



(916) 445-3076

April 21, 1978

Dear

You asked whether property encumbered by a trust agreement could qualify for the homeowners' exemption. The property specifically asked about are in the following locations: (1) 1502 Stabler Lane, Yuba City, (2) 537 Bird Street, Yuba City, (3) 1010 Stewart Road, Yuba City, and (4) 4150 Butte House Road, Yuba City.

On April 9, 1975, the Board sent assessors a series of questions and answers on the homeowners' exemption (Assessors Letter No. 75/61). On page 9 of this letter appeared the following:

E4. May the exemption be applied where a deed absolute on its face is subject to an unrecorded trust agreement between a grantor and a grantee which grants a life estate and a right of revocation in the grantor?

Answer: YES. A well known religious organization has been deeded property in this manner. The grantor-beneficiary of the trust must sign the claim.

E5. May the homeowners' exemption be allowed on property where the trustor has created a revocable "living trust" and presently occupies the dwelling?

Answer: YES. This procedure is currently being followed to avoid probate proceedings upon the death of the trustor.

E6. May the homeowners' exemption be allowed on property where the trustor has created an irrevocable trust and presently occupies the dwelling?

Answer: YES.

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E7. Does the homeowners' exemption apply to property occupied by a beneficiary of a trust even though legal title may be held in trust by a bank?

Answer: YES. The occupant or the trustee could file the claim. The assessor should require the claimant to present a copy of the trust. The bank could file the claim on behalf of the beneficiary and sign as trustee of the property owned by the occupant beneficiary.

It appears to me that the issues you raised fall within the ambit of these questions and answers, and therefore, the exemption should be granted.

Very truly yours,

Robert D. Milam
Tax Counsel

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