

# DIVORCE FINANCIAL ADVISING UPDATE

January 2017



**Thea Glazer,**  
CFP®, CDFA™  
MS Accounting  
Trained in  
Collaborative Divorce

Offices in San Diego  
and Laguna Hills, CA

## Propositions 60 And 90: Home Reappraisal Exclusion Program For Seniors

Proposition 60 and 90 programs provide a one-time property tax relief for seniors by preventing a property valuation increase when they sell a home and purchase another home of equal or lesser value.

**Q: What kind of property qualifies?**

**A:** Owner occupied principal residence only

**Q: Who qualifies?**

**A:** A property owner who is at least age 55. For married couples, only one spouse needs to be 55.

**Q: How does it work?**

**A:** The property owner files an application. If approved, the Assessor transfers the factored base value of the residence that is being sold to the replacement residence. The factored value is the cumulative value of the base year value plus maximum 2% annual increases for inflation.

**Q: What is the difference between Prop 60 and Prop 90?**

**A:** Prop 60 requires that the replacement residence be in the same county as original residence. Prop 90 allows transfer of the tax base from one county to another if the county in which the replacement residence is located allows the transfer.

**Q: Can more than one person use the exclusion?**

**A:** No. It is only available to be used by one person.

**Q: Are there time limits?**

**A:** Yes. The replacement home has to be bought within two years of selling the original property.

**Family Law Considerations.** Since only one party can use the exclusion, if a couple is divorcing and selling the marital residence, who gets the Prop 60 or 90 exclusion? I have spoken with the Assessor and was told that if a way to apportion the exclusion between the parties was proposed, his office would consider it. Clearly that will entail complexities in order to limit the County's loss of property tax revenue. Assuming this doesn't happen in the near future, the exclusion can be a negotiating point. **If it is decided who will utilize the exclusion, I recommend including it in the MSA.**

**Have Questions? Need help? Call or e-mail me!**