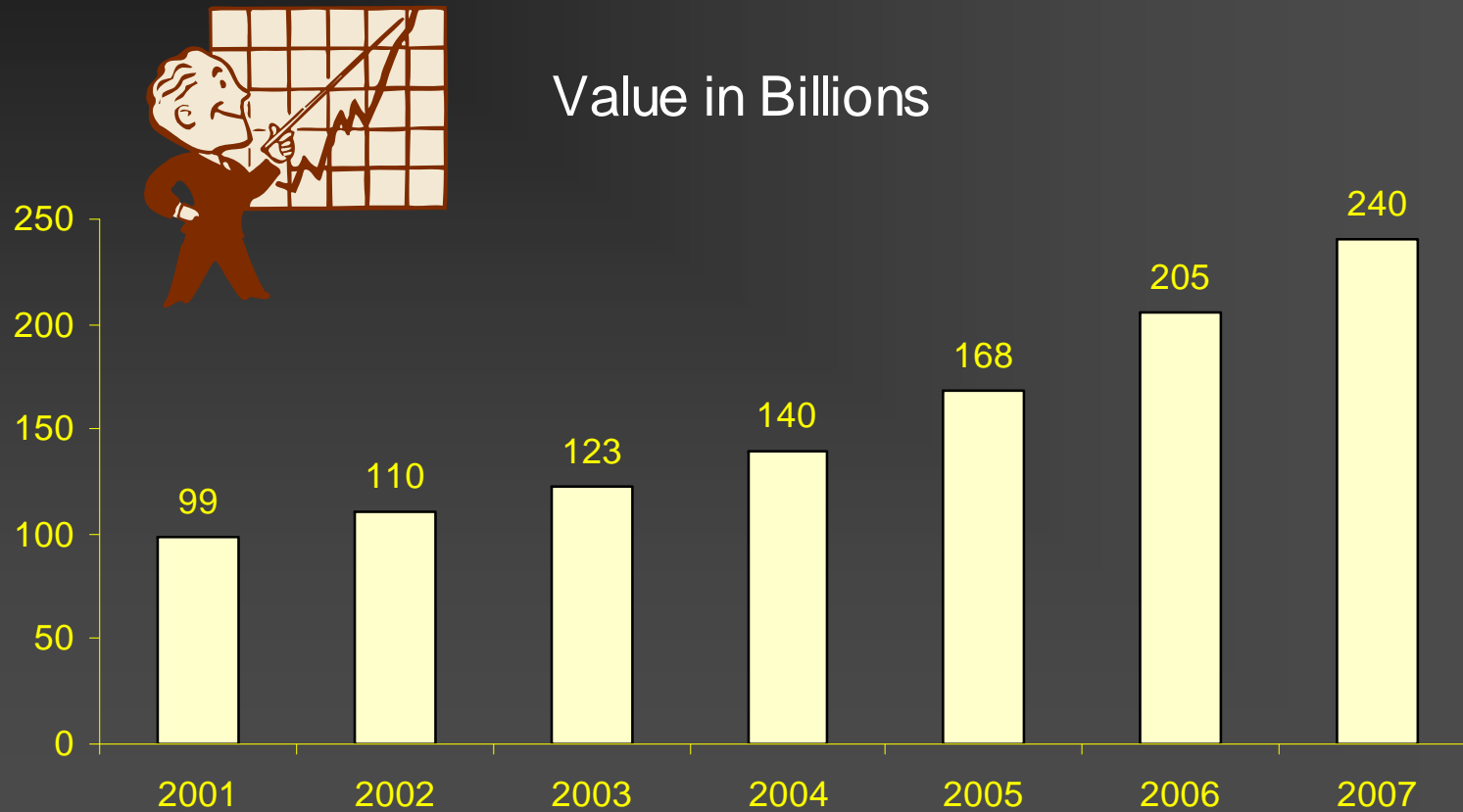


Proposition 8

Decline in Value and the effect it could have on your property taxes.



Assessment Roll Growth



Notices of Default

| County | 2005 Quarter 4 | 2006 Quarter 4 | % Change |
|----------------|----------------|----------------|----------|
| Los Angeles | 3480 | 7445 | 113.9% |
| Orange | 918 | 1983 | 116.0% |
| San Diego | 1173 | 3150 | 168.5% |
| Riverside | 1607 | 4528 | 181.8% |
| San Bernardino | 1473 | 3538 | 140.2% |

Source: DataQuick Information Services - March 14, 2007

In the News

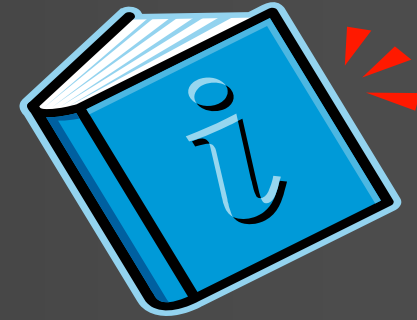
Reassessment to Begin in Riverside County

The Press-Enterprise - by Kimberly Trone - April 24, 2007



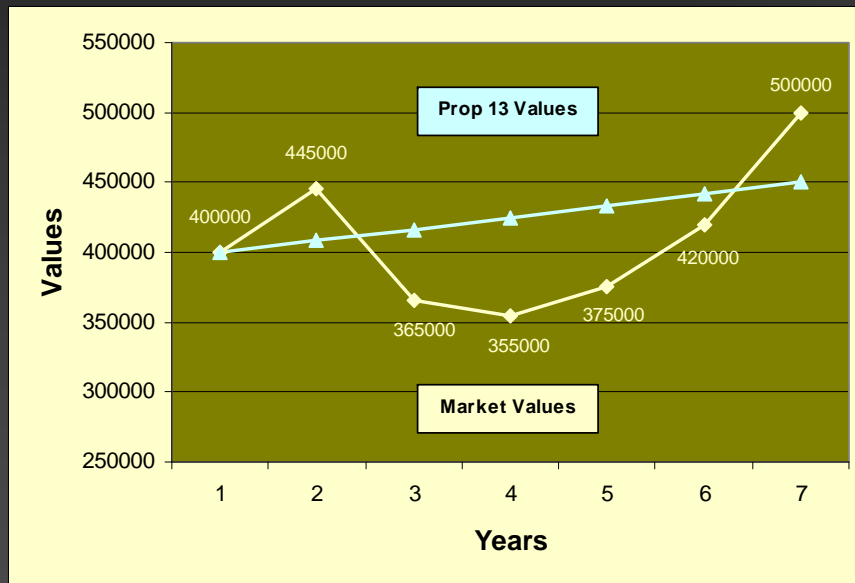
- County Tax Assessor Larry Ward on Tuesday said his office would begin a comprehensive reassessment of housing values -- particularly of homes purchased in 2005 and 2006 at the height of the subprime lending frenzy.
- ...reducing the assessed value of a home by \$30,000 would result in an average tax reduction of \$300 to \$375 a year.
- County Assessor Ward agreed the downward adjustment probably wouldn't save homeowners who are in hot water over mortgages they cannot afford...
"It does not mean we are not going to aggressively pursue reductions when warranted," Ward said. "Our goal is to make sure everyone pays their fair share. No more. No less."

Defining Proposition 8



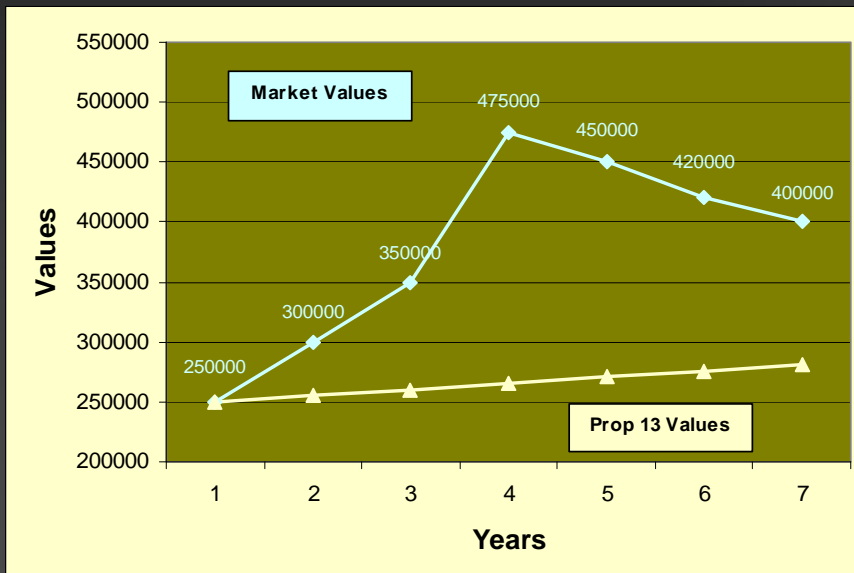
- If the current market value of a property as of January 1 (lien date) is lower than its Prop. 13 value, the assessed value will be **temporarily** reduced to reflect the decline under Proposition 8. If the value is reduced, it will thereafter be reviewed annually, until its Prop. 13 value no longer exceeds its market value; the Prop. 13 value is then reinstated as the upper limit of assessed valuation
- While a property is being assessed under Prop. 8, its value may be raised or lowered by **any** percentage each January 1. **Prop. 8 assessments are not restricted by the Prop. 13, 2% annual maximum.** However, in no case may a Prop. 8 property be assessed at a level greater than its Prop. 13 factored base year value.

Example: Valid Claim under Prop. 8



- **Year 1** - \$400,000 market value enrolled as assessed value (Prop.13 Base Year).
- **Year 2** - Even though the market value of the house has dramatically increased within the first year, \$408,000 assessed value is enrolled under Prop. 13.
- **Year 3-6** - \$365,000, \$355,000, \$375,000, and \$420,000 are respectively enrolled as the assessed value under Prop. 8.
- **Year 7** – The factored Prop. 13 value is reinstated as the assessed value. Though the Market value is at \$500,000, the Assessor may only enroll the original value (\$400,000) plus 2% for every year after the base year was established (factored base year); roughly \$450,000.

Example: Invalid claim under Prop. 8



- Since the market value of the property does not drop below the Prop. 13 value, no adjustment of the assessed value is necessary under Prop. 8 in this example.
- This illustrates much of the property purchased in the County of Riverside.

The Process



- On the “Decline-in-Value Reassessment Application”, provide the Assessor with information that supports your opinion that the market value for your property is less than the assessed value. The best supporting documentation is information on sales of comparable properties. You should select two comparable sales that sold as close to January 1 as possible, but no later than March 31.
- Return “Decline-in-Value Reassessment Application” to the Assessor’s office by December 31.
- An appraiser will review your application and the information you provide. Other sales information available to the Assessor may also be considered. If the market value as of January 1 is less than the factored Prop. 13 value, your assessed value will be lowered to the market value for the fiscal year beginning on July 1. The adjusted value will be reflected on your annual tax bill.
- If you disagree with the Assessor’s findings, you may file an appeal with the Assessment Appeals Board between July 2 and November 30 for your annual tax bill.

ACR Website & Property Tax Portal

www.riversideacr.com &
www.riversidetaxinfo.com

- Decline-in-Value Reassessment (Prop. 8) Application
- Application for Changed Assessment (Assessment Appeal Application)
- Other Forms
- Information about services
- Online address change
- Contact information
- List of public service locations



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