

WFG Underwriting Bulletin



To: All WFG Policy Issuing Agents; All WFG Title Examiners and Officers
From: WFG Underwriting Department
Date: May 1, 2020
Bulletin No.: NB-2020-10
Subject: Claims Warning – Deferred Taxes

We've recently seen a number of claims in which the examiner did not pick up or understand that property taxes had been deferred. Needless to say, our new insured owner did not appreciate receiving a bill for back taxes which had accrued over many years.

A number of states, including those listed in the attachment, allow all or some portion of the property taxes owed on a property to be deferred. Various age, income and disability criteria apply, and these differ by state. The common element is that unlike a tax exemption or a valuation "freeze," the full amount deferred becomes due and payable when the home changes hands or the owner otherwise ceases to qualify for the deferral.

Unfortunately, tax deferrals can be hard to find. You have to carefully review the tax rolls and your tax certificates to find these deferred taxes, or other issues that might cause a "rollback" or retroactive charge. When in doubt, or something doesn't seem right – like a zero-dollar tax bill from prior years – contact the taxing authority to determine if there are deferred taxes (or rollbacks) and allocate between the parties in accord with their purchase contract.

The summary in the attached table was updated as of 2-15-20. Tax laws change regularly around the county so you must be looking for these issues everywhere.

This bulletin does not discuss the recapture or "roll-back" of tax discounts or deferrals allowed based on the use of the property, such as agricultural use, forests, open space and the like. In some states those discounts can also be retroactively recaptured or "rolled back" upon a change in use.

If you have any questions please contact your WFG Underwriter.

NOTE: This Bulletin is for the sole purpose of establishing underwriting positions and policies reflecting WFG National Title Insurance Company's best business judgment. The information contained in this Bulletin is intended solely for the use of employees of WFG National Title Insurance Company, its title insurance agents and approved attorneys. Disclosure to any other person is expressly prohibited unless approved in writing by the WFG National Title Insurance Company's Underwriting Department. The Agent may be held responsible for any loss sustained as a result of the failure to follow the standards set forth above.

States with Tax Deferrals

Updated 2-15-2020

State	Qualifying Criteria
Arizona	70 and older, household income of \$10,000 or less, lived in their residence at least six years, lived in Arizona at least 10 years, property value of \$150,000 or less, and other tests
California	Age 62 and older, blind, or disabled
Colorado	Age 65 and older
District of Columbia	All ages
Florida	All ages Age 65 and older Age 70 and older
Georgia	Age 62 and older
Idaho	Age 65 or older, Minor Orphan, Widow or Widower, Disabled, Fmr POW, Blind
Illinois	Age 65 and older
Iowa	SSI recipients Age 65 and older
Maine	Age 65 and older
Maryland	Age 65 and older or disabled
Massachusetts	Age 65 and older
Michigan	Age 65 and older or disabled
Minnesota	Age 65 and older Age 65 and older or disabled
New Hampshire	Age 65 and older or disabled
North Dakota	Age 65 and older or disabled
Oregon	Age 62 and older or a person with a disability as of April 15 of the calendar year in which the claim is filed Age 62 and older Taxpayer whose land is situated in a disaster area and whose land is adversely affected by the disaster Taxpayer owning land within an exclusive farm use zone that is used exclusively for farm use Taxpayer owning land not within an exclusive farm use zone but that is being and has for the two preceding years been used exclusively for farm use Taxpayer owning land in western Oregon that is being held or used for the predominant purpose of growing and harvesting trees of a marketable species

State	Qualifying Criteria
	<p>and has been designated as forestland or land in western Oregon, the highest and best use of which is the growing and harvesting of such trees.</p> <p>Taxpayer owning land in eastern Oregon that is being held or used for the predominant purpose of growing and harvesting trees of a marketable species and has been designated as forestland or land in eastern Oregon, the highest and best use of which is the growing and harvesting of such trees.</p> <p>Taxpayer owning land that meets the definition of forestland in western Oregon (ORS 321.257) or eastern Oregon (ORS 321.805) and that qualifies as small tract forestland under ORS 321.700-321.754 (less than 5,000 acres of forestland plus other specified requirements).</p>
Pennsylvania	65 and older or 18 +disabled or 50 +widow(er)
South Dakota	Age 70 and older
Tennessee	Age 65 and older, disabled, disabled vet, in some cases low income households (\$12k income cap)
Texas	Age 65 and older
Utah	Age 65 and older or disabled
Virginia	Age 65 and older or disabled Discounted rates for agricultural use, horticultural use, forest use, and open space can be retroactively recovered in Rollback taxes upon a change in use pursuant to VA Code §58.1-3237
Washington	Age 60 and older or retired from regular gainful employment by reason of disability as defined in RCW 84.36.383 or a surviving spouse age 57 or older of a person who received a deferral An owner of open space land, farm or agricultural land, or timber land, as defined in RCW 84.34.020
Wisconsin	Age 65 and older or disabled
Wyoming	Age 62 and older or disabled or persons who purchased their home prior to December 31, 1987