



## POLICY AND GUIDELINES FOR POVERTY EXEMPTIONS

In accordance with Public Act (P.A.) 390 of 1994, guidelines for a Poverty Exemption must be set by the local governing body. Guidelines for the Charter Township of Waterford are as follows:

### APPLICATION PROCEDURE

1. All applicants must obtain the Poverty Exemption Application from the Township Assessor's Office. Please call (248) 674-6270 for assistance.
2. Applicants will not be eligible for consideration if the income, as reported on their income tax form, is greater than the income levels listed below:

<u>Size of Family Unit</u>	<u>2020 Poverty Income Guidelines**</u>
1	\$12,490
2	\$16,910
3	\$21,330
4	\$25,750
5	\$30,170
6	\$34,590
7	\$39,010
8	\$43,430
Each additional person	Add \$4,420/person

\*\* All guidelines are based on the Federal poverty level established by P.A. 390 of 1994 and further amended by P.A. 620 of 2002.

3. All applicants must own and occupy the property being appealed as their principal residence. If requested, a valid driver's license, deed, land contract, or other evidence of ownership or identification must be produced.

4. All applicants must fill out our application form in its entirety and return it to this office, except as noted in item no. 1 above.
  5. All members of the household must submit, if applicable, the immediately preceding year or current year copies of:
    - A. Federal Income Tax Return – 1040 or 1040A
    - B. State of Michigan General Homestead Property Tax Claim MI-1040CR
    - C. Statement from Social Security Administration and/or Michigan Social Services as to monies received during the previous year.
    - D. Alimony, child support and military family allotments or other regular support from an absent family member or someone not living in the household.
  6. FAILURE TO SUPPLY THE REQUESTED INFORMATION WILL NEGATE THE APPLICATION BEING PROCESSED.
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#### **EVALUATION PROCEDURE**

1. Applications may be reviewed by the Board of Review without the applicant being present. However, the Board may request that any and all applicants be physically present to respond to any questions the Board or Assessor may have. This means that an applicant could be called to appear on short notice.
2. At this meeting, an applicant should be prepared to answer questions regarding their financial affairs, health, the status of people living in their home, etc.
3. The Board of Review will apply a three-part test to determine the eligibility and the amount of the exemption.
  - A. **THE INCOME TEST**: An eligible applicant will pay a tax equal to three and a ½ percent (3.5%) of their total income after considering the property tax credit feature of the State of Michigan Income Tax.
  - B. **THE ASSET TEST**:
    - i. The residence where the applicant claims the Principal Residence Exemption and one vehicle are ***not*** considered in the Asset Test.
    - ii. The asset threshold for Waterford Township is \$25,000 for one person living in the household and \$35,000 for two or more people living in the household.

- iii. Assets include, but are not limited to: real estate other than principal residence, personal property, additional motor vehicles, recreational vehicles and equipment, certificates of deposit, savings accounts, checking accounts, stocks, bonds, life insurance, retirement funds, etc.
- iv. If the values of the applicant's assets are of an amount which would indicate that a condition of poverty is not indicated, then a poverty exemption may be denied.

C. **THE INCOME FROM OTHER SOURCES TEST:** If the Board of Review determines that the applicant has or should have income from other sources, such as relatives, dependents or friends, they may add this income to the applicant's reported income and if the resulting sum of these incomes is greater than the stated household income guidelines, then a poverty exemption may be denied. If the amount of this income is added to the applicant's reported income and the resulting sum is less than the stated household income guidelines, then a poverty exemption may be granted.

4. The Assessor and the Board of Review must agree as to the disposition of the poverty claim for the exemption to be granted.
5. Any successful applicant may be subject to personal investigation by the Township. This would be done to verify information submitted or statements made to the Assessor, Supervisor or Board of Review in regard to their property tax abatement claim.
6. The Assessor will keep minutes of all proceedings before the Board of Review and all meetings must be held in a municipal building.
7. A person filing a poverty exemption claim is not prohibited from also appealing the Assessed Value on the property for which that claim is made before the March Board of Review in the same year.
8. The Board of Review shall follow the policy and guidelines of the Township of Waterford in granting or denying an exemption under this section unless the Board of Review determines there are substantial and compelling reasons why there should be a deviation from the policy and guidelines. The substantial reasons shall be communicated in writing to the claimant.