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No. 2007/058

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TO COUNTY ASSESSORS:

CHANGE IN OWNERSHIP EXCLUSION – CERTIFICATE OF SALE

Assembly Bill 1020 (Stats. 2007, Ch. 277) states that the recordation of a certificate of sale on a foreclosed property that is subject to a right of redemption is not a change in ownership during the time period in which the right of redemption exists.

Effective January 1, 2008, Assembly Bill 1020 adds section 62.11 to the Revenue and Taxation Code and reads as follows:

Change in ownership does not include the recordation of a certificate of sale pursuant to subdivision (a) of Section 729.040 of the Code of Civil Procedure, relating to property sold subject to the right of redemption, for the period in which the right of redemption exists.

Section 729.040 of the Code of Civil Procedure requires that if property is sold subject to the right of redemption in a foreclosure proceeding, the levying officer who conducted the sale must record a "certificate of sale" with the county recorder at the time the purchaser pays the amount due in the sale. The information included on the certificate of sale must, in part, state that the property is subject to the right of redemption and indicate the applicable redemption period.

Section 62.11 makes clear that the recordation of a "certificate of sale" does not constitute a change in ownership for property tax purposes for the period in which the right of redemption exists. The exception to the meaning of "change in ownership" provided in section 62.11 is consistent with existing provisions in Property Tax Rule 462.120, which provides in part:

- (a) Mortgage or deed of trust foreclosed by judicial action is a sufficient change in ownership only:
 - (1) After the period of redemption has passed and property has not been redeemed, or
 - (2) Upon redemption when title vests in the original debtor's successor in interest.
- (b) Deed of trust foreclosed by trustee's sale shall cause a reappraisal as of the date the right of possession vests in the purchaser.

If you have any questions regarding this change in ownership exclusion, please contact our Technical Services Unit at 916-445-4982.

Sincerely,

/s/David J. Gau

David J. Gau
Deputy Director
Property and Special Taxes Department

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