OREGON DEPARTMENT OF REVENUE

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Property Tax Deferral for Disabled and Senior Homeowners

As a disabled or senior homeowner, you can borrow from the State of Oregon to pay your property taxes to the county.

How does the program work?

If you qualify for the program, Oregon Department of Revenue will pay your county property taxes on November 15 of each year. To participate, you must file an application with the county assessor either by April 15, or file late from April 16 to December 1 and pay a fee.

A lien will be placed on your property and we will become a security interest holder. Upon disqualification or cancellation from the program, the following must be repaid in full before the lien or security interest on the property will be released:

- Your property taxes that have been paid by Department of Revenue.
- The accrued interest (6 percent annually).
- The cost of recording and releasing the lien.
- A $55.00 filing fee on manufactured structures.

How is the value of the lien on my property determined?

The lien amount is an estimate of future taxes to be paid and interest to be charged based on your current tax and life expectancy tables.

Who qualifies?

By April 15, you must meet all of the following requirements:

1. You must be either:
   - 62 years old or older, or
   - Disabled and receiving or eligible to receive federal Social Security Disability benefits.
2. You must own the property, and have a recorded deed in your name. **Your property held under an irrevocable trust or a life estate isn't eligible for the deferral program.**
3. You must have **both owned and lived** on the property for at least the last five years. If you lived away from the property due to medical reasons, you must attach a medical statement **on letterhead** from your healthcare provider. The letter must state that you are required to be away from the home for health-related reasons.
4. If you haven't lived in and owned your home for the last five years, you may still qualify for the program if you downsized. You must meet the following criteria:
   - **Your previous home was in the Property Tax Deferral program.**
   - The new home must have a lower real market value (RMV).
   - You must sell the old home and purchase the new home within a 1-year time frame.
   - You must not finance more than 80 percent of the purchase price of the new home.
   - You must satisfy the deferral lien on the prior homestead.

   If you meet these criteria, contact us and we will send you a supplemental worksheet.
5. You must have homeowners insurance that covers fire and other casualty.
6. Your household income must not exceed the annual limit (2022 limit is $51,000). Household income includes all taxable and non-taxable income of the applicant(s) and their spouse(s) that reside in the home for the prior calendar year.

7. Your net worth is less than $500,000. This doesn't include the value of the home under the Property Tax Deferral program or personal property.
8. Either:
   - You don't have a reverse mortgage, or
   - You were on the Property Tax Deferral program with a reverse mortgage prior to 2011 or you have acquired a reverse mortgage in years 2011-2016 (See Form OR-RMI for more details).
9. The real market value of your homestead as shown on the 2021-22 tax statement is less than the limit allowed by statute (see the table at www.oregon.gov/dor).

Joint owners

If you own the property with someone else, **all** owners must apply jointly and meet all the qualifications. These requirements don't apply to joint owners who are married. The spouse isn't required to apply, but must qualify for the program if they do apply.

Disabled applicants must provide a copy of their federal social security disability award letter. Joint owner(s) are still required to apply, but are not required to be disabled, or meet age requirements.

Surviving Spouse and Disabled Heirs

If one spouse applied and qualified for the program and the other spouse didn't apply, then if the active spouse on the program dies, the surviving spouse will need to reapply as a surviving spouse applicant to qualify and continue on the program.

If you obtained the homestead due to being a disabled heir and the prior owner had taxes deferred on the homestead, you may qualify to continue tax deferral for the homestead. You will need to apply as a disabled heir to qualify and continue on the program.

As a surviving spouse or a disabled heir that has inherited the home from a deceased participant, you are not required to have owned or lived in the home for the preceding 5 years. The number of years that the deceased participant owned and lived on the property will also be considered for your eligibility. You will need to apply for deferral by the next April 15th or within 180 days from the date of the deceased participant's death, whichever date is later. You will have 2 years from the date of the previous participant's death to obtain the recorded deed to the home.

Can I add someone to the deed or title?

Contact us if you would like to add someone to the deed or title of the property while you're in the deferral program. Adding someone other than your spouse or registered domestic partner may cause your property to be disqualified

Do I qualify if I owe delinquent taxes?

Yes, you may have current and future taxes deferred, but you'll still be responsible to pay any delinquent taxes and interest to your county.

Can my delinquent property taxes be paid by the state under the deferral program?

No. However, if you qualify for deferral, you may apply for a *Delay of Foreclosure* with your county for your delinquent county taxes. A *Delay of Foreclosure* may only be used for real property taxes. It doesn't apply to taxes on floating homes and manufactured structures that are considered personal property. If approved by the county, the *Delay of Foreclosure* prevents the county from foreclosing while you're under the Property Tax Deferral program. It doesn't prevent your mortgage company from foreclosing.

What if I have a mortgage?

If approved for deferral, notify your mortgage company that the State of Oregon will be paying your property taxes through the deferral program. If your mortgage company holds funds to pay the taxes (escrow account), you will need to send them a copy of your deferral approval letter with a letter requesting that the escrow account not pay the property tax (ORS 311.676).

Real market value (RMV) limitation

Your home must be under the RMV limitation for your county or the RMV minimum cap amount of $250,000, whichever is greater. The limitation is based on the median value of residential homes in your county and the number of years you have continually owned and lived in the home.

The county median RMV is determined by the county assessor's office each year. To view the RMV by county, visit www.oregon.gov/dor/deferral.

The prior year's RMV of your home (as shown on your 2021–22 tax statement) is used to determine if you meet this qualification.

Homestead in multi-unit building

If your homestead is a multi-unit building, only the portion of the building that you live in, and the tax lot that it is on, will qualify for tax deferral.

May I have property tax deferral and a veteran's exemption?

Yes; see *Disabled Veteran or Surviving Spouse Property Tax Exemption* for more information at www.oregon.gov/dor/forms.

Do I need to apply for deferral each year?

No, but every two years after you're approved, you'll need to certify that you still meet all of the qualifications. When it's time to recertify, we'll send you a recertification application.

What is the difference between inactivation and disqualification?

A person is **inactivated** from the deferral program if they fail to recertify when requested or they no longer meet program eligibility requirements. The deferral balance **doesn't** become due at that time. The property owner is then responsible for paying the property tax.

An inactivated person may be able to reinstate their account by reapplying for the program. Applications are accepted January 1 through April 15 each year.

A person is **disqualified** from the deferral program if they move, change home ownership, or die. The disqualified person is removed from the deferral program and the deferral balance is due. A person that has been disqualified can only be reinstated if they pay off the prior lien balance in full.

Can payments be made on the account?

Yes. You may pay all or part of your deferral account and continue to defer current and future property taxes. Others (relatives or friends) may also make payments on your account. Third party payments may be objected to in writing. If your account is inactive, the lien will be released from your property when the account is paid in full.

Make your payments to Department of Revenue. **Payments are applied first to accrued interest, then to past deferred taxes, and then to fees.**

How do I cancel?

To cancel is to voluntarily quit the deferral program. You'll need to submit a *Deferral Cancel Statement* to us, available at www.oregon.gov/dor/forms. Once your account is cancelled, you'll be responsible for paying your property taxes. However, if you cancel between September 1 and November 15, we will pay this year's taxes. We won't release the lien until the deferral tax amount is paid back.

Disqualifying events (ORS 311.684)

When any of the following events occur, your account will be disqualified, and you must pay the deferred taxes, plus 6 percent interest, and fees by August 15 of the following calendar year:

- The property is sold **or** changes ownership. **Example:** You add your children to the deed.
- The applicant moves permanently from the property for non-medical reasons.
- The applicant dies.
- The property is moved out-of-state (manufactured structures or floating homes). When this occurs, the total balance becomes due five days prior to the move.

Will my heirs be liable for the debt?

Yes. Heirs or other transferees may become personally liable for the debt. A transferee is anyone who inherits or receives any benefits from the property following the death of the deferral participant and disqualification of the property from the program. We will collect the existing loan balance from them.

Important dates

January 1 to April 15—Applications accepted at the counties.

April 16 to December 1—Late filing Applications accepted at the county with late filing fee. (Surviving spouses or disabled heirs are asked to contact the deferral unit for their filing deadline.)

July 1—Liens attach to the newly-approved properties.

August 31—Last day to notify us that you don't want us to pay your property taxes.

November 15—Property taxes are paid to the county.

December 15—Annual statements are sent to participants.

Do you have questions or need help?

Deferral Unit
www.oregon.gov/dor/deferral
503-945-8348 or Fax 503-945-8737
Email: deferral.unit@oregon.gov

General tax information
www.oregon.gov/dor
503-378-4988 or 800-356-4222
Email: questions.dor@oregon.gov

Contact us for ADA accommodations or assistance in other languages.

Household income

Household income includes all income of the applicant(s) and their spouse(s) residing in the home, both taxable and non-taxable. Here are common sources of income for you to include on the household income worksheet.

Alimony

Annuities

*Business income, including rental income and farm income (reduced by expenses)

*Capital losses (in year determined)

Child support

Clergy's rental or housing allowance, in excess of expenses claimed to determine federal AGI

Compensation for services performed
- Back pay
- Bonuses
- Commissions
- Severance pay
- Tips
- Wages

Deferred compensation

Disability income (entire amount)

Dividends, taxable and nontaxable

*Estate and trust income (also see Inheritance)

Fellowships

Gains on sales (receipts less cost)

Gambling winnings

Gifts and grants (if combined more than $500)

Hobby income

Individual Retirement Arrangement (IRA) payments received

Inheritance

Insurance proceeds
- Accident and health (except reimbursed medical expense)
- Disability payments
- Employee death benefits
- Life insurance
- Personal injury damages (less attorney fees)
- Property damage if included in federal income
- Sick pay (employer sickness and injury pay)
- Strike benefits
- Unemployment compensation
- Workers' compensation

Interest, taxable and nontaxable

*Losses on sales (to extent used in determining adjusted gross income)

Lottery winnings

Lump-sum distribution (less cost recovery)

Military and veteran's benefits (taxable and nontaxable)

Pensions (taxable and nontaxable)

Prizes and awards

Railroad Retirement Act benefits (see Social Security and Railroad Retirement Act benefits)

Retirement benefits (see pensions, Social Security, and Railroad Retirement Act benefits)

Sales (see gains on sales and losses on sales)

Scholarships (excess over $500)

Sick pay

Social Security and Railroad Retirement Act Benefits (taxable and nontaxable)
- Children's benefits paid to parent
- Disability pension
- Medicare premiums deducted from Social Security
- Old-age benefits
- Supplemental Security Income
- Survivor benefits

Trust income

Unemployment compensation

Wages

Welfare benefits
- Aid to blind and disabled
- Child care payments
- Child support included in welfare
- Direct payments to nursing home
- Old-age assistance
- Temporary Assistance for Needy Families (TANF)

*Net losses limited to $1,000.