
(a) LIFE ESTATES. The creation of a life estate in real property is a change in ownership at the time of transfer unless the instrument creating the life estate reserves such estate in the transferor or the transferor's spouse, pursuant to Revenue and Taxation Code section 63, or registered domestic partner, pursuant to Revenue and Taxation Code section 62, subdivision (p). However, the subsequent transfer of such a life estate by the transferor or the transferor's spouse or registered domestic partner to a third party is a change in ownership. Upon termination of such a reserved life estate, the vesting of a right of possession or enjoyment of a remainderman (other than the transferor or the transferor's spouse or registered domestic partner) is a change in ownership.

(b) ESTATE FOR YEARS. The creation of an estate for years for a term of 35 years or more in real property is a change in ownership at the time of transfer unless the instrument creating the estate for years reserves such estate in the transferor or the transferor's spouse, pursuant to Revenue and Taxation Code section 63, or registered domestic partner, pursuant to Revenue and Taxation Code section 62, subdivision (p). However, the subsequent transfer of such an estate for years by the transferor or the transferor's spouse or registered domestic partner to a third party is a change in ownership. Upon the termination of a reserved estate for years for any term, the vesting of the right to possession or enjoyment of a remainderman (other than the transferor or the transferor's spouse or registered domestic partner) is a change in ownership. The creation or transfer of an estate for years for less than 35 years is not a change in ownership.