



CHANGE OF OWNERSHIP

Tax Assessment Reappraisal

Joint Tenancy

Under this method of holding title, each owner holds the property jointly with the other owners. Upon the death of one owner(s), the property passes to the surviving joint tenant(s). For assessment purposes, the termination of joint tenancy (other than husband/wife or parent/child transfers) causes a reappraisal.

Tenancy in Common

Under this method of co-ownership, each owner owns a specific percentage of the property. At death, a tenant in common passes their interest in the property at their discretion. The transfer of a tenancy in common interest will cause a reappraisal, unless it is a husband/wife or parent/child transfer, but only for the percentage of interest in the property that has been transferred.

Legal Entities (Partnerships & Corporations)

Under this method, a reassessment occurs when there is a change in the controlling interest of the corporation or partnership. A controlling interest is defined as an interest greater than 50%. These changes in ownership are monitored and reported by the State Board of Equalization.

Death of Real Property Owner

Death is considered a change of ownership and the property can be reassessed as of the date of death for property tax purposes, unless the property is held in a Trust.

Trusts

In this method of holding title, there is only a reassessment if there has been a change of beneficial interest or control. For example, revocable trusts (i.e. living trusts) are not subject to reappraisal. Irrevocable trusts are reappraisable if the recipient or beneficiary is not the current owner.

Methods of Holding Title

A change in the method of holding title in itself does not cause a reappraisal. For example, if two equal partners incorporate, and each owns 50% of the corporate stock, no appraisal is required. In this case, the proportional ownership has not changed, only the method of holding title.

If you are interested in knowing how title is held on a particular property, please call your Upward Title Company Sales Representative.

Summary

Under Proposition 13, a reassessment takes place upon a change of ownership or transfer of title. It is always best to review any proposed ownership change with the Assessor's office in advance to determine any possible property tax consequences.

NOTE:

For transfers that are not required to be reappraised, taxpayers should have their escrow and or title company note on the document the appropriate exemption recital, i.e. parent to child.

This information may also be included on the Preliminary Change of Ownership Report (PCOR) which is filed with the deed. After the deed is recorded with the County Recorder, a Change of Ownership Statement (COS) form is mailed to the new owners within 30 days.

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