

SECTION I: APPLICATION PROCEDURE

Eligibility and Application: To be eligible for a hardship exemption the applicant must be both the taxpayer and a natural person (i.e., not a corporation, trust or other business association or entity), and must do all of the following on an annual basis:

1. Be an owner of and occupy as a homestead the property for which an exemption is requested. "Principal residence" means principal residence or qualified agricultural property as those terms are defined in MCL 211.7dd.
 - a. If owned by a trust, the real property must be the principal residence of the grantor of the trust and the trust must be a grantor trust under Internal Revenue Code sections 671-679.
2. File with the City Assessor a completed Hardship Exemption Application, on a form provided by the City of Dexter.
 - a. This application *must* be accompanied by any and all federal and state income tax returns for all persons residing in the principal residence, including any returns for property tax credit, that were filed in the immediately preceding year and in the current year.
3. Produce a valid driver's license or other acceptable form of identification, if required by the Assessor or the Board of Review.
4. Produce a deed, land contract or other evidence of ownership of the property for which an exemption is requested, if required by the Assessor or the Board of Review.

Filing Period and Personal Appearance: Fully completed Hardship Exemption Applications, with the required supporting information, will be accepted after January 1st through the day prior to the December Board of Review. Exemptions will be considered at the March, the July, or the December Board of Review meeting, whichever occurs next after receipt of the Application. The filing of a completed Hardship Exemption application shall constitute an appearance before the Board of Review for the purpose of preserving the applicant's right to appeal the decision of the Board of Review to the Michigan Tax Tribunal; however, a personal appearance may be required as hereinafter specified.

SECTION II: EVALUATION PROCEDURE

Administration of an Oath: Applicants appearing before the Board of Review may be administered the following oath: "Do you swear or affirm that information and testimony you will give before the Board of Review is the truth, the whole truth, and nothing but the truth."

Open Meetings Act: Board of Review meetings relative to hardship exemption applications shall be held in compliance with the Open Meetings Act.

Applicant's Presence: The Board of Review may request an applicant to personally appear before the Board to respond to any questions that the Board of Review or the Assessor may have.

Investigation: Applicants for hardship exemption may be investigated by the City in order to verify information submitted or statements made to the Assessor or to the Board of Review.

SECTION III: DETERMINING EXEMPTIONS

Criteria for Determining Exemption: The Board shall consider the following three (3) criteria in order to determine whether a full or partial hardship exemption should be granted:

1. Income:

- a. The total income of the applicant and each member of the applicant's household shall not exceed the Federal Poverty Income Standards (exhibit A), as defined and determined annually by the U.S. Department of Health and Human Services (HHS) for a one-person household, times a factor of 2.0, plus the modifier specified by HHS for to be added for each additional person over eight. Income shall include the following:
 - i. Money wages and salaries before any deductions;
 - ii. Net receipts from self-employment;
 - iii. Distributions or income from partnerships, limited liabilities companies, or corporations, whether or not taxable;
 - iv. Tax exempt income received including, but not limited to, interest income, disability income, social security or SSI;
 - v. Regular payments from Social Security, Railroad Retirement, unemployment compensation, strike benefits from union funds, workers compensation, veterans payments or any type of public assistance;
 - vi. Alimony, child support, and military family allotments or other regular support from an absent family member for someone not living in the household. For example, periodic gifts to assist the applicant or the applicant's household shall be included in income;
 - vii. Private pensions, government employee pensions (including military retirement pay), regular insurance or annuity payments;
 - viii. College or university scholarships, grants or fellowships;

- ix. Dividends, interest, net rental income, net royalties, periodic receipts from estates or trusts, net lottery winnings and net gambling winnings; and
- x. Payments made by a third party to or for the benefit of the applicant or a member of the applicant's household.

b. Income shall not include any of the following:

- i. Money received from the sale of property (such as stocks, bonds, house, car), unless the applicant or a member of the applicant's household is in the business of selling such property;
 - ii. Withdrawals of bank deposits;
 - iii. Borrowed monies;
 - iv. Income tax refunds;
 - v. One time payouts from insurance companies;
 - vi. Losses including, but not limited to, capital losses or business losses;
 - vii. Gifts and/or inheritances, unless the purpose of such gift and/or inheritance, as determined by the Board of Review, is to assist in the support of the applicant or the applicant's household.
- c. The Board of Review may waive the income test for household with income greater than allowed under Section III(1)(a), but who have expenses beyond the ordinary scope of expected costs which are severe and unavoidable, such as unusually high health care costs not covered by insurance.

2. Assets:

- a. The total value of the assets of the applicant and each member of the applicant's household shall not exceed the Federal Poverty Income Standard as set forth in Section III(1)(a) times a factor of 14.0. The assets of each member of the applicant's household shall be examined to determine whether there are assets which can reasonably be invested, sold or used to pay the property taxes. If the assets are of a nature and value which reasonably indicates that a condition of hardship does not exist, then a hardship exemption shall be denied.
 - i. The total value of the assets shall include the value of the equity in the principal residence to the extent the principal residence's value exceeds the average assessed value for a home in the City as of December 31st of the year preceding the date of the application.
 - 1) Notwithstanding Section III(2)(a)(i), if the applicant has resided in the principal residence, as his/her principal residence, for a period of at least twenty (20) years prior to the date of application, the value of the equity in the principal residence shall not be counted as an asset.

- ii. Gifts, inheritances, one-time payouts from insurance companies, income tax refunds and money received from the sale of property, such as stocks, bonds, house, car, (unless the applicant or a member of the applicant's household is in the business of selling such property), shall be included as assets of the applicant and/or members of the applicant's household.
 - b. If the applicant and/or any members of the applicant's household transfers assets to another for less than full and adequate consideration in money or money's worth within sixty (60) months from date of the application for exemption, such exemption shall be denied. Such transfer shall include, but not be limited to, giving up all or partial ownership in an asset, selling an asset, giving an asset away, refusing or disclaiming a gift or inheritance, or giving up the right to receive income. Such transfers shall not include transfers in the amount of \$100 or less.
3. Contributions from Other Sources:
 - a. If the Board of Review determines that the applicant does or reasonably should receive contribution toward taxes from other sources, such as from a trust, inheritance, co-owner, relative, dependent, friend or other source, the Board may consider the amount of such contribution as an addition to the applicant's income. If the resulting sum exceeds Standards set in Section III(1), then a hardship exemption shall be denied.

SECTION IV: GRANTING EXEMPTIONS

Granting of Exemption: If the Board of Review determines that an applicant:

1. Does not have income in excess of the total income allowed under Section III(1) or the Board waives the income test under Section III(1); and;
2. Does not have assets which can reasonably be invested, sold or used to pay the property taxes under Section III(2); and
3. Does not receive or reasonably expect to receive contribution toward taxes from other sources under Section III(3),

Then, the Board of Review may grant a full or partial hardship exemption. The granted exemption under any circumstances shall not serve to reduce the amount refundable from the State of Michigan through the Homestead Property Tax Credit as determined utilizing Form MI-1040CR.

Deviation From Policy and Guidelines: The Board of Review shall follow the policy and guidelines set forth herein for granting or denying a hardship unless the Board of Review determines that there are substantial and compelling reasons why there should be a deviation from the policy and guidelines.

Exhibit A

Size of Family Unit	Poverty Guidelines
1	\$ 11,880
2	\$ 16,020
3	\$ 20,160
4	\$ 24,300
5	\$ 28,440
6	\$ 32,580
7	\$ 36,730
8	\$ 40,890

For each additional person \$4,160