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Sent: Thursday, September 22, 2016 6:14 PM

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Cc: Yeung, David; Lumsden, Patricia

Subject: Welfare Exemption Claim Forms Project for JCC court case

This email is being sent interested parties, other than Board of Equalization staff, that attended the September 15, 2016 interested parties meeting for the proposed welfare exemption claim forms revised as a result of the court decision in *Jewish Community Centers Development Corporation v. County of Los Angeles* (2016). A list of attendees as well as all other materials distributed for this available on project page on the Board of Equalization's website at: <https://www.boe.ca.gov/proptaxes/welfareexemption.htm> .

First I would like to thank everyone for their attendance; it was a very productive meeting. Based on the discussion at the meeting, the claim forms have been revised to reflect the agreed upon changes. As discussed at the meeting, Board of Equalization staff would be preparing revised draft claim forms to reflect the agreed upon changes. Attached are the revised draft forms in accepted text format. Any verbiage or areas that differ from the draft forms distributed with the interested parties agenda matrix are highlighted in yellow.

- Additionally, for each form we have prepared a summary identifying the changes made that were agreed to for matrix items. Please note other changes were made to accommodate spacing, etc..., those items are explained at the end of the summary.

My understanding from the meeting is that we have generally reached consensus on the forms as to the structure and content, in particular for reporting information on users of the owner's property. Please review the claim forms and let us know if you have any concerns about proceeding with the draft presented in this email. These forms must be in place so they are available for the upcoming claim year. We will schedule the forms before the Property Tax Committee as soon as possible so they will be available for Assessor's to pre-print annual claim forms for distribution in late December.

Please provide your comments to both Patty Lumsden and myself by September 28, 2016; coordinating with Don Gaekle for a joint response on behalf of CAA and the Exemptions Subcommittee.

Thank you.

Lisa Thompson

Property Tax Manager

County-Assessed Properties Division

State Board of Equalization

**Change to Welfare Exemption Claim Filing Requirements – Form Revisions for JCC
Discussion Items Agreed to at September 15, 2016 Interested Parties Meeting
BOE-267, *Claim For Welfare Exemption (First Filing)***

Matrix Item #2: BOE-267, P1, top of page

- **Form Revised for discussion at IP Meeting**
Top of P1: NAME OF ORGANIZATION
- **Change Agreed to at IP Meeting** – Add word "Legal"
LEGAL NAME OF ORGANIZATION

Matrix Item #8: BOE-267, P1, section 2. Real Property

- **Form Revised for discussion at IP Meeting**
c. **Building and Improvements.** Building number or name, number of floors, type of construction:
- **Change Agreed to at IP Meeting** – Remove "type of construction"
c. **Building and Improvements.** Building number or name, number of floors:

Matrix Items #10 and #11: BOE-267, P1, section 2. Real Property

- **Form Revised for discussion at IP Meeting**
d. Describe primary and incidental use of the property:
- **Change Agreed to at IP Meeting** – Bold "Describe"
d. **Describe** primary and incidental use of the property:
- **Note:** After the meeting, staff added the bolded word "Use" at the beginning of the field for consistency with the format of the other fields in section 2. Since the first word is bolded, we propose not bolding the word "Describe." Staff proposed modification: d. **Use.** Describe primary and incidental use of the property:

Matrix Items #12 and #43: BOE-267, P1, section 2. Real Property

- **Form Revised for discussion at IP Meeting**
e. Yes No If **Yes**, provide a list including the name of user, frequency of use, and square footage used. If the property is operated or used more than once a week by another organization, submit BOE-267-O; if the property is used by a person or organization once a week or less, attach a description of that portion of the property, its use, the amount received by you (if any), a copy of the lease or agreement, and for organizations, its tax exempt status letter issued by the Internal Revenue Code or the Franchise Tax Board.
- **Change Agreed to at IP Meeting** – Utilize BOE-267-O to report all users
e. Yes No If **Yes**, please submit BOE-267-O.

Matrix Items #14 and #15: BOE-267, P1, section 3. Personal Property

- **Form Revised for discussion at IP Meeting**
b. Describe primary and incidental use of the property:
- **Change Agreed to at IP Meeting** – Bold "Describe"
d. **Describe** primary and incidental use of the property:
- **Note:** After the meeting, staff added the bolded word "Use" at the beginning of the field for consistency with the format of the other fields in section 2. Since the first word is bolded, we propose not bolding the word "Describe." Staff proposed modification: d. **Use.** Describe primary and incidental use of the property:

Non-Matrix Item: BOE-267, P1, section 3. Personal Property

Change "person or entity" to "person or organization"

- **Form Language at Time of IP Meeting** (unchanged from 07/28/16 draft)
 - d. Equipment leased or rented from another person or entity (since January 1 of the prior year)
Is any portion of the equipment or other property at the location identified under Section 1 leased, rented, or consigned from another person or entity?
- **Change Agreed to at IP Meeting** – Change "entity" to "organization"
 - d. Equipment leased or rented from another person or organization (since January 1 of the prior year)
Is any portion of the equipment or other property at the location identified under Section 1 leased, rented, or consigned from another person or organization?

Matrix Items #18 and #19: BOE-267, P1, section 4. Taxable Possessory Interest

- **Form Revised for discussion at IP Meeting**
 - c. Describe primary and incidental use of the property:
- **Change Agreed to at IP Meeting** – Bold "Describe"
 - d. **Describe** primary and incidental use of the property:
- **Note:** After the meeting, staff added the bolded word "Use" at the beginning of the field for consistency with the format of the other fields in section 2. Since the first word is bolded, we propose not bolding the word "Describe." Staff proposed modification: d. **Use.** Describe primary and incidental use of the property:

Matrix Item #29: BOE-267, P2, section 8. Financial Statements

- **Form Language at Time of IP Meeting** (unchanged from 07/28/16 draft)
Attach a copy of your operating statement (income and expenses) and balance sheet (assets and liabilities),
- **Change Agreed to at IP Meeting** –Rephrase to indicate must
Claimant must attach a copy of its operating statement (income and expenses) and balance sheet (assets and liabilities),

Matrix Item #7: BOE-267, P4, Instructions, Section 1. Identification of Property

- **Form Revised for discussion at IP Meeting**
Claimant is responsible for filling out sections 2 through 4 depending on which box(es) are checked.
- **Change Agreed to at IP Meeting** – Change "filling out" to "completing" and reference section 1d
Claimant is responsible for completing sections 2 through 4 depending on which box(es) are checked under section 1(d).

Matrix Item #32: BOE-267, P4, Instructions, Section 2. Real Property

- **Form Revised for discussion at IP Meeting**
 - (c) List all buildings and improvements on the land, using additional sheets if necessary. Describe as stucco, concrete and steel, brick, wood, etc.
- **Change Agreed to at IP Meeting** – Remove describe language
 - (c) List all buildings and improvements on the land, using additional sheets if necessary.

Matrix Item #32: BOE-267, P4, Instructions, Section 2. Real Property

- **Form Revised for discussion at IP Meeting**
(e) If the real property owned by the claimant is operated by another organization **more than once a week**, submit BOE-267-O. An organization using the property more than once a week is considered to be an operator. If an organization uses the property once a week or less, you do not need to complete BOE-267-O, but you must provide a copy of each organization's tax exempt status letter (sections 501(c)(3) or 501(c)(4) of the Internal Revenue Code or sections 23701d or 23701f of the California Revenue and Taxation Code). If the real property is used by another person, attach copies of leases or agreements.
- **Change Agreed to at IP Meeting** – BOE-267-O to report all users
(e) If **yes**, submit form BOE-267-O, to provide information on every user of your real property.

Other

Staff changes resulting from changes agreed to at Interested Parties Meeting:

- As a result of the meeting, parties agreed to utilize supplemental affidavit form BOE-267-O to report information on all users; rather than just "operators," those using the property more than once a week. Therefore, the last paragraph under "Additional Information" in the Instructions (P3) was modified to remove language explaining what an operator is and to read as follows:

In accordance with Revenue and Taxation Code section 254.5(b)(2), the assessor may institute an audit or verification of the property's use to determine whether both the owner and user of the property meet the requirements of Revenue and Taxation Code section 214.
- Non-substantive changes were made to the form so the following statement appeared on the bottom of page 1 of the form, "THIS DOCUMENT IS SUBJECT TO PUBLIC INSPECTION."
- Title of BOE-267-O revised in the instructions of BOE-267.
- To accommodate space needed to keep instructions on two pages:
 - modified the last sentence under "TIME FOR FILING" in the instructions (P3) to read "The combined tax, penalty, and interest may not exceed \$250."
 - removed paragraph break within the section "RECORDATION REQUIREMENT" in the instructions (P3) in order to have instructions on two pages.
- Due to the way the form was revised, a portion of the draft instructions was no longer true. Revised 3rd sentence under "COMPLETION OF CLAIM FORM" as follows: "Use "not applicable" where needed." Claimants don't need to complete section 2, 3, or 4 unless they check the box in section 1d indicating they seek exemption it.
- The following footnote was added to the first use of "Revenue and Taxation Code" in the Instructions (P3), so that "Section" could be used for each subsequent reference to the Revenue and Taxation Code: ² All further statutory references are to the Revenue and Taxation Code, unless otherwise specified.

**Change to Welfare Exemption Claim Filing Requirements – Form Revisions for JCC
Discussion Items Agreed to at September 15, 2016 Interested Parties Meeting
BOE-267-A, Claim For Welfare Exemption (Annual Filing)**

Matrix Item #40: BOE-267-A, Top of page

- **Form Revised for discussion at IP Meeting**
Last year your organization received the Welfare Exemption for all or part of the property your organization owns at the location listed above. To continue receiving the exemption for the property you own at this location, you must complete, sign and return this claim form to the Assessor. A separate claim form is required for each location.
- **Change Agreed to at IP Meeting – Add language on potential assessor contact**
Last year your organization received the Welfare Exemption for all or part of the property your organization owns at the location listed above. To continue receiving the exemption for the property you own at this location, you must complete, sign and return this claim form to the Assessor. A separate claim form is required for each location. The Assessor may contact you for additional information.

Matrix Item #41: BOE-267-A, P1, Question 8

- **Form Language at Time of IP Meeting** (unchanged from 07/28/16 draft)
8. Do other persons or organizations use any of this property? If yes, please provide a list including the name of user, frequency of use, amount received, and square footage used. If an organization uses your property more than once a week, submit BOE-267-O.
- **Change Agreed to at IP Meeting – BOE-267-O to report all users**
8. Do other persons or organizations use any of this property? If yes, submit BOE-267-O.

Matrix Item #42: BOE-267-A, P2, Instructions

- **Form Language at Time of IP Meeting** (unchanged from 07/28/16 draft)
Use of the Property by Other Organizations
If question 8 is answered **yes**, provide the requested information for persons and organizations using your property. If another organization uses the property **more than once a week**, submit BOE-267-O. If another organization uses the property **once a week or less**, and it was not previously identified on prior affidavits, submit a copy of the organization's tax-exempt status letter (sections 501(c)(3) or 501(c)(4) of the Internal Revenue Code **or** sections 23701d or 23701f of the California Revenue and Taxation Code).
- **Change Agreed to at IP Meeting – BOE-267-O to report all users**
Use of the Property by Other Organizations
If question 8 is answered **yes**, submit BOE-267-O.

Non-Matrix Item: BOE-267-A, Claim Form and Instructions

- Change "Organizations" to "Organizations and Persons" for all sections of the claim form and instructions, where applicable.

Non-Matrix Item: BOE-267-A, Instructions

- As a result of the meeting, parties agreed to utilize supplemental affidavit form BOE-267-O to report information on all users; rather than just "operators," those using the property more than once a week. Therefore, the last paragraph under "General Information" in the Instructions (P2) was modified to remove language explaining what an operator is and to read as follows:

In accordance with Revenue and Taxation Code section 254.5(b)(2), the assessor may institute an audit or verification of the property's use to determine whether both the owner and user of the property meet the requirements of Revenue and Taxation Code section 214.

Other

The following non-substantive changes were made to the form and instructions for clarity and consistency:

- Quotes added to "Housing" under question 8 (P1).
- The last sentence under question 11 modified to read: "This property may be taxable as it is not owned by the claimant."
- The last sentence under "General Information" in the Instruction (P2) modified to read: The combined tax, penalty, and interest for a given year may not exceed \$250.

**Change to Welfare Exemption Claim Filing Requirements – Form Revisions for JCC
Discussion Items Agreed to at September 15, 2016 Interested Parties Meeting
BOE-267-O, *Organizations And Persons Using Claimant's Real Property***

Matrix Item #49: BOE-267-O, P1, Section , Section 1. Identification of Claimant and Property

- **Form Language at Time of IP Meeting** (unchanged from 07/28/16 draft)
Section 1. Identification of Claimant and Property

- **Change Agreed to at IP Meeting**
Section 1. Identification of Claimant/Owner and Property

Matrix Item #45: BOE-267-O, P1, Section 1. Identification of Claimant and Property

- **Form Language at Time of IP Meeting** (unchanged from 07/28/16 draft)
NAME OF ORGANIZATION

- **Change Agreed to at IP Meeting** – Add word "Legal"
LEGAL NAME OF ORGANIZATION

Matrix Item #55: BOE-267-O, P1, Section 2. Organizations Operating on the Property

- **Form Language at Time of IP Meeting** (unchanged from 07/28/16 draft)
Organizations Operating on the Property (Attach additional pages, if necessary)

- **Change Agreed to at IP Meeting** – Revise language to indicate that the claimant must report information on all parties using its property
Organizations and Persons Using Owner's Real Property (Attach additional copies of this form, if necessary)

Non-Matrix Item: BOE-267-O, P1, Section 2. Organizations Operating on the Property

- **Form at Time of IP Meeting**
N/A, new field to be added

- **Change Agreed to at IP Meeting** – Add field for claimant to indicate how many parties use its property
Total Number of Users:_____

Matrix Items #50 and #53: BOE-267-O, P1, Section 2. Organizations Operating on the Property, Part A

- **Form Language at Time of IP Meeting** (unchanged from 07/28/16 draft)
 - a. NAME OF ORGANIZATION

- **Change Agreed to at IP Meeting**
 - a. NAME OF ORGANIZATION OR PERSON (including DBA, if applicable)

Matrix Item #55: BOE-267-O, P1, Section 2. Organizations Operating on the Property, Part A

- **Form at Time of IP Meeting**
N/A, new field to be added
- **Change Agreed to at IP Meeting** – Add field to report contact information
New field: b. PHONE NUMBER OR EMAIL ADDRESS

Matrix Item #55: BOE-267-O, P1, Section 2. Organizations Operating on the Property, Part A

- **Form at Time of IP Meeting**
N/A, new field to be added
- **Change Agreed to at IP Meeting** – Add field for claimant to specify if seeking exemption on the portion of its property used
New field: f. IS EXEMPTION BEING REQUESTED ON PORTION OF THE PROPERTY USED BY THIS USER: Yes (If yes, complete Part B for this user) No (No further information required)

Matrix Items #46 and #57: BOE-267-O, P1, Section 2. Organizations Operating on the Property, Part B

- **Form at Time of IP Meeting**
N/A, new field to be added
- **Change Agreed to at IP Meeting**– Add field to indicate frequency
New field: b. FREQUENCY OF USE (daily, once per week, etc.):

Matrix Item #48: BOE-267-O, P1, Section 2. Organizations Operating on the Property, Part B

- **Form at Time of IP Meeting**
N/A, new field to be added
- **Change Agreed to at IP Meeting** – Ask if user has an OCC, legal believes phrasing does not conflict with JCC holdings. Instructions will indicate that a user is not required to have an OCC in order for the owner to receive exemption.
d. DOES THE OPERATOR HAVE AN OCC? Yes, # _____ No. (Additional documents may be required, see instructions.)

Matrix Item #56: BOE-267-O, P1, Section 2. Organizations Operating on the Property, Part B

- **Form Language at Time of IP Meeting** (unchanged from 07/28/16 draft)
e. PURPOSE(S) ORGANIZED FOR:
Charitable Religious Hospital Scientific
- **Change Agreed to at IP Meeting** – Add box for claimant to indicate other purpose
e. PURPOSE(S) ORGANIZED FOR:
Charitable Religious Hospital Scientific Other _____
Note: The field for purpose is being moved over toward the right column to accommodate additional tax exempt statuses

Matrix Items #54 and #65: BOE-267-O, P1, Section 2. Organizations Operating on the Property, Part B

o **Form Revised for discussion at IP Meeting**

d. TAX EXEMPT STATUS: Section 501(c)(3) of the Internal Revenue Code

(Submit copy of tax exempt status letter, if not submitted with a previous filing.)

o **Change Agreed to at IP Meeting** – Add additional tax exempt status acceptable for once a week or less users per R&TC 214(a)(3)(D)

f. TAX EXEMPT STATUS (check all applicable boxes): (Submit copy of tax exempt status letter, if not submitted with a previous filing.)

Internal Revenue Code Section 501(c)(3) Section 501(c)(4) Revenue and Taxation Code

Section 23701d Section 23701f Section 23701w

NOT TAX EXEMPT

Matrix Item #57 and #59: BOE-267-O, Claim Form and Instructions

- o Reorganize order of fields and corresponding instructions to allow the form to be used for all users, regardless of frequency of use.

Non-Matrix Item: BOE-267-O, Claim Form and Instructions

- o Change "Operator(s)" to "User(s)" for all sections of the claim form and instructions, where applicable.

Matrix Items #47, #62, #64, and #67: BOE-267-O, Claim Form and Instructions

- o Change "Organization(s)" to "Organization(s) and Person(s)" for all sections of the claim form and instruction, where applicable.

Non-Matrix Item: BOE-267-O, Instructions:

- o As a result of the meeting, parties agreed to utilize supplemental affidavit form BOE-267-O to report information on all users; rather than just "operators," those using the property more than once a week.

- o The instructions were revised in order to reflect the inclusion of parties other than operators; and to clarify welfare exemption requirements when organizations and persons operate on real property owned by the claimant. All four paragraphs of the Instructions (P2) under Filing of Affidavit were modified to read as follows:

This affidavit must be filed by the owner of real property when another organization or party uses that real property. A separate affidavit must be filed for each location. This affidavit supplements the claim for welfare exemption, which must be filed with the county assessor by February 15 to avoid a late filing penalty under Revenue and Taxation Code section 270. The information provided on this affidavit is used by the assessor to determine how the property is being used and by whom. If this form is not completed, the claimant/owner may be denied the exemption.

The welfare exemption requires that property be used exclusively for religious, charitable, hospital, or scientific purposes by qualifying organizations; however, it does not require that the owner be the only user of the property. Therefore, an owner may allow other organizations to use its property and still qualify for exemption, if the welfare exemption requirements are met. In order

for property owned by one organization and used by another to be eligible for the welfare exemption, the owner and user of the property must be organized for exempt purposes and the property must be used for exempt purposes.

Organizations using the real property more than once a week must be exempt from federal income tax under the provisions of section 501(c)(3) of the Internal Revenue Code or exempt from state franchise or income tax under the provisions of section 23701d of the Revenue and Taxation Code. Organizations using the property once a week or less may also be exempt under 501(c)(4) of the Internal Revenue Code or 23701f or 23701w of the Revenue and Taxation Code.

In accordance with Revenue and Taxation Code section 254.5(b)(2), the assessor may institute an audit or verification of the property's use to determine whether both the owner and user of the property meet the requirements of Revenue and Taxation Code section 214.

- Section 2 of the instructions was modified to reflect changes made to the claim form and for clarity.

BOE-267 (P1) REV. 14 (xx-16)

CLAIM FOR WELFARE EXEMPTION (FIRST FILING)

(For new locations and/or in-lieu of preprinted claim form BOE-267-A)

This claim is filed for fiscal year 20__ - 20__.

(Example: a claimant filing a timely claim in January 2017 would enter "2017-2018.")

LEGAL NAME OF ORGANIZATION

MAILING ADDRESS (number and street)

CITY, STATE, ZIP CODE

WEBSITE ADDRESS (if any)

CORPORATE OR LLC ID NO. (if any)

FEIN/EIN

CHECK ANY OF THE FOLLOWING ITEMS THAT HAVE BEEN CHANGED WITHIN THE LAST YEAR: MAILING ADDRESS ORGANIZATION NAME ORGANIZATION'S FORMATIVE DOCUMENT (an amendment to articles of incorporation, constitution, trust instrument, or articles of organization, etc.)

ORGANIZATIONAL CLEARANCE CERTIFICATE (OCC) NO.: _____

Provide a copy of the certificate issued by the State Board of Equalization (Board) and a copy of the Finding Sheet issued by the Board.

If you do not have an OCC, have you filed a claim for an OCC with the Board? Yes No If No, see the Instructions page for information regarding obtaining an OCC

PRIOR YEAR FILINGS

Has the organization filed for the welfare exemption on any property in this county in prior years? Yes No If Yes, state latest year filed: _____

1. IDENTIFICATION OF PROPERTY

a. ADDRESS OF PROPERTY (number and street, including suite/unit number if applicable)

CITY

ASSESSOR'S PARCEL NUMBER

b. Is this a new location this year? Yes No

c. When was the property put to exempt use (MM/DD/YYYY)?

d. Property owned by the claimant for which claimant seeks exemption (check applicable boxes):

- Real Property: Land Building and improvements
- Personal Property
- Taxable Possessory Interest

2. REAL PROPERTY. If claiming an exemption on real property, provide:

a. Date property acquired (MM/DD/YYYY):

b. Land. Area in acres or square feet:

c. Building and Improvements. Building number or name, number of floors:

d. Use. Describe primary and incidental use of the property:

e. Real property leased, rented, or used by others (since January 1 of the prior year)

Is any portion of the real property identified under Section 1 used or operated part-time or full-time by some person or organization other than the claimant?

Yes No If Yes, please submit BOE-267-O.

3. PERSONAL PROPERTY. If claiming an exemption on personal property, provide:

a. Description (type) of the property:

b. Use. Describe primary and incidental use of the property:

c. Personal property owned by the clamant that is leased, rented, or used by others (since January 1 of the prior year)

Is any portion of the personal property identified under Section 1 used or operated by another party?

Yes No If Yes, attach a description of the property, its use, the name of the user, the amount received by you (if any), and a copy of the lease or agreement.

d. Equipment leased or rented from another person or organization (since January 1 of the prior year)

Is any portion of the equipment or other property at the location identified under Section 1 leased, rented, or consigned from another person or organization?

Yes No If Yes, attach a list of the equipment and other property, description of property, and name of whom you lease/rent the property from. Property so listed is not subject to the exemption, and will be assessed by the Assessor if owned by a taxable entity. If owned by a tax exempt organization, the property may be eligible for the welfare exemption.

4. TAXABLE POSSESSORY INTEREST. If claiming an exemption on a taxable possessory interest, attach a copy of the current lease agreement and provide:

a. Name of the public owner (local, state, or federal agency) of the land, buildings, and/or improvements:

b. Description of the type of property that is leased from the public owner:

c. Use. Describe primary and incidental use of the property:

BOE-267 (P2) REV. 14 (xx-16)

5. USE OF PROPERTY

a. Operation of a store, thrift shop, or other facility (since January 1 of the prior year)

(1) Is any portion of the property identified under Section 1 used to operate a store, thrift shop, or other facility that sells goods to members of the organization or to the general public?

Yes No If Yes, (A) list the hours per week the business is operated and (B) describe the type of goods sold:

(2) Is the property used as a thrift shop as part of a planned, formal rehabilitation program?

Yes No If Yes, submit BOE-267-R.

b. Living quarters (since January 1 of the prior year)

Is any portion of the property identified under Section 1 used for living quarters (other than low-income or elderly or handicapped housing)?

Yes No If Yes, describe that portion. Submit documentation that the housing is incidental to and reasonably necessary for the exempt purposes of the organization. If living quarters are associated with a rehabilitation program, submit BOE-267-R.

c. Low-income housing

Is any portion of the property identified under Section 1 used as low-income housing?

Yes No If Yes, submit BOE-267-L if owned by a nonprofit organization or limited liability company; submit BOE-267-L1 if owned by a limited partnership.

d. Elderly or handicapped housing

Is any portion of the property identified under Section 1 used as a facility for the elderly or handicapped?

Yes No If Yes, submit BOE-267-H, unless care or services are provided or the property is financed by the federal government under, including but not limited to, sections 202, 231, 236, or 811 of the Federal Public Laws. Submit documentation on the type of financing or care/services provided.

6. UNRELATED BUSINESS TAXABLE INCOME

Is the property for which exemption is sought used for activities that produce income that is "unrelated business taxable income," as defined in section 512 of the Internal Revenue Code (IRC), and that is subject to the tax imposed by section 511 of the IRC?

Yes No If Yes, attach each of the following:

- 1. The organization's information and tax returns filed with the Internal Revenue Service for the preceding fiscal year.
2. A statement setting forth the amount of time devoted to the organization's income producing and non-income producing activities, and, where applicable, a description of the portion of the property on which those activities are conducted.
3. A statement listing the specific activities which produce the unrelated business taxable income.
4. A statement setting forth the amount of income of the organization that is attributable to activities in the state and is exempt from income or franchise taxation, and the amount of total income of the organization that is attributable to activities in the state.

7. EXPANSION

Do you contemplate any capital investment in the property within the next year? Yes No If Yes, explain:

8. FINANCIAL STATEMENTS

Claimant must attach a copy of its operating statement (income and expenses) and balance sheet (assets and liabilities), which relate exclusively to the property identified under Section 1, for the calendar or fiscal year preceding the claim year.

9. OTHER - EXEMPT ACTIVITY AND USE

Please check all boxes that are applicable:

- The property is used for the actual operation of the exempt activity.
The property is not used or operated by the owner or by any other person or organization so as to benefit any officer, trustee, director, shareholder, member, employee, contributor, or bondholder of the owner or operator, or any other person, through the distribution of profits, payment of excessive charges or compensations, or the more advantageous pursuit of the business or profession.
The property is not used by the owners, operators, or members for fraternal or lodge purposes, or for social club purposes except where such use is clearly incidental to a primary religious, hospital, scientific, or charitable purpose.

Whom should we contact during normal business hours for additional information?

Form with fields for NAME, TITLE, DAYTIME TELEPHONE, and EMAIL ADDRESS.

CERTIFICATION

I certify (or declare) under penalty of perjury under the laws of the State of California that the foregoing and all information hereon, including any accompanying statements or documents, is true, correct and complete to the best of my knowledge and belief.

Form with fields for SIGNATURE OF CLAIMANT, TITLE, NAME OF PERSON MAKING CLAIM, and DATE.

INSTRUCTIONS FOR CLAIM FOR WELFARE EXEMPTION (FIRST FILING)

EXEMPTION FROM PROPERTY TAXES UNDER SECTIONS 4(b) AND 5 OF ARTICLE XIII OF THE CONSTITUTION OF THE STATE OF CALIFORNIA AND SECTIONS 214, 254.5 AND 259.5 OF THE REVENUE AND TAXATION CODE

(See also sections 213.7, 214.01-214.1, 215.2, 221-222.5, 225.5, 231, 236, 254-254.6, 259.5, 261, and 270-272 of the Revenue and Taxation Code)

FILING OF CLAIM

A claim for the Welfare Exemption must be filed with the Assessor by the organization owning the property or, in the case where the real property is leased from a public owner (any local, state, or federal government agency), by the lessee organization having a taxable possessory interest¹ in the real property. Real property includes land and improvements. An officer or duly authorized representative of the organization filing the claim must sign the claim form. A separate claim form must be completed and filed for each property location for which exemption is being sought.

The organization filing the claim must provide information on all uses of the property, including information on use by other organizations. Each claim must contain supporting documents, including financial statements.

ORGANIZATIONAL CLEARANCE CERTIFICATE

An organization seeking the Welfare Exemption shall file with the State Board of Equalization (Board) a claim for an Organizational Clearance Certificate (OCC). The Board reviews each claim to determine whether the organization meets the requirements of Revenue and Taxation Code section 214² and issues a certificate to claimants that meet these requirements. The Assessor may not approve a property tax exemption claim until the claimant has been issued a valid OCC. However, your organization may file a claim for exemption with the Assessor, even if the claimant has not yet received the certificate from the Board. If the claim is filed timely with the Assessor, the claim will be considered timely filed even if the claimant has not yet received the OCC from the Board.

To request an OCC, nonprofit organizations must file BOE-277 and limited liability companies must file BOE-277-LLC. These forms are available on the Board's website (www.boe.ca.gov) or by contacting the Exemptions Section at 1-916-274-3430.

RECORDATION REQUIREMENT

Section 261 requires that an organization claiming the Welfare Exemption for its real property must have recorded its ownership interest as of the lien date (12:01 a.m., January 1) in the recorder's office of the county in which the property is located. A claimant which, on the lien date has a **possessory interest in publicly owned land, owns water rights, or owns improvements on land owned by another** may in lieu of recordation file a copy of the document giving rise to that possessory interest or water rights or file a written statement attesting to the separate ownership of those improvements with the Assessor. Failure to establish the fact of such recordation to the Assessor constitutes a **waiver** of the exemption.

TIME FOR FILING

To receive the full exemption, the claimant must **file a claim each year on or before February 15**. Only 90 percent of any tax or penalty or interest thereon may be canceled or refunded when a claim is filed between February 16 of the current year and January 1 of the following calendar year; if the application is filed thereafter, only 85 percent of any tax or penalty or interest thereon may be canceled or refunded. (For real property acquired after the January 1 lien date, to receive full exemption, the claim must be filed within 90 days from the first day of the month following the month in which the property was acquired, or by February 15 of the following calendar year, whichever occurs earlier. Refer to section 271.) The combined tax, penalty and interest may not exceed \$250.

BOARD-PRESCRIBED FORMS REFERENCED ON THE CLAIM FORM AND IN THE INSTRUCTIONS

BOE-267-A, 20___ Claim For Welfare Exemption (Annual Filing)

BOE-267-H, Welfare Exemption Supplemental Affidavit, Housing – Elderly Or Handicapped Families

BOE-267-L, Welfare Exemption Supplemental Affidavit, Housing – Lower Income Households

BOE-267-L1, Welfare Exemption Supplemental Affidavit, Low-Income Housing Property Of Limited Partnership

BOE 267 O, Welfare Exemption Supplemental Affidavit, Organizations And Persons Using Claimant's Real Property

BOE-267-R, Welfare Exemption Supplemental Affidavit, Rehabilitation – Living Quarters

BOE-277, Claim For Organizational Clearance Certificate – Welfare Exemption

BOE-277-LLC, Claim For Organizational Clearance Certificate – Welfare Exemption – Limited Liability Company

ADDITIONAL INFORMATION

In accordance with Revenue and Taxation Code section 254.5(b)(2), the assessor may institute an audit or verification of **the property's use** to determine whether both the owner and **user of the property** meet the requirements of Revenue and Taxation Code section 214

¹ A taxable possessory interest is defined as the taxable interest held by a private possessor in publically owned real property. (See Assessors' Handbook, Section 510, *Assessment of Taxable Possessory Interests* (Dec. 2002), page 1.)

² All further statutory references are to the Revenue and Taxation Code, unless otherwise specified.

COMPLETION OF CLAIM FORM

All questions must be answered. Failure to answer all questions and provide requested information may result in denial of your claim.

Use "not applicable" where needed. The following information is provided to assist you in answering specific questions on your claim.

The fiscal year for which exemption is being sought must be entered correctly. The proper fiscal year follows the lien date (12:01 a.m., January 1) as of which the taxable or exempt status of the property is determined. For example, a person filing a timely claim in February 2017 would enter "2017-2018"; a "2016-2017" entry on a claim filed in February 2017 would signify that a late claim was being filed for the preceding fiscal year.

Section 1. IDENTIFICATION OF PROPERTY

Identify the situs location (address and city) and Assessor's Parcel Number of the property owned for which you are seeking exemption; when the property was put to exempt use; and check the appropriate box(es) to indicate type(s) of property. Claimant is responsible for **completing** sections 2 through 4 depending on which box(es) are checked **under section 1(d)**. Refer to P3 for the definition of real property and taxable possessory interest. Personal property is defined as all property except real property, such as office furniture, computers, and equipment.

Section 2. REAL PROPERTY Complete only if "Real Property" was checked under Section 1(d).

- (a) If the exemption is being claimed for real property, enter the date on which the property was acquired.
- (b) Indicate the area and the unit of measurement used (acres or square feet.)
- (c) List all buildings and improvements on the land, using additional sheets if necessary.
- (d) Describe the primary use which should qualify the property for exemption and the incidental use(s) of the property since January 1 of the prior year.
- (e) **If yes, submit BOE-267-O, to provide information on every user of your real property.**

Section 3. PERSONAL PROPERTY Complete only if "Personal Property" was checked under section 1(d).

Describe the type of personal property, and the primary use and incidental use(s) of the property since January 1 of the prior year. If yes to (c) or (d), then provide requested information.

Section 4. TAXABLE POSSESSORY INTEREST Complete only if "Taxable Possessory Interest" was checked under section 1(d).

Attach a copy of the current lease agreement, identify the public owner (local, state, or federal agency) of the publically owned land, buildings and/or improvements, and describe the type of property that is leased from the public owner.

Section 5. USE OF PROPERTY

- (a)(1) If **Yes**, describe in sufficient detail to determine the volume of business and the hours open for business since January 1 of the prior year. If a business operation located on the listed parcel has been deliberately omitted because you do not desire the exemption on the business, so state.
- (a)(2) If **Yes**, submit BOE-267-R.
- (b) If **Yes**, describe the portion of the property used for living quarters. Submit documentation, including tenets, canons, or written policy, that indicates the organization requires housing be provided to employees and/or volunteers. Include a statement as to why such housing is incidental to and reasonably necessary for the exempt purpose of the organization and the occupant's role or position in the organization. (This question is not applicable where the exempt activity is providing housing, for example, homes for aged, youth, or mentally or physically disabled.) If living quarters are associated with a rehabilitation program, submit BOE-267-R.
- (c) If **Yes**, submit BOE-267-L if owned by a nonprofit organization or limited liability company; submit BOE-267-L1 if owned by a limited partnership.
- (d) If **Yes**, submit BOE-267-H, unless care or services are provided or the property is financed by the federal government under, including but not limited to, sections 202, 231, 236, or 811 of the Federal Public Laws. Submit documentation on the type of financing or care/services.

Section 6. UNRELATED BUSINESS TAXABLE INCOME

If **Yes**, provide the documents and other information requested.

Section 7. EXPANSION

If **Yes**, describe the type of investment contemplated and the reasons that make such expansion necessary.

Section 8. FINANCIAL STATEMENTS

Submit the financial statements reflecting the operation of the subject property. The income and expenses should include only those that result from operation of the property. If compensation of personnel or other administrative expenses are pro-rated to the property, such pro-rata should be indicated. If the nature of an item of income or expense is not clear from the account name, further explanation indicating the nature of the account should be appended. **Your claim will not be processed until the financial statements are received by the Assessor.**

Section 9. OTHER – EXEMPT ACTIVITY AND USE

Check the appropriate boxes to indicate the requested information.

20 CLAIM FOR WELFARE EXEMPTION (ANNUAL FILING)

To receive the full exemption, a claimant must complete and file this form with the Assessor by February 15.

Organization Name and Mailing Address: (Make necessary corrections in ink to the printed name and address.)

[Empty box for Organization Name and Mailing Address]

Property Location:

This organization [] owns [] rents/leases the real property at this location:
Property No.: Class:

Last year your organization received the Welfare Exemption for all or part of the property your organization owns at the location listed above. To continue receiving the exemption for the property you own at this location, you must complete, sign and return this claim form to the Assessor. A separate claim form is required for each location. The Assessor may contact you for additional information.

- A. If you no longer seek an exemption at this location, check here [], sign and return this form to the Assessor. Date Vacated:
B. If your organization is dissolved and therefore no longer needs an Organizational Clearance Certificate, check here []
C. Check, if changed within the last year: [] Mailing Address [] Organization Name
D. Does your organization have a valid Organizational Clearance Certificate (OCC) issued by the State Board of Equalization? [] Yes [] No
E. Have you amended the organization's formative documents (i.e., articles of incorporation, constitution, trust instrument, articles of organization) since last year? [] Yes [] No

Read the information on the reverse side before completing. All questions must be answered. If the answer to any question is "YES," explain in an attachment or complete the referenced form. Contact the Assessor if any forms referenced below are needed to complete this application.

Identify the property that your organization owns at this location:

- [] Real property (land/buildings/improvements) [] Personal property [] Taxable Possessory Interest

YES NO

Since January 1, last year:

- 1. Has the use on any portion of the property that received an exemption last year changed?
2. Is any portion of this property being used for exempt purposes that was not being used in that manner last year?
3. Is any portion of this property vacant or unused? If yes, since (date) Area (sq.ft.)
4. Is any portion of this property used as a retail outlet or for other fundraising purposes?
5. Is any portion of the property used for living quarters (other than transitional or emergency shelter, low-income housing or housing for the elderly or handicapped listed under questions 6 or 7)?
6. Is this property used as low-income housing?
7. Is this property used as a housing for the elderly or handicapped?
8. Do other persons or organizations use any of this property?
9. Did this or any portion of this property generate taxable "unrelated business taxable income," as defined in section 512 of the Internal Revenue Code?
10. Have the organization's income and/or expenses increased by more than 25 percent since last year?
11. Is there any equipment or property at this location that is leased or rented to the claimant?

NAME OF PERSON TO CONTACT FOR ADDITIONAL INFORMATION (please print) DAYTIME TELEPHONE ()

I certify (or declare) under penalty of perjury under the laws of the State of California that the foregoing and all information hereon, including any accompanying statements or documents, is true, correct and complete to the best of my knowledge and belief.

SIGNATURE OF CLAIMANT TITLE DATE

EMAIL ADDRESS

ASSESSOR'S USE ONLY Approved: [] ALL [] PART [] Denied Reason(s) for Denial:

GENERAL INFORMATION

The Welfare Exemption is available only to property, real or personal, **owned** by a religious, charitable, hospital, or scientific organization and **used exclusively** for religious, charitable, hospital, or scientific purposes. It is also available on a taxable possessory interest in publically owned real property used for exempt purposes by an organization that qualifies for the welfare exemption. A public owner is a local, state or federal agency.

To be eligible for the full exemption, the claimant **must** file a claim each year on or before February 15. Only 90 percent of any tax, penalty, or interest may be canceled or refunded when a claim is filed between February 16 and December 31 of the current year. If the application is filed on or after January 1 of the next year, only 85 percent of any tax, penalty, or interest may be canceled or refunded. **The** tax, penalty, and interest for a given year **may not** exceed \$250. A separate claim must be completed and filed for each property for which exemption is sought.

In accordance with Revenue and Taxation Code section 254.5(b)(2), the assessor may institute an audit or verification of the **property's use** to determine whether both the owner and **user of the property** meet the requirements of Revenue and Taxation Code section 214.

ORGANIZATIONAL CLEARANCE CERTIFICATE

The Assessor may not approve a property tax exemption claim until the claimant has been issued a valid *Organizational Clearance Certificate* (OCC) by the State Board of Equalization. If you are seeking exemption on this property, you must provide the organization's OCC No. and date issued. A listing of organizations with valid OCCs is available on the Board's website (www.boe.ca.gov) and can be accessed at www.boe.ca.gov/proptaxes/welfareorgeligibile.htm. You may also contact the Board at 1-916-274-3430.

HOUSING

If question 5 is answered **yes**, describe the portion of the property used for living quarters (since January 1 of the prior year). Submit (1) documentation, including tenets, canons, or written policy, that indicates the organization requires housing be provided to employees and/or volunteers, or (2) include statement why such housing is incidental to and reasonably necessary for the exempt purpose of the organization. If the documentation described in items (1) or (2) has been submitted in a previous year for this location, please submit documentation including the occupant's position or role in the organization with a statement indicating that the housing continues to be used for organization's exempt purpose. (This question is not applicable where the exempt activity **is providing housing**.)

USE OF THE PROPERTY BY OTHER ORGANIZATIONS

If question 8 is answered **yes**, **submit BOE-267-O.**

UNRELATED BUSINESS TAXABLE INCOME

If question 9 is answered **yes**, you must attach the following to the claim:

- the organization's information and tax returns, including form 990T, filed with the Internal Revenue Service for its immediately preceding year;
- a statement setting forth the amount of time devoted to the organization's income-producing and to its non income-producing activities and, where applicable, a description of that portion of the property on which those activities are conducted;
- a statement listing the specific activities and locations which produce unrelated business taxable income; and
- a statement setting forth the amount of income of the organization that is attributable to activities in this state and is exempt from income or franchise taxation and the amount of total income of the organization that is attributable to activities in this state.

SIGNATURE

An officer or duly authorized representative of the organization **owning** the property must sign the claim.

ASSESSOR'S USE ONLY					
ASSESSED VALUES					
ITEM	TOTAL ASSESSED VALUE OF:				
	LAND	IMPROVEMENTS	PERSONAL PROPERTY	FIXTURES	TOTAL
ITEM	EXEMPTION ALLOWED				
	LAND	IMPROVEMENTS	PERSONAL PROPERTY	FIXTURES	TOTAL

If another exemption, such as the church, religious, etc., was allowed this year on a portion of the property described in the claim, indicate the type and amount of the exemption: _____ \$ _____
(type) (amount)

By _____ (date)
(Assessor or designee)

BOE-267-O (P1) (xx-16)

**WELFARE EXEMPTION SUPPLEMENTAL AFFIDAVIT,
ORGANIZATIONS AND PERSONS USING CLAIMANT'S REAL PROPERTY**

This claim is filed for fiscal year 20__ - 20__.

This is a Supplemental Affidavit filed with:

- BOE-267, Claim For Welfare Exemption (First Filing)
- BOE-267-A, 20__ Claim For Welfare Exemption (Annual Filing)

Section 1. Identification of Claimant/Owner and Property

LEGAL NAME OF ORGANIZATION		CORPORATE OR LLC ID NO. (if any)
ADDRESS OF PROPERTY (number and street)	CITY	ASSESSOR'S PARCEL NUMBER

Section 2. Organizations and Persons Using Owner's Real Property (Attach additional copies of this form, if necessary)

Total Number of Users: _____

Part A

a. NAME OF ORGANIZATION OR PERSON (including DBA name, if applicable)

b. PHONE NUMBER OR EMAIL ADDRESS

c. NEW USER THIS YEAR? Yes No
EFFECTIVE DATE: _____

d. DESCRIPTION OF PROPERTY USED BY THE ORGANIZATION LISTED IN (a) ABOVE (type of property and portions of property used, including square footage):

e. CURRENT LEASE OR AGREEMENT ATTACHED?
 Yes No, submitted with a previous filing No written agreement

f. IS EXEMPTION REQUESTED ON THE PORTION OF PROPERTY USED BY THIS USER?
 Yes (complete Part B for this user) No (no further information required for this user)

Part B

a. DESCRIPTION OF THE USER'S USE OF THE PROPERTY:

b. FREQUENCY OF USE (daily, once per week, etc.):

c. RENT OR FEES RECEIVED FROM USER (amount and frequency):

d. DOES THE USER HAVE AN ORGANIZATIONAL CLEARANCE CERTIFICATE (OCC)?
 Yes, OCC No. _____ No (additional documents may be required, see instructions)

e. PURPOSE(S) ORGANIZED FOR:
 Charitable Religious Hospital Scientific Other _____

f. TAX EXEMPT STATUS (check applicable box): (Submit copy of tax exempt status letter, if not submitted with a previous filing.)
INTERNAL REVENUE CODE: Section 501(c)(3) Section 501(c)(4) REVENUE AND TAXATION CODE: Section 23701d Section 23701f Section 23701w
 NOT TAX EXEMPT

Part A

a. NAME OF ORGANIZATION OR PERSON (including DBA name, if applicable)

b. PHONE NUMBER OR EMAIL ADDRESS

c. NEW USER THIS YEAR? Yes No
EFFECTIVE DATE: _____

d. DESCRIPTION OF PROPERTY USED BY THE ORGANIZATION LISTED IN (a) ABOVE (type of property and portions of property used, including square footage):

e. CURRENT LEASE OR AGREEMENT ATTACHED?
 Yes No, submitted with a previous filing No written agreement

f. IS EXEMPTION REQUESTED ON THE PORTION OF PROPERTY USED BY THIS USER?
 Yes (complete Part B for this user) No (no further information required for this user)

Part B

a. DESCRIPTION OF THE USER'S USE OF THE PROPERTY:

b. FREQUENCY OF USE (daily, once per week, etc.):

c. RENT OR FEES RECEIVED FROM USER (amount and frequency):

d. DOES THE USER HAVE AN ORGANIZATIONAL CLEARANCE CERTIFICATE (OCC)?
 Yes, OCC No. _____ No (additional documents may be required, see instructions)

e. PURPOSE(S) ORGANIZED FOR:
 Charitable Religious Hospital Scientific Other _____

f. TAX EXEMPT STATUS (check applicable box): (Submit copy of tax exempt status letter, if not submitted with a previous filing.)
INTERNAL REVENUE CODE: Section 501(c)(3) Section 501(c)(4) REVENUE AND TAXATION CODE: Section 23701d Section 23701f Section 23701w
 NOT TAX EXEMPT

CERTIFICATION

I certify (or declare) under penalty of perjury under the laws of the State of California that the foregoing and all information hereon, including any accompanying statements or documents, is true, correct and complete to the best of my knowledge and belief.

SIGNATURE OF PERSON MAKING CLAIM	TITLE
NAME OF PERSON MAKING CLAIM	DATE

**INSTRUCTIONS FOR FILING
WELFARE EXEMPTION SUPPLEMENTAL AFFIDAVIT
ORGANIZATIONS AND PERSONS USING CLAIMANT'S REAL PROPERTY**

FILING OF AFFIDAVIT

This affidavit must be filed by the owner of real property when another organization or party uses that real property. A separate affidavit must be filed for each location. This affidavit supplements the claim for welfare exemption, which must be filed with the county assessor by February 15 to avoid a late filing penalty under Revenue and Taxation Code section 270. The information provided on this affidavit is used by the assessor to determine how the property is being used and by whom. If this form is not completed, the claimant/owner may be denied the exemption.

The welfare exemption requires that property be used exclusively for religious, charitable, hospital, or scientific purposes by qualifying organizations; however, it does not require that the owner be the only user of the property. Therefore, an owner may allow other organizations to use its property and still qualify for exemption, if the welfare exemption requirements are met. In order for property owned by one organization and used by another to be eligible for the welfare exemption, the owner and user of the property must be organized for exempt purposes and the property must be used for exempt purposes.

Organizations using the real property more than once a week must be exempt from federal income tax under the provisions of section 501(c)(3) of the Internal Revenue Code or exempt from state franchise or income tax under the provisions of section 23701d of the Revenue and Taxation Code. Organizations using the property once a week or less may also be exempt under 501(c)(4) of the Internal Revenue Code or 23701f or 23701w of the Revenue and Taxation Code.

In accordance with Revenue and Taxation Code section 254.5(b)(2), the assessor may institute an audit or verification of the property's use to determine whether both the owner and user of the property meet the requirements of Revenue and Taxation Code section 214.

SECTION 1. Identification of Claimant/Owner and Property.

Identify the name of the organization that owns the real property (the claimant), and the address and Assessor's Parcel Number of the property on which the exemption is being sought. Provide the organization's corporate identification number, if it is a nonprofit corporation, or number assigned by the Secretary of State, if it is a limited liability company.

SECTION 2. Organizations and Persons Using Owner's Real Property

State the total number of organizations and/or persons, other than the claimant, that use the claimant's property.

Part A Must be completed for all users of the claimant's real property.

- a. Provide the name of the organization or person using the property, including the DBA name, if applicable.
- b. Provide a contact phone number or email address for the user.
- c. Check the appropriate box to indicate if the user is new this year. If yes, state the date the property was first used by the user as the effective date.
- d. Provide a description of the property used by the user, including room number(s), suite number(s), and square footage used.
- e. Check the appropriate box to indicate if the current lease or agreement is attached. Attach a copy of the current lease or agreement, if not submitted with a previously filing.
- f. Check the appropriate box to indicate if requesting exemption on the portion of the property used by the user. If yes, complete Part B for the user. If no, no further information is required for the user.

Part B – Complete if seeking exemption on the portion of the property used by the user.

- a. Describe how the user uses the property, including all primary and incidental uses.
- b. Indicate how often the user uses the property, for example, "daily," "twice per week," etc.
- c. State the rent or fees received from the user, including the amount and frequency.
- d. Check the appropriate box to indicate if the user holds an OCC. If yes, provide the OCC number. Note: A user of the property is not required to hold an OCC. If the user does not hold an OCC, the Assessor may request additional information.
- e. Check the appropriate box(es) to indicate the purpose for which the organized is organized. If "Other" is checked, specify the purpose.
- f. Check the appropriate box(es) to indicate the tax exempt status of the user. If you are filing this affidavit with the *Claim for Welfare Exemption (First Filing)* (BOE-267), submit a copy of the user's tax exempt status letter. If you are filing this affidavit with your annual filing (BOE-267-A), and the property is operated by any organization(s) not previously identified on prior affidavits, submit a copy of the tax exempt status letter for each new user.