Sample Remittance Advice and Record Layout*
- Appendix IV: Sample Notice of Lien*
- Appendix V: Sample Notice of Change Form*
- Appendix VI: Sample County Reconciliation Report*