STATE OF INDIANA

DEPARTMENT OF LOCAL GOVERNMENT FINANCE

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TO: **County Auditors and County Recorders**

FROM: **Amanda J. Stanley, Assistant Director of Communications** AJS

RE: **Mortgage Deduction, SEA 223-2010**

DATE: **April 16, 2010**

Senate Enrolled Act ("SEA") 223-2010, effective July 1, 2010, amended IC 6-1.1-12-1 and IC 6-1.1-12-2 regarding the mortgage deduction currently available and applicable to real property and mobile/manufactured homes not assessed as real property ("mobile/manufactured home") located in Indiana.

Unless specifically addressed in this memorandum, all information contained in the July 8, 2009 Mortgage Deduction memorandum is still applicable.

Qualifications

A person who is a resident of Indiana and, on the date the application is filed, either:

(1) owns the mortgaged real property or installment loan financed mobile/manufactured home with the mortgage or installment loan instrument recorded with the county recorder's office;

(2) is buying under a contract the real property or mobile/manufactured home, with the contract or memorandum of the contract recorded in the county recorder's office, which provides the person is to pay the property taxes; or

(3) has a home equity line of credit that is recorded in the county recorder's office on the real property or mobile/manufactured home the person owns or is buying on contract.

A person is not entitled to a mortgage deduction unless the person has a balance on the person's mortgage or contract indebtedness (including a home equity line of credit) that is recorded in the county recorder's office for the basis of receiving the deduction.

Application Requirements

Regardless of the manner in which a person files an application for the mortgage deduction, the mortgage, contract or memorandum (including a home equity line of credit) must be recorded with the county recorder's office in order for the person to be eligible to receive the mortgage deduction.

The mortgage deduction application must be signed by the property owner or contract purchaser under the penalties of perjury.

The mortgage deduction application and instructions will be updated prior to July 1, 2010 to reflect the changes made in SEA 223-2010 and to specify the penalties for perjury.

Public Notice

The Department will develop a notice that must be displayed in a place accessible to the public in each county auditor's office after July 1, 2010. The notice will explain that a balance on the person's mortgage or contract indebtedness (including a home equity line of credit) is required to receive the mortgage deduction and that the deduction application is signed under the penalties of perjury.

If you have any questions, please contact Assistant Director of Communications Amanda Stanley at 317-233-9218 or astanley@dlgf.in.gov.