2011 Deferral Program Changes FAQs

Eligibility requirements

What is the difference between "disqualified" and "inactivated"?

Disqualified means that the property either sold or the participant died. In either case, the deferred taxes must be paid by August 15 of the year after either event.

Inactivated means we won't pay any more taxes on the participant's behalf, but the taxes we have paid won't be due until August 15 of the year after the property is sold or the participant dies.

If I have a reverse mortgage, am I eligible for the program?

No.

We'll continue to defer any past taxes we've have paid (with 6 percent simple interest) until the applicant dies or the property is sold.

Reverse mortgages enable seniors to convert some of their property's equity into cash. This decreases the equity in the home.

The deferral program recovers its funds from the sale of properties leaving the program. If there's little or no equity, there may be no way to pay back the deferred taxes. This leaves the program with fewer funds to help other seniors in need. For that reason, the 2011 Legislature barred reverse mortgage properties from the program.

Do I have to have homeowner's insurance to be eligible?

Yes.

We'll need your insurance company's name (not your insurance agent's name), your policy number, and amount of coverage.

Does my living will affect my eligibility?

No.

My property is part of a family trust. Will that affect my eligibility?

No.

I have an irrevocable trust. Will that make me ineligible for the deferral program?

Yes.

I know I'm not eligible. Do I still have to return the application/re-certification form?

No.

If we don't hear from you, we may contact you to make sure you received the application/re-certification form, or didn't overlook it.

Application, re-certification

Do I include the total amount of insurance coverage or just the amount on the property itself?

The amount that covers just the property, not personal property (furniture, appliances, etc).

Do I report food stamps, energy bill assistance, etc., as income?

No. They're exempt from household income.

Do I enter my monthly or yearly figures on the Household Income Worksheet?

Yearly.

Do I include the value of the home in which I live on my list of assets?

No.

Do I include my certificates of deposit as assets?

Yes.

Estimate the current value of your CDs based on length to maturity.

Where do I find my Deferral Program account number?

It's on the annual statement we mail to you every December.

If you don't have that statement, we can provide your account number to you if you call 503-945-8348 or e-mail us.

Interest calculation

Will the change from simple interest to compound interest affect my previous deferred taxes?

No. We won't change how we calculate interest on any deferred taxes we paid through this year.

However, from November forward, we'll calculate interest on new deferred taxes as compound interest.

What's the difference between simple interest and compound interest?

Simple interest is calculated annually on only the original principal amount.

Compound interest is calculated annually on the original principal amount and the interest that's accrued in all previous years.

In the example below, at the end of five years, the difference between simple and compound interest on $1,000 is $38.23.

Simple vs compound interest

	Simple interest			Compound interest		
Time	Deferred tax amt x 6% simple interest	Accrued annual interest	Annual deferred amt (taxes + interest)	Deferred tax amt x 6% compound interest	Annual accrued interest	Annual deferred amt (taxes + interest)
Year 1	$1,000 x 0.06 =	$60 + $1,000 =	$1,060	$1,000 x 0.06 =	$60 + $1,000 =	$1,060
Year 2	$1,000 x 0.06 =	$60 + $1,060 =	$1,120	$1,060 x 0.06 =	$63.60 + $1,060 =	$1,123.60
Year 3	$1,000 x 0.06 =	$60 + $1,120 =	$1,180	$1,123.60 x 0.06 =	$67.42 + $1,123.60 =	$1,191.02
Year 4	$1,000 x 0.06 =	$60 + $1,280 =	$1,240	$1,191.02 x 0.06 =	$71.46 + $1,191.02 =	$1,262.48
Year 5	$1,000 x 0.06 =	$60 + $1,240 =	$1,300	$1,262.48 x 0.06 =	$75.75 + $1,262.48 =	$1,338.23
Total		**$300**	**$1,300**		**$338.23**	**$1,338.23**

Spouse information

What do I do if my spouse died while in the deferral program?

Call 503-945-8348, or e-mail us. You may need to fill out a surviving spouse application.

I'm married but only my name appears on the house deed. Do my spouse and I apply jointly?

No. You must apply as an individual.

I'm married but only my name appears on the deed. Do I need to include my spouse's income?

Yes. You must report total household income, which includes your spouse's.

I remarried and didn't put my new spouse on the deed. Do we apply jointly?

No; however, you must report total household income, which includes your spouse's income.

General information

Where can I get a copy of my property tax statement?

You must contact the county assessor in which your property is located to get a copy.
In some counties, you can download a copy from the county website.