

Frequently Asked Questions (FAQs) About Deferred Special Assessments

What is a special assessment?

A *special assessment* is an assessment against real property calculated on a benefit or ad valorem basis. Special assessments are assessments for curbs, gutters, sewers, water, connection fees to sewers or water, sidewalks, street paving and drains. Special assessments DO NOT include charges for current service.

What is a homestead?

A *homestead* is a dwelling or a unit in a multiple-unit dwelling, owned and occupied as a home by the owner thereof, including all contiguous unoccupied real property owned by the same person. A homestead includes a dwelling and an outbuilding used in connection with a dwelling, situated on the lands of another.

Who is an owner?

An *owner* includes a person eligible for the special assessment deferment who is purchasing a homestead under a mortgage or land contract, or who owns a dwelling situated on the leased lands of another, or is a tenant-stockholder of a cooperative housing corporation.

What is household income?

Household income is the total income (taxable and nontaxable) of both spouses, or of a single person maintaining a household. It is the sum of your adjusted gross income (AGI) plus all income exempt or excluded from your AGI. Total household income includes wages, salaries, and tips; net income from a business, rent, or farm; Social Security less the amount deducted for Medicare premiums; Supplemental Security Income (SSI), Department of Human Services (DHS) and Family Independence Program (FIP) benefits; child support; alimony; unemployment, workers' and veterans' disability compensation; pension benefits; interest income; gifts and winnings in excess of \$300, and other sources of income for all individuals living in the household.

Does the household income change from year to year?

The household income, as defined above, is indexed by the Consumer Price Index every year. **The maximum household income an owner or owners can have in the year 2009 is \$21,147.**

What are the qualifications for obtaining a deferment?

To qualify for the special assessment deferment you or your spouse (if jointly owned) must:

- A. Be 65 years of age or older at the time this affidavit is filed (**Exception: If you or your spouse are totally and permanently disabled, the age requirement is waived by authority of Public Act 360 of 1978, as amended**)
- B. Have been a Michigan resident for five years or more and must have owned and occupied the homestead for five years or more
- C. Be a citizen of the United States
- D. Have a household income less than \$21,147 for the year 2009. Household income is the total income (taxable and nontaxable) of both spouses, or of a single person maintaining a household. It is the sum of your AGI plus all income exempt or excluded from your AGI. Total household income includes wages, salaries, and tips; net income from a business, rent, or farm; Social Security less the amount deducted for Medicare premiums; SSI, DHS and FIP benefits; child support; alimony; unemployment, workers' and veterans' disability compensation; pension benefits; interest income; gifts and winnings in excess of \$300, and other sources of income for all individuals living in the household
- E. Have a special assessment of \$300 or more
- F. If a mortgage or an unpaid balance on a land contract encumbers the homestead, a deferment of special assessments shall not be made without the written consent of the mortgagee or the land contract vendor. **The consent letter must state that the mortgagee or the land contract vendor understands that the lien by the State of Michigan is the 'First Lien' on the property.**

Who approves the deferment of special assessment?

The deferment application is initially made to the local assessing officer in the city or township where the property is located. After the local assessing officer verifies the information provided, it is forwarded to the Department of Treasury for processing. The Department will approve the application if all of the requirements are met.

What happens after the approval by the Department of Treasury?

After the application is approved, the Department sends a check to the local unit of government to pay off the special assessment. The Department records a lien on the property in favor of the State of Michigan.

What do I need to do to release the lien on the property?

The money advanced to pay off the special assessment by the Department is a loan to the owner of the property. Like any other loan from a bank, the loan carries an interest (at present, one-half of one percent per month). The loan has to be paid back to the State before the lien is released.

The deferred special assessment has to be paid back when the property is sold or transferred. If not paid, there is an additional one percent per month added to the interest, computed from the date of transfer. If the owner of the property dies, the loan needs to be paid within one year after the death.