



STATE OF CALIFORNIA

STATE BOARD OF EQUALIZATION  
1020 N STREET, SACRAMENTO, CALIFORNIA  
(PO BOX 1799, SACRAMENTO, CALIFORNIA 95808)  
(916) 445-4982

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March 18, 1983

No. 83/39

TO COUNTY ASSESSORS:

**QUICK REFERENCE CHART – CHANGE IN OWNERSHIP**

Here is an updated version of the Quick Reference Chart for change in ownership processing. This chart, which was originally sent as our letter to assessors number 81/56, has been revised to reflect the recent amendments to the change in ownership statutes resulting from the enactment of Assembly Bill 3382 - - see letter 83/20 dated February 18, 1983.

If you have any questions regarding the chart, please contact Gene Palmer of our Technical Services Real Property Section. He may be reached at (916) 445-4982.

Sincerely,

Verne Walton, Chief  
Assessment Standards Division

VW:sk  
Enclosure

## **PARTNERSHIPS AND CORPORATIONS**

### General Rule

Transfer of any interest in real property from an individual to a partnership or a corporation, or from one entity to another, is a change in ownership.

### Exception

No change in ownership occurs if the proportional interests (e.g., stock or partnership interests) of the transferors and transferees are the same in each and every piece of real property before and after the transfer.

Once excluded from being a change in ownership under this provision the transferees are termed “original co-owners” and their interests must be “tracked.” Whenever more than 50 percent, cumulatively, of the “original co-owners” interest are transferred, that property previously excluded shall be reappraised.

### General Rule

The transfer of interests in legal entities (e.g., shares of stock or partnership interests) is not a change in ownership.

### Exception

A change in ownership occurs if any person or entity obtains control (i.e., ownership of more than 50 percent of the ownership interests) of a partnership, corporation, or other legal entity. The real property owned by the acquired entity would be reappraised. Also subject to reappraisal would be the real property of any subsidiary owned by the acquired entity - again ownership equals more than 50 percent of the ownership interests.

## **TRUSTS:**

### Revocable Trust

No reappraisal on creation of, or transfer to, if transferor is also trustor.

No reappraisal when trustor revokes trust and takes the property back.

Reappraise when trust becomes irrevocable except when the trustor (or the trustor’s spouse) is the sole present beneficiary. \*

### Irrevocable Trust

Reappraise on transfer of real property to an irrevocable except:

- (a) No reappraisal if the trustor (or the trustor’s spouse) is the sole present beneficiary. \*
- (b) No reappraisal if transferor retains the reversion and the beneficial interests of others does not exceed 12 years duration.

\* There shall be a reappraisal to the extent that the transferor-trustor is not the sole present beneficiary.

### Reference Date

This chart was adopted April 17, 1983 and amended March 18, 1983.

## QUICK REFERENCE CHART – CHANGE IN OWNERSHIP

<u>JOINT TENANCIES</u>	<u>TENANCY IN COMMON</u>	<u>LEASES</u>
X —————> AB            100%	X —————> AB            100%	Reappraise upon: *
AB —————> B            50%	AB —————> A            50%	Creation of lease for 35 years or more. **
AB —————> ABCD        0%	X —————> XY            50%	Assignment of lease with remaining term of 35 years or more. **
ABCD —————> BCD        0%	XY —————> X            50%	Termination of lease having an original term of 35 years or more. **
BCD —————> BC            0%	<u>TENANCY CHANGES</u>	Transfer of a lessor's interest in property subject to a lease with a remaining term of less than 35 years. **
BC —————> C            100%		* On change in ownership of leased property, reappraise full fee interest.
AB —————> ACD        66 2/3%		** Including written renewal options.
A —————> AB            0%	X —————> ABC j/t        100%	<u>FRACTIONAL INTERESTS:</u>
AB —————> AB t/c        50%	ABC j/t —————> ABC t/c    0%	No reappraisal unless interest transferred equal or exceeds five percent or \$10,000.
HW —————> HWSD        0%	X —————> AB j/t            100%	Interests transferred during any one assessment year should be cumulated to determine when reappraisal is required.
HWSD —————> WSD        0%	AB j/t —————> ABC j/t        0%	<u>INTERSPOUSAL TRANSFERS:</u>
WSD —————> SD            100%	ABC j/t —————> ABC t/c    33%	
SD —————> D            50%		All interspousal transfers are excluded from being changes in ownership.
A —————> AB            0%	<u>LIFE ESTATE</u>	<u>MISCELLANEOUS</u>
AB —————> A            0%	GRANT                            100%	The transfer of equitable title, e.g. sales contract, is a change in ownership.
	DEATH                            100%	The transfer of bare legal title, e.g. reconveyance of a security interest, is not a change in ownership.
AB —————> ABC            0%	RESERVATION                    0%	
ABC —————> AB j/t D t/c    33 1/3%	DEATH                            100%	