

ASSESSOR'S DATE STAMP

Conditional Rescission of Principal Residence Exemption (PRE)

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 on or before June 1 or November 1 of the first year the exemption is claimed. This form must be submitted to the assessor annually on or before December 31 to verify the property still complies with the conditional rescission requirements in order to receive the exemption for the following year. This form is not valid unless certified by the assessor (in Part 5). Use a separate form for each property tax identification number.

Mail the completed form (Parts 1 through 4) and necessary documentation to the assessor for the city or township in which the property is located. The assessor's address may be on the most recent tax bill or assessment notice. Do not send this form directly to the Department of Treasury. If you have any questions, visit the Treasury Web site at www.michigan.gov/PRE or call (517) 373-1950.

PART 1: CONDITIONAL RESCISSION TYPE			
Check the box that corresponds to your conditional rescission (check one box only)			Applicable Tax Year (yyyy)
<input type="checkbox"/> Initial Request	<input type="checkbox"/> Second Year Annual Verification	<input type="checkbox"/> Third Year Annual Verification	
PART 2: PROPERTY INFORMATION (Prior Principal Residence for which the applicant is claiming a Conditional Rescission.)			
Street Address of Property		Property Tax Identification Number	
Township or City Name (Check appropriate box, write in name)		ZIP Code	County
<input type="checkbox"/> Township	<input type="checkbox"/> City		
Owner's First and Middle Names	Owner's Last Name	Owner's Social Security No.	Owner's Daytime Phone No.
Co-owner's First and Middle Names	Co-owner's Last Name	Co-owner's Social Security No.	Co-owner's Daytime Phone No.
Is the property currently for sale?		Do you or anyone else currently occupy/live in the home located on the property?	
<input type="checkbox"/> Yes <input type="checkbox"/> No		<input type="checkbox"/> Yes <input type="checkbox"/> No	
If yes, enter an MLS listing or provide other proof that the property is currently for sale.		Is the property currently leased?	
		<input type="checkbox"/> Yes <input type="checkbox"/> No	
When was the property listed for sale? (mm/dd/yyyy)		Is the property used for any business or commercial purpose?	
		<input type="checkbox"/> Yes <input type="checkbox"/> No	
PART 3: CURRENT PRINCIPAL RESIDENCE (Attach a current tax bill and PRE Affidavit (Form 2368) for the current PRE.)			
To where did the owner(s) move? (Provide a complete address.)		County	
		Property Tax Identification Number	
Date Current Principal Residence Purchased (mm/dd/yyyy)		Date Property First Occupied as Principal Residence (mm/dd/yyyy)	
PART 4: OWNER CERTIFICATION			
<i>I certify, under penalty of perjury, that the information provided on this document is true and correct to the best of my knowledge.</i>			
Owner's Signature		Date	
Co-owner's Signature		Date	
Owner's Current Mailing Address		City	State ZIP Code
PART 5: ASSESSOR'S CERTIFICATION — FOR LOCAL GOVERNMENT USE ONLY			
Did the assessor approve or deny the Conditional Rescission?		What is the year the Conditional Rescission will be posted to the tax roll? (yyyy)	
<input type="checkbox"/> Approved <input type="checkbox"/> Denied (Attach a copy of the Local Unit Denial (Form 2742).)		_____	
<i>I certify that, to the best of my knowledge, the information contained in this form is complete and accurate.</i>			
Assessor's Signature		Date Certified by Assessor (mm/dd/yyyy)	

Instructions for Form 4640

Conditional Rescission of a Principal Residence Exemption (PRE)

This form enables a person who has established a new principal residence to retain a PRE on property previously exempt as the owner's principal residence. The conditional rescission allows an owner to receive a PRE on his or her current Michigan property and on previously exempted property simultaneously if certain criteria are met. An owner may receive the PRE on the previous principal residence for up to three years if that property is not occupied, is for sale, is not leased, and is not used for any business or commercial purpose.

PART 1: CONDITIONAL RESCISSION TYPE

To initially qualify for a conditional rescission, this form must be filed with the assessor for the city or township on or before June 1 (beginning with the summer tax levy) or November 1 (beginning with the winter tax levy) of the first year of the claim. The owner must annually resubmit this form on or before December 31 to verify to the assessor that the property for which the PRE is retained continues to meet the conditional requirements listed in the above paragraph. Submit a separate Form 4640 for each exemption being conditionally rescinded. If the property was receiving a partial exemption, the partial exemption will be maintained during the conditional rescission.

- Check the "Initial Request" box if this is the first year of the conditional rescission (on or before June 1 or November 1 of the year of the claim).
- Check the "Second Year Annual Verification" box if verifying the property still complies with the conditional rescission requirements for the second year (on or before December 31 of the year prior to the second year).
- Check the "Third Year Verification" box if verifying the property still complies with the conditional requirements for the third year (on or before December 31 of the year prior to the third year).
- Provide the applicable tax year of the conditional rescission.

For example, on October 1, 2012, the initial request for a conditional rescission, check the "Initial Request" box and enter tax year 2012. In the same example, to retain a PRE for a second year, resubmit this form by December 31, 2012, check the "Second Year Annual Verification" box, enter tax year 2013, and verify the conditional requirements are met for the second year. You must submit this form again by December 31, 2013 to retain a PRE for a third year, check "Third Year Annual Verification" box, enter tax year 2014, and verify the conditional requirements are met for the third year.

If the owner does not annually verify to the assessor, or the assessor finds the property does not meet these conditional requirements, the assessor shall deny the PRE on that property.

PART 2: PROPERTY INFORMATION

The questions listed in Part 2 are very important in determining eligibility for the conditional rescission. These questions must be answered truthfully and to the best of the owners' knowledge. Failure to answer these questions may result in processing delays of the conditional rescission and/or result in a subsequent denial.

All of the information in Part 2 must be provided to the assessor to process your conditional rescission.

- Property is identified with a property tax identification number. This number will be found on your tax bill and on your property tax assessment notice. Enter this number in the space indicated. If you cannot find this number, call your township or city assessor. Your property number is vital; without it, your township or city cannot adjust your property taxes accurately.
- Enter the complete property address of the exemption you are rescinding.
- Enter the name of the township or city in which the property is located and check the appropriate box for city or township. If you live in a village, list the township in which the property is located.
- Enter the owner and co-owner's complete name. Do not include information for a co-owner who did not occupy the property.
- Enter the Social Security Number(s) of the legal owner(s). The request for the Social Security Number is authorized under section 42 USC 405 (c) (2) (C) (i). It is used by the Department of Treasury to verify tax exemption claims and to deter fraudulent filings. Any use of the number by closing agents or local units of government is illegal and subject to penalty.
- Enter the daytime phone number of the owner(s). This number is important because the assessor may need to contact the owner(s) to verify information in order to process the conditional rescission.

PART 3: CURRENT PRINCIPAL RESIDENCE

Provide complete information regarding your current principal residence. You must attach a copy of your tax bill and PRE Affidavit for your current principal residence.

PART 4: OWNER CERTIFICATION

The form must be signed and dated by the owner(s) listed in Part 2. Provide the owner's current and complete mailing address.

PART 5: ASSESSOR'S CERTIFICATION — LOCAL GOVERNMENT USE

This form is not valid unless certified by an assessor. The assessor must verify that the conditional rescission complies with the law, approve or deny the conditional rescission, and attach a copy of the *Local Unit Denial* (Form 2742), if denying. The assessor also must provide the year the conditional rescission will be posted to the tax roll.

INTEREST AND PENALTY

If it is determined that the claimed property was not the owner's principal residence, or the conditional requirements are not met, the owner(s) may be subject to additional tax plus penalty and interest as determined under the General Property Tax Act.

Conditional Rescission of Principal Residence Exemption (PRE) Frequently Asked Questions

Issued under the authority of Public Act 206 of 1893, as amended.

1. What is a conditional rescission?

A conditional rescission allows an owner to receive a PRE on his or her current property and on previously exempted property simultaneously if the previous principal residence (all must apply):

- is not occupied
- is for sale
- is not leased
- is not used for any business or commercial purpose.

2. How do I apply for a conditional rescission?

To apply for a conditional rescission, the owner must submit a *Conditional Rescission of Principal Residence Exemption (PRE)* (Form 4640) to the assessor for the city or township in which the property is located on or before June 1st or November 1st of the first year of the claim. Form 4640 can be found at www.michigan.gov/PRE or obtained from your local assessor. For example, to qualify for a PRE in 2012 under a conditional rescission, the form must be submitted on or before June 1 (beginning with the summer tax levy) or November 1 (beginning with the winter tax levy) of the first year of the claim.

3. How long is a conditional rescission effective?

An owner may receive the PRE on the previous principal residence for up to three years if the property is not occupied, is for sale, is not leased, and is not used for any business or commercial purpose. The owner must annually submit Form 4640 on or before December 31 to verify to the assessor that the property for which the PRE is retained is not occupied, is for sale, is not leased, and is not used for any business or commercial purpose. For example, if an owner received a PRE in 2013 by submitting Form 4640, he or she would have to submit another Form 4640 on or before December 31, 2013, to qualify for a PRE in 2014.

4. Do the *Request to Rescind Principal Residence Exemption (Form 2602)* and Form 4640 both need to be filed?

No. If the conditional rescission requirements are met, Form 4640 would take the place of Form 2602.

5. If Form 2602 was filed in early 2013 and the exemption was removed effective for the 2014 tax year, can an owner submit Form 4640 and receive the PRE under a conditional rescission beginning for the 2014 tax year?

The owner may receive a PRE for the 2014 tax year if the Form 4640 is submitted by June 1 (beginning with the summer tax levy) or November 1 (beginning with the winter tax levy) of the first year of the claim, and the conditional rescission requirements are met. If the assessor determines the property qualifies for a PRE under a conditional rescission, the assessor would put the PRE back on the tax roll for the 2014 tax year the same as if an affidavit is filed for a new PRE.

6. Can the property be for sale by owner?

Yes.

7. Can I qualify for a conditional rescission if I was receiving a 60% PRE on my property since I rent out the other 40%?

The 60 percent that qualified for a PRE must not be occupied, must be for sale, must not be leased, and must not be used for business or commercial purposes. The property would qualify only for the 60 percent. Subsection (5) of MCL 211.7cc states that the "owner may retain an exemption for not more than three tax years on property previously exempt as his or her principal residence..." (Emphasis added). Therefore, a taxpayer would be able to retain the 60 percent if all other requirements are met. In addition, if a taxpayer is receiving 100 percent PRE and then rents out 60 percent, he or she would not qualify for a conditional rescission since he or she is not retaining the 100 percent exemption previously exempt as his or her principal residence.

8. If an owner misses the June 1 or November 1 deadline for the initial request or the December 31 deadline for the second or third year request, can the Board of Review reinstate the PRE under a conditional rescission?

The Board of Review has no authority with regard to a conditional rescission and cannot institute a conditional rescission on behalf of an owner if a deadline is missed or for previous tax years. Specific deadlines were included in the statutory language which did not address missed deadlines in subsection (19) of MCL 211.7cc. Subsection (19) specifically states "An owner who

owned and occupied a principal residence on June 1 or November 1 for which the exemption was not on the tax roll may file an appeal...” The inherent nature of a conditional rescission does not meet the requirements of subsection (19) since the property is not occupied by the owner.

9. Does a conditional rescission apply to homes in foreclosure where the bank has taken possession but where the home is vacant and for sale?

Subsection (5) of MCL 211.7cc allows a land contract vendor, bank, credit union, or other lending institution (foreclosure entity) to retain a PRE on foreclosed property by filing a foreclosure entity conditional rescission (Form 4983) with the local tax collecting unit on or before June 1 or November 1 provided that the property meets the following requirements:

- The foreclosure entity must be a land contract vendor, bank, credit union, or other lending institution. The foreclosure entity must own the property as a result of a foreclosure or forfeiture, or through deed or conveyance in lieu of a foreclosure or forfeiture.
- The property must have been subject to a PRE immediately preceding the foreclosure or forfeiture.
- The property cannot be occupied.
- The property must be for sale.
- The property cannot be leased to any person other than the person who claimed the PRE immediately preceding the foreclosure or forfeiture.
- The property must not be used for any business or commercial purpose.
- The foreclosure entity must pay to the tax-collecting unit an amount equal to the amount of taxes that the foreclosure entity would have paid if the property were not subject to a PRE and must pay an administration fee equal to the property tax administration fee imposed under Section 44 of the General Property Tax Act.
- The foreclosure entity must annually verify the foreclosure entity conditional rescission by December 31st.

In addition, in accordance with subsection (5) MCL 211.7cc, if a land contract vendor, bank, credit union, or other lending institution transfers ownership of the property for which an exemption is retained under this subsection, that land contract vendor, bank, credit union, or other lending institution shall rescind the exemption as provided in this section and shall notify the treasurer of the local tax collecting unit of that transfer of ownership. If a land contract vendor, bank, credit union, or other lending institution fails to make the payment required under this subsection for any property, the local tax collecting unit shall deny that conditional rescission and that denial is retroactive and is effective on December 31st of the immediately preceding year.

10. If a property is available for lease but is not for sale, does it qualify for a conditional rescission?

No. The property must be for sale. It may also be available for lease, but once the property is leased, it does not qualify. If a property is receiving a PRE under a conditional rescission, the local tax collecting unit shall deny the conditional rescission effective on December 31st of the year immediately preceding the year in which the property is leased. For example, if a person is receiving a PRE in 2013 under a conditional rescission and then leases the property in September 2013, the conditional rescission shall be denied effective December 31, 2012, resulting in the PRE being removed for the 2013 tax year.

11. If I leased my home for a period of time after it was no longer my principal residence but now it is not occupied, is for sale, is not leased, and is not used for any business or commercial purposes, can I qualify for a PRE under the conditional rescission requirements?

No. Once the property is leased, the opportunity to receive a conditional rescission is no longer available.

12. If I am granted a conditional rescission, but I now occupy my home, it's not for sale, it's leased, or it's used for business or commercial purposes, can I still qualify for the conditional rescission?

No. If property subject to a conditional rescission is occupied, leased, or used for any business or commercial purposes, the local tax collecting unit shall deny that conditional rescission and that denial is retroactive and is effective on December 31st of

the year immediately preceding the year in which the property subject to the conditional rescission is occupied, leased or used for business or commercial purposes.

- 13. If I move to an apartment that I rent and my previous principal residence, which I own, is for sale, is not occupied, is not leased, and is not used for any business or commercial purposes, would I qualify for a PRE under the conditional rescission requirements?**

No. The owner of the property must be eligible for and claim an exemption for his or her current principal residence. A person renting an apartment is not eligible for a PRE.

- 14. If I move to another state, can I qualify for a PRE under a conditional rescission?**

No. If a person moves to another state, he or she would not qualify for a PRE since an exemption, as defined in MCL 211.7cc, cannot be claimed.

- 15. Can the estate of an owner qualify for a PRE under a conditional rescission?**

No. In order to qualify, the owner of the property must be eligible for and claim an exemption for his or her current principal residence and have occupied the previously exempted property as his or her principal residence. A deceased person cannot be eligible for and claim an exemption on a current principal residence. In addition, if the beneficiaries did not occupy the previously exempted property as their principal residence, they would not qualify for a PRE under a conditional rescission.

- 16. Does an unoccupied parcel that was contiguous to the previous principal residence and thus was receiving a PRE, qualify for a PRE under a conditional rescission?**

Yes. As the statute states, the "...owner may retain an exemption...on property previously exempt as his or her principal residence..." (Emphasis added). However, the contiguous parcel must not be occupied, must be for sale, must not be leased and must not be used for any business or commercial purpose.

- 17. As an assessor, what do I do with the completed Form 4640 after I have reviewed it for accuracy and have done due diligence to ensure the property qualifies for a conditional rescission?**

Form 4640 must be submitted to the Michigan Department of Treasury on a quarterly basis, or at the same time as when other PRE related forms are sent to the Michigan Department of Treasury. It is recommended that the assessor keep a copy of each Form 4640 for comparison during the annual renewal of the conditional rescission.

- 18. What responsibility does an assessor have to ensure the accuracy of a submitted Form 4640?**

The owner(s) is certifying the information on the form upon signing the form. However, an assessor has the responsibility to do due diligence to verify the conditional rescission requirements are met as when any other PRE related form is submitted.

- 19. If I was issued a denial notice by the local assessor, county treasurer or the Department of Treasury, am I eligible to receive a conditional rescission?**

A property owner who had the PRE on the prior principal residence denied or removed by an assessor, county treasurer, the Michigan Department of Treasury, Board of Review, or Michigan Tax Tribunal (MTT), the property is not eligible for a conditional rescission and the Board of Review does not have authority to hear an appeal. However, a property owner who voluntarily rescinded the exemption of the prior principal residence within 90 days of changing residences, as required by statute, may be eligible for a conditional rescission.

- 20. I rescinded my PRE on my prior residence within 90 days of changing residences, as required by statute, am I eligible to receive a conditional rescission?**

A property owner who voluntarily rescinded the exemption of the prior principal residence within 90 days of changing residences, as required by statute, may be eligible for a conditional rescission.

- 21. The assessor denied my conditional rescission request, what are my appeal rights?**

A denial is issued in accordance with subsection (6) of MCL 211.7cc. Therefore, an owner has appeal rights to the Michigan Tax Tribunal as detailed in subsection (6).