



STATE OF MICHIGAN  
DEPARTMENT OF TREASURY  
LANSING

RICK SNYDER  
GOVERNOR

ANDY DILLON  
STATE TREASURER

**NOTICE CONCERNING PUBLIC ACT 114 OF 2012**

On May 1, 2012, Governor Snyder signed Public Act 114 of 2012 (2011 Senate Bill 349), which amended Section 211.7cc of Public Act 206 of 1893, the General Property Tax Act. The Act makes two significant changes:

- It establishes two deadlines by which a Principal Residence Exemption may be filed.
- It creates a new conditional rescission for “foreclosure entities.”

**Affidavit Deadline.** The deadline for a property owner to file a “Principal Residence Exemption (PRE) Affidavit” (Form 2368) for taxes levied after December 31, 2011, changed from May 1 to June 1, and a second deadline of November 1 was added. As a result, property owners that occupy a property as a principal residence and submit Form 2368 to the local tax collecting unit on or before June 1, 2012, may qualify for a PRE beginning with the 2012 summer tax levy. If a property owner occupies a property as a principal residence at any time from June 2, 2012 to November 1, 2012 and submits Form 2368 to the local tax collecting unit on or before November 1, 2012, that property owner may qualify for a PRE beginning with the 2012 winter tax levy. This dual deadline will continue throughout future tax years, but is not retroactive to previous tax years. **If the property is owned and occupied some time from May 2 to November 1, Public Act 114 does not allow the owner to go to the Board of Review if Form 2368 is not timely filed. Therefore, it is important that all assessors and local unit staff are aware of the change to help ensure timely filings.** Department of Treasury staff is working on updating Form 2368 to accommodate this change. Please continue to use the current version (Rev. 09-09) of Form 2368 until the updated form is available. For PRE forms, visit [www.michigan.gov/PRE](http://www.michigan.gov/PRE) and click on “PRE Related Forms.” The updated Form 2368 will be available in a few weeks under the “What’s New” section of the website.

**Foreclosure Entity Conditional Rescission.** The second change made by Public Act 114 is to allow a land contract vendor, bank, credit union, or other lending institution (foreclosure entity) to retain a PRE on foreclosed property by filing a foreclosure entity conditional rescission with the local tax collecting unit on or before June 1 or November 1 provided the property meets other statutory requirements. If a foreclosure entity conditional rescission is filed timely and accepted for the first year, the foreclosure entity must annually verify to the assessor of the local tax collecting unit on or before December 31 that the property continues to qualify for the

foreclosure entity conditional rescission. This new “foreclosure entity conditional rescission” has separate and distinct requirements and should not be confused with the current “owner’s conditional rescission.”

The opportunity for a foreclosure entity to apply and qualify for a foreclosure entity conditional rescission begins with the 2012 tax year and is not retroactive to previous tax years. As a result, if a foreclosure entity conditional rescission is filed with the local tax collecting unit on or before June 1, 2012, the foreclosure entity may retain the PRE beginning with the 2012 summer tax levy. If a foreclosure entity conditional rescission is filed at any time from June 2, 2012 to November 1, 2012 the foreclosure entity may retain the PRE beginning with the 2012 winter tax levy. **Boards of Review have no authority with regard to a conditional rescission and cannot institute a conditional rescission if a deadline is missed or for previous tax years.**

In order to qualify for a foreclosure entity conditional rescission, Public Act 114 establishes all of the following requirements:

- The foreclosure entity must submit a Foreclosure Entity Conditional Rescission of Principal Residence Exemption, new form currently being drafted, by June 1 or November 1 of the first year of the claim.
- The foreclosure entity must be a land contract vendor, bank, credit union, or other lending institution.
- The foreclosure entity must own the property as a result of a foreclosure.
- The property must have been subject to a PRE immediately preceding the foreclosure.
- The property cannot be occupied.
- The property must be for sale.
- The property cannot be leased to any person other than the person who claimed the PRE immediately preceding the foreclosure.
- The property must not be used for any business or commercial purpose.
- The foreclosure entity must pay to the tax-collecting unit an amount equal to the amount of taxes that the foreclosure entity would have paid if the property were not subject to a PRE and must pay an administration fee equal to the property tax administration fee imposed under Section 44 of the General Property Tax Act.
- The foreclosure entity must annually verify the foreclosure entity conditional rescission by December 31.
- The foreclosure entity must rescind the exemption upon a transfer of ownership.

The payment required of the foreclosure entity is to be collected by the local tax collecting unit at the same time and in the same manner as taxes that would have been collected were the property not subject to a PRE. The payment must be distributed to the Department of Treasury for deposit into the state school aid fund. The administration fee is to be retained by the local tax collecting unit. If the foreclosure entity fails to make the required payment, the local tax collecting unit must deny the foreclosure entity conditional rescission, retroactively, effective on December 31 of the immediately preceding year. If the foreclosure entity's conditional rescission is denied, the local tax collecting unit must remove the PRE and any additional taxes, penalties, and interest must be collected from the foreclosure entity.

Department of Treasury staff is drafting a form entitled "Foreclosure Entity Conditional Rescission of Principal Residence Exemption" which will be available in the next few weeks at [www.michigan.gov/PRE](http://www.michigan.gov/PRE) under the "What's New" section. In addition, staff is working on Frequently Asked Questions and changes to other various resources posted on the Department's website. As updated items are available, they will be distributed accordingly. You may also monitor the PRE web page for changes under the "What's New" section.

If you need immediate assistance related to Public Act 114, please call the PRE Unit at (517) 373-1950 or e-mail at [PTE-Section@michigan.gov](mailto:PTE-Section@michigan.gov). We will address the issues as expeditiously as possible.

ASSESSOR'S USE ONLY
Date Received

## Foreclosure Entity Conditional Rescission of a Principal Residence Exemption (PRE)

This form is issued under authority of Public Act 114 of 2012.

Read the instructions before completing the form. This form must be filed with the assessor for the city or township where the property is located on or before June 1 or November 1 of the first year the exemption is claimed. This form must be submitted to the assessor annually on or before December 31 to verify the property still complies with the conditional rescission requirements in order to receive the exemption for the following year. This form is not valid unless certified by the assessor (Part 7). Use a separate form for each property tax identification number.

Mail the completed form (Parts 1 through 6) and necessary documentation to the assessor for the city or township in which the property is located. The assessor's address may be on the most recent tax bill or assessment notice. **Do not send this form directly to the Department of Treasury.** If you have any questions, visit [www.michigan.gov/PRE](http://www.michigan.gov/PRE) or call (517) 373-1950.

PART 1: CONDITIONAL RESCISSION INITIAL REQUEST AND ANNUAL VERIFICATION			
Check the box that corresponds to the Conditional Rescission <input type="checkbox"/> Initial Request <input type="checkbox"/> Subsequent Year Annual Verification			Applicable Tax Year (YYYY)
PART 2: PROPERTY INFORMATION (Property for which the applicant is claiming the Conditional Rescission)			
Street Address of Property		Property Tax Identification Number	
Township or City Name (check appropriate box) <input type="checkbox"/> Township <input type="checkbox"/> City		ZIP Code	County
PART 3: ENTITY CONTACT INFORMATION			
Name of Entity Claiming the Conditional Rescission (land contract vendor, bank, credit union, other lending institution)			
Entity Mailing Address		City	State      ZIP Code
Entity Federal Employer Identification Number (FEIN)	Entity Representative		Representative Phone Number
PART 4: ENTITY CONDITIONAL RESCISSION VERIFICATION			
a. Is the Entity claiming the Conditional Rescission an owner of the property as the result of a foreclosure? (If YES, submit with this form a Sheriff's Deed or other documentation to verify ownership by foreclosure.) .....		<input type="checkbox"/> YES	<input type="checkbox"/> NO
b. Is the property currently for sale? If YES, enter MLS listing or other proof property is for sale:		<input type="checkbox"/> YES	<input type="checkbox"/> NO
c. Did the property receive a valid PRE immediately preceding the foreclosure? (If YES, provide the previous owner's PRE Affidavit (Form 2368) claiming the PRE or a tax bill showing the property received the PRE immediately preceding the foreclosure.) .....		<input type="checkbox"/> YES	<input type="checkbox"/> NO
d. Does anyone currently occupy/live in the home? (If YES, complete Part 5, below.) .....		<input type="checkbox"/> YES	<input type="checkbox"/> NO
e. Is the property used for any business or commercial purpose? .....		<input type="checkbox"/> YES	<input type="checkbox"/> NO
f. Does anyone currently lease the property? (If YES, complete Part 5, below.) .....		<input type="checkbox"/> YES	<input type="checkbox"/> NO
PART 5: INFORMATION OF PERSON OCCUPYING AND/OR LEASING THE PROPERTY			
Occupant/Lessee First and Last Name		Occupant/Lessee Telephone Number	
Co-Occupant/Co-Lessee First and Last Name		Co-Occupant/Co-Lessee Telephone Number	
Is the Occupant/Co-Occupant or Lessee/Co-Lessee the prior owner(s) of this property immediately preceding foreclosure? .....		<input type="checkbox"/> YES	<input type="checkbox"/> NO
PART 6: ENTITY CERTIFICATION			
<i>I certify, under penalty of perjury, that the information provided on this document is true and correct to the best of my knowledge.</i>			
Entity Representative Signature			Date
PART 7: ASSESSOR'S CERTIFICATION – FOR LOCAL GOVERNMENT USE ONLY			
Did the assessor approve or deny the Conditional Rescission? <input type="checkbox"/> Approved <input type="checkbox"/> Denied (Attach copy of the Local Unit Denial, Form 2742.)		When will Conditional Rescission be posted to the tax roll? Complete all that apply. <input type="checkbox"/> Summer Levy _____ /Year <input type="checkbox"/> Winter Levy _____ /Year	
Current Taxable Value		School Operating Mills	
<i>I certify that, to the best of my knowledge, the information contained in this form is complete and accurate.</i>			
Assessor Signature			Date Certified by Assessor (MM/DD/YYYY)

## Instructions for Form 4983

### Foreclosure Entity Conditional Rescission of a Principal Residence Exemption (PRE)

This form enables a land contract vendor, bank, credit union, or other lending institution (entity) that owns property as a result of having foreclosed on that property to retain a PRE if that property had received a PRE immediately preceding the foreclosure. The conditional rescission allows for the retention of a PRE on the Michigan property if the property is: (1) not occupied; (2) for sale; (3) not leased to any person other than the person who claimed the exemption immediately preceding the foreclosure; and (4) not used for any business or commercial purpose. If the PRE is retained, the entity must pay to the tax-collecting unit an amount equal to the amount of taxes that the foreclosure entity would have paid if the property were not subject to a PRE and pay an administration fee equal to the property tax administration fee imposed under Section 44 of the General Property Tax Act.

#### Part 1: Conditional Rescission Initial Request and Annual Verification

To initially qualify for a conditional rescission, this form must be filed with the assessor for the city or township on or before June 1 (beginning with the summer tax levy) or November 1 (beginning with the winter tax levy) of the first year of the claim. The owner must annually resubmit this form on or before December 31 to verify to the assessor that the property for which the PRE is retained continues to meet the conditional requirements listed in the above paragraph. Submit a separate Form 4983 for each exemption being conditionally rescinded. If the property was receiving a partial exemption, the partial exemption will be maintained during the conditional rescission.

- Check the "Initial Request" box if this is the first year of the conditional rescission (on or before June 1 or November 1 of the year of the claim).
- Check the "Subsequent Year Annual Verification" box if verifying the property still complies with the conditional rescission requirements for each subsequent year (on or before December 31 of the year prior).
- Provide the applicable tax year of the conditional rescission. For example, on October 1, 2012, the initial request for a conditional rescission, check the "Initial Request" box and enter tax year 2012. In the same example, to retain a PRE for a second year, resubmit this form by December 31, 2012, check the "Subsequent Year Annual Verification" box, enter tax year 2013 and verify the conditional requirements are met for the second year. This form must be resubmitted by December 31, 2013, to retain a PRE for a third year, enter tax year 2014 and verify the conditional requirements are met for the third year. If the owner does not annually verify to the assessor, or the assessor finds the property does not meet these conditional requirements, the assessor shall deny the PRE on that property.

#### Part 2: Property Information

All of the information in Part 2 must be provided to the assessor to process your conditional rescission.

- Enter the complete property address of the exemption you are conditionally rescinding.
- Property is identified with a property tax identification number. This number will be found on your tax bill and on your property tax assessment notice. Enter this number in the space indicated. If you cannot find this number, call your township or city assessor. Your property number is vital; without it, your township or city cannot adjust your property taxes accurately.
- Enter the name of the township or city in which the property is located and check the appropriate box for city or township. If you live in a village, list the township in which the property is located.
- Enter the ZIP code and county of the property.

#### Part 3: Entity Contact Information

Provide complete information regarding the name of the entity claiming the conditional rescission, the contact information, Federal Employer Identification Number (FEIN) if applicable, and the name and phone number of the representative for the entity.

#### Part 4: Entity Conditional Rescission Verification

The questions listed in Part 4 are vital in determining eligibility for the conditional rescission. These questions must be answered truthfully and to the best of the entity representative's knowledge. Failure to answer these questions or submit the required attachments may result in processing delays of the conditional rescission and/or result in a subsequent denial.

#### Part 5: Information of Person Occupying and/or Leasing the Property

Under a conditional rescission, only the person who claimed the PRE immediately preceding the foreclosure may lease the property.

#### Part 6: Entity Certification

This form must be certified by the entity representative. Failure to certify the form and/or provide accurate information will result in the denial of the conditional rescission.

#### Part 7: Assessor's Certification – For Local Government Use Only

This form is not valid unless certified by an assessor. The assessor must verify that the conditional rescission complies with the law, approve or deny the conditional rescission, and attach a copy of the *Local Unit Denial* (Form 2742), if denying. The assessor also must provide the year and the summer/winter tax levy in which the conditional rescission will be posted to the tax roll. In addition, the current taxable value and the school operating mills must be provided.

#### Interest and Penalty

If the entity fails to make the payments, the local tax-collecting unit shall deny the conditional rescission and that denial is retroactive and effective on December 31 of the immediately preceding year. If it is determined that the claimed property does not meet the conditional rescission requirements, the entity may be subject to additional tax plus penalty and interest as determined under the General Property Tax Act.

# Foreclosure Entity Payment Form - Principal Residence Exemption (PRE)

Issued under authority of Public Act 206 of 1893.

**Read instructions on page 2 before completing the form.** Use additional copies of this form if necessary. Summaries are due with remittance to the Department of Treasury on a monthly basis.

Governmental Agency Remitting Funds (City or Township)		County
Prepared by (Name and Title)	Date	Telephone Number
		E-mail Address

Name of Entity	Property Address	Property Identification Number	Tax Year	Summer or Winter Levy (S or W)	Taxable Value	School Operating Millage Rate	Payment Amount
1.							
2.							
3.							
4.							
5.							
6.							
7.							
8.							
9.							
10.							

**Mail form with supporting documents to:**  
Principal Residence Exemption Unit  
Michigan Department of Treasury  
PO Box 30440  
Lansing MI 48909

11. Total on this sheet (add lines 1 through 10) ..... 11.  
12. Total on additional sheets (add lines 10 from other sheets) ..... 12.  
13. Total Foreclosure Entity Payment ..... 13.

**Deposit into School Aid Fund Index 62022, AOBJ 1123, TC190**

## **Instructions for Completing Form 5005**

### **Foreclosure Entity Payment Form - Principal Residence Exemption (PRE)**

#### **BACKGROUND**

Michigan Compiled Law (MCL) 211.7cc(5) allows a land contract vendor, bank, credit union, or other lending institution (foreclosure entity) to retain a PRE on foreclosed property if a Foreclosure Entity Conditional Rescission of a PRE is filed. In order to retain the PRE, the foreclosure entity must pay to the local tax-collecting unit (city or township) an amount equal to the amount of taxes that the foreclosure entity would have paid if the property were not subject to a PRE. In addition, an administration fee equal to the property tax administration fee imposed under Section 44 of the General Property Tax Act must be paid by the foreclosure entity and retained by the local tax-collecting unit.

#### **SUMMARY FORM USAGE**

This form is to be completed and submitted by the city or township to distribute payments made by foreclosure entities to the Michigan Department of Treasury for deposit into the state school aid fund. If an entity fails to make the necessary payments, the local tax-collecting unit shall deny the conditional rescission and that denial is retroactive and effective on December 31 of the immediately preceding year.

#### **REQUIRED INFORMATION**

Provide complete information regarding the name of the city or township submitting the form along with the county and preparer's contact information for Department confirmation of receipt and questions.

Use only one line for each property by tax year. For example, if a foreclosure entity had filed more than one Foreclosure Entity Conditional Rescission, then each property identification number must be entered separately by tax year on the form.

**Summer Levy:** If a Foreclosure Entity Conditional Rescission is filed and approved by the local tax-collecting unit on or before June 1, 2012, the foreclosure entity may retain the PRE beginning with the 2012 summer tax levy. Payment by the foreclosure entity must be made by September 15 if school operating taxes are due with the summer tax bill. Enter an "S" under "Summer or Winter Levy" and enter the amount paid under "Payment Amount."

**Winter Levy:** If a Foreclosure Entity Conditional Rescission is filed and approved at any time from June 2, 2012 to November 1, 2012, the foreclosure entity may retain the PRE beginning with the 2012 winter tax levy. Payment by the foreclosure entity must be made by February 15 if the school operating taxes are due with the winter tax bill. Enter a "W" under "Summer or Winter Levy" and enter the amount paid under "Payment Amount."

If you have any questions call: (517) 373-1950 or e-mail at: [PTE-Section@michigan.gov](mailto:PTE-Section@michigan.gov).

## Taxable Value Reporting Under PA 114 of 2012

		Before MTT Appeal	After MTT Appeal
2012 Taxable Value (TV)		\$150,000	\$120,000
July PRE %		0%	0%
December PRE %		40%	60%
July PRE TV		\$0	\$0
July NonPRE TV		\$150,000	\$120,000
December PRE TV		\$60,000	\$72,000
December NonPRE TV		\$90,000	\$48,000
SD NonHS Op Mills		18	18
% of SD Operating Tax Levied in July	50%	50%	50%
SD Hold-Harmless Mills		5	5
July SD Op levy	July NonPRE x 9 mills	\$1,350	\$1,080
December SD Op levy	Dec NonPRE x 9 mills	\$810	\$432
Total SD Op levy	excluding Hold-Harmless	\$2,160	\$1,512
NonPRE for TV reporting	SD Op Levy / 18 mills	\$120,000	\$84,000
PRE for TV reporting	Total TV minus NonPRE fir reporting	\$30,000	\$36,000
July Hold-Harmless Tax	July PRE TV x 2.5 mills	\$0	\$0
Dec Hold Harmless Tax	Dec PRE TV x 2.5 mills	\$150	\$180
Property in a Tax Increment Financing Plan That Captures School Tax			
Initial PRE TV		\$0	\$0
Initial NonPRE TV		\$50,000	\$50,000
Captured PRE TV for TV Reporting		\$30,000	\$36,000
Captured NonPRE TV for TV Reporting		\$70,000	\$34,000

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## Taxable Value Reporting Under PA 114 of 2012

	Before MTT Appeal	After MTT Appeal
2012 Taxable Value (TV)	\$150,000	\$120,000
July PRE %	0%	0%
December PRE %	40%	60%
July PRE TV	\$0	\$0
July NonPRE TV	\$150,000	\$120,000
December PRE TV	\$60,000	\$72,000
December NonPRE TV	\$90,000	\$48,000
SD NonHS Op Mills	18	18
% of SD Operating Tax Levied in July	100%	100%
SD Hold-Harmless Mills	5	5
July SD Op levy	\$2,700	\$2,160
December SD Op levy	\$0	\$0
Total SD Op levy	\$2,700	\$2,160
NonPRE for TV reporting	\$150,000	\$120,000
PRE for TV reporting	\$0	\$0
July Hold-Harmless Tax	\$0	\$0
Dec Hold Harmless Tax	\$0	\$0
Property in a Tax Increment Financing Plan That Captures School Tax		
Initial PRE TV	\$0	\$0
Initial NonPRE TV	\$50,000	\$50,000
Captured PRE TV for TV Reporting	\$0	\$0
Captured NonPRE TV for TV Reporting	\$100,000	\$70,000

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## Taxable Value Reporting Under PA 114 of 2012

	Before MTT Appeal	After MTT Appeal
2012 Taxable Value (TV)	\$150,000	\$120,000
July PRE %	0%	0%
December PRE %	40%	60%
July PRE TV	\$0	\$0
July NonPRE TV	\$150,000	\$120,000
December PRE TV	\$60,000	\$72,000
December NonPRE TV	\$90,000	\$48,000
SD NonHS Op Mills	18	18
% of SD Operating Tax Levied in July	0%	0%
SD Hold-Harmless Mills	5	5
July SD Op levy	\$0	\$0
December SD Op levy	\$1,620	\$864
Total SD Op levy	\$1,620	\$864
NonPRE for TV reporting	SD Op Levy / 18 mills	\$90,000
PRE for TV reporting	Total TV minus NonPRE for reporting	\$60,000
July Hold-Harmless Tax	July PRE TV x 0 mills	\$0
Dec Hold Harmless Tax	Dec PRE TV x 5 mills	\$300
Property in a Tax Increment Financing Plan That Captures School Tax		
Initial PRE TV	\$0	\$0
Initial NonPRE TV	\$50,000	\$50,000
Captured PRE TV for TV Reporting	\$60,000	\$72,000
Captured NonPRE TV for TV Reporting	\$40,000	-\$2,000

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