

# GUIDE TO CHANGE IN OWNERSHIP RESCISSION DEEDS

## *Assessor's Policy Change on Rescission Deeds*

Effective July 5, 2017, the Office of the Assessor clarified its longstanding policy concerning Rescission Deeds and their appraisability. This policy allows the Assessor to accept mutual rescission in accordance with the provisions of Civil Code Section 1698(a) and within the guidelines of the State Board of Equalization's Property Tax Annotation 220.0599.

Rescinding the transfer of property by mutual agreement, otherwise known as “**mutual rescission**,” is acceptable where the parties consent to rescind the transfer, return all benefits, and place the parties in the same position in which they stood before the change in ownership took place.

The Assessor's policy and determination to accept a mutual rescission for a change in ownership of a property that triggered a reassessment, is not an automatic right. It is dependent upon a review of the facts of each case. If denied, a property owner has the right to challenge the Assessor's determination of a change in ownership by filing an assessment appeal application with the Los Angeles County Assessment Appeals Board.

## *Requirements for Mutual Rescission*

Pursuant to the Assessor's policy, the following elements are required to satisfy a mutual rescission: a completed **Property Owner's Declaration** form submitted to the Assessor; evidence of **Mutual Consent**; **Recorded Deed Reconveying Property**; and **Proof of Restoration of Benefits**.

### **A. Property Owner's Declaration.**

A completed and appropriately signed Property Owner's Declaration signed by the original grantor and grantee under penalty of perjury. The declaration is available on the Assessor's website: <https://assessor.lacounty.gov/wp-content/uploads/2016/12/OWN-48-Repro.-Rev.-11-16.pdf>

### **B. Mutual Consent**

Evidence of mutual consent to rescind the transfer of the property includes, but is not limited to:

1. An agreement signed by each party stating that the parties are rescinding the transfer. Notarized agreements are preferred but not mandatory unless there is evidence that the parties may not be in agreement with all of the terms of the rescission. An agreement may be recorded.
2. A recorded deed that reflects mutual consent.
3. Other evidence demonstrating mutual consent.

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## *Requirements for Mutual Rescission Cont.*

### **C. Recorded Deed Reconveying Property**

1. A deed recorded with the Los Angeles County Registrar-Recorder/County Clerk, transferring or returning the property back to the original grantor, including the recording number and notarized signatures.
2. Language rescinding the transfer of property must be included in deeds. Words like rescission, revocation, cancellation, correction, or other language demonstrating an intent to restore the status quo or the parties' original positions may be sufficient evidence of an acceptable deed to reconvey property.

### **D. Proof of Restoration of Benefits**

1. The Property Owner's Declaration should give a detailed explanation of the extent of the transaction and what was returned, if anything.
2. Documented evidence that all money or things of value have been returned must be submitted with the Property Owner's Declaration.
3. Documented evidence that the beneficial use of the property has been restored.
4. Documented evidence proving restoration of benefits; this includes, but is not limited to, bank statements, the return of the funds in the amount of the purchase price or down payment, income tax returns, partnership agreements, and/or written declarations under penalty of perjury.

Other factors may be considered when determining eligibility; for example, the time that has elapsed from the original transfer to the date of the rescission may be taken into consideration. A large time gap may be evidence that the parties to the transaction are not genuinely rescinding the original transfer, but rather engaging in a new transaction. Ideally, rescissions that meet these standards for acceptance will take place within the first year following the original transaction.

Additionally, rescission between parties such as legal entities (limited liability companies and corporations) or trusts may require a review of their formation documents, trust documents, and when applicable, amendments thereto. If there is insufficient evidence, the Assessor is not obligated to recognize the rescission, and there will be no restoration of the base year value of the property.

#### **NOTE:**

**In fact, the recording of the rescission deed in such cases may be considered another change in ownership which may result in a subsequent reassessment. Property owners considering a rescission should consider legal consultation to determine all potential ramifications of their particular rescission.**

### *Relief Available for Mutual Rescission*

When the Assessor determines that the parties have met the requirements for a mutually agreed rescission, the Assessor will restore the prior base year assessed value of the property as of the **ensuing lien date** in which the rescission deed became effective and recorded. The original change of ownership will not be reversed. The relief is prospective only. Generally, the rescission of a transfer of property relates back to its formation and dissolves a transfer as though it had never been made. However, in the property tax context, the rescission is applied prospectively and no refund of taxes is available to the parties for the period of time under which a deed transfer is treated as a change in ownership. The deed which transfers the property back to the original grantor is **not** considered a change in ownership, when all conditions have been met and accepted.



## *For More Information:*

You may also contact us for any other general property tax questions in the following ways:

- ◆ Assessor’s Website: To research comparable sales, verify valuations, download forms, learn how appraisals are made, and more, visit: <http://assessor.lacounty.gov>
- ◆ Assessor’s Email: Send your questions, comments, and suggestions to: [helpdesk@assessor.lacounty.gov](mailto:helpdesk@assessor.lacounty.gov)
- ◆ Los Angeles County Property Tax Website: General information regarding property taxes, including how to read your tax bill and where to find answers to your questions. Visit: <http://www.lacountypropertytax.com>
- ◆ Property Information Hotline: Minimal wait times, averaging less than a minute. Fast transfers to expert staff during normal business hours. Just call toll free 1.888.807.2111.
- ◆ Automated Interactive Voice System: Information on valuations and taxes can be obtained by entering the Assessor Identification Number from a property tax bill.
- ◆ Call 213.974.3838 or the toll free number above.
- ◆ Si desea ayuda en Espanol, llame al numero 1.888.807.2111



## *Assessor’s Public Service Locations*

### **Main Office**

Kenneth Hahn Hall of Administration  
500 West Temple Street, Room 225  
Los Angeles, CA 90012-2770  
1.888.807.2111

### **North District Office**

13800 Balboa Boulevard  
Sylmar, CA 91342  
818.833.6000

### **South District Office**

1401 E. Willow Street  
Signal Hill, CA 90755  
562.256.1701

### **East District Office**

1190 Durfee Avenue  
South El Monte, CA 91733  
626.258.6001

### **West District Office**

6120 Bristol Parkway  
Culver City, CA 90230  
310.665.5300

### **Lancaster Regional Office**

251 East Avenue K-6  
Lancaster, CA 93535  
661.940.5700