



## 2026 POVERTY EXEMPTION POLICY AND GUIDELINES AND APPLICATION

### *Overview:*

Section 211.7u of the Michigan General Property Tax Act provides for a property tax exemption, in whole or part, for the principal residence of persons who, by reason of poverty, are unable to contribute to the public charges.

On February 09, 2026, the City of Ferndale Council adopted the following Poverty Exemption Policy, Guidelines, and Application (the "Policy"). The Policy includes an asset and income test as required by Michigan statute along with the State of Michigan required application form. The Board of Review is required to follow the adopted policy when approving or denying the request for poverty exemption. If a person meets all eligibility requirements, then the Board of Review must grant a 50% taxable value.

A taxpayer who files for a poverty exemption at the March Board of Review is not prohibited from also filing a valuation appeal on the same property in the same year at the March Board of Review. Alternatively, a taxpayer may file a poverty exemption with the July or December Boards of Review. A taxpayer may appeal a poverty exemption denial by the Board of Review to the Michigan Tax Tribunal.

To claim a poverty exemption, the application and ALL supporting documentation as outlined in the Policy must be submitted between January 1, 2026 and December 11, 2026 ("before the day prior to the December Board of Review" held on December 15, 2026). Handicapped or disabled applicants may call the Assessing Department at (248) 546-2525 extension 121 to make necessary arrangements for assistance.

### *Requirements:*

1. The applicant must own and occupy as their principal residence (as defined in MCL 211.7dd) the property for which the exemption is being claimed. The exemption does not apply to property owned by a corporation.
2. The applicant must file a **fully complete** application which includes Form 5737 (attached) and **all required and requested tax returns and documentation – see attached lists.**
3. The applicant must meet the "Asset Guidelines" adopted by the City of Ferndale Council (attached).
4. The applicant must meet the Federal Poverty Income Guidelines or alternative guidelines adopted by the City of Ferndale Council (attached).

*Failure to meet any of the above requirements will result in a denial of the poverty exemption.*

## **Asset Guidelines Used in the Determination of Poverty Exemptions for 2026**

As required by PA 390 of 1994, all guidelines for poverty exemptions as established by the governing body of the local assessing unit **SHALL** include an asset level test. The purpose of an asset test is to determine the resources available to the applicant: cash, fixed assets, or other property that could be converted to cash and used to pay property taxes in the year the poverty exemption is filed. The value of the principal residence cannot be included in the asset test.

The following asset test shall apply to all applications for poverty exemption:

- The applicants shall not have “liquid” (cash) assets in excess of **\$7,500**. In addition, the applicants shall not have a total value of all assets (cash and other non-cash assets) in excess of **\$15,000**.

**Assets greater than what is stated above will result in a denial of the poverty exemption claim, even if the applicant meets the income limit.** The Board of Review may deny any application if assets are not properly identified.

Assets may include but are not limited to:

- Bank and/or credit union savings and checking accounts
- Withdrawals of bank deposits and borrowed money
- Gifts, loans, lump-sum inheritances and one-time insurance payments
- Money received from the sale of property such as stocks, bonds, a house or car (unless a person is in the specific business of selling such property)
- A second home, land, vehicles
- Buildings other than the principal residence
- Recreational vehicles such as campers, motor-homes, boats and ATVs
- Jewelry, antiques, or artworks
- Equipment or other personal property of value
- Food or housing received in lieu of wages and the value of food and fuel produced and consumed on farms
- Federal non-cash benefits programs such as Medicare, Medicaid, food stamps and school lunches

## **Income Guidelines Used in the Determination of Poverty Exemptions for 2026**

Local units must adopt guidelines that specify the total household income levels used to approve or deny poverty exemptions. The adopted income levels shall not be set lower than the federal poverty guidelines published in the prior calendar year in the *Federal Register* by the United States Department of Health and Human Services.

Below are the updated federal poverty guidelines; City of Ferndale will follow these guidelines for establishing poverty exemptions for the 2026 assessments:

Household Size	Income (2X Fed Limit)
1	\$31,300
2	\$42,300
3	\$53,300
4	\$64,300
5	\$75,300
6	\$86,300
7	\$97,300
8	\$108,300
Additional Person	\$11,000

**Income greater than what is stated above, per household size, will result in a denial of the poverty exemption claim, even if the applicant meets the asset limit.** The Board of Review may deny any application if income is not properly identified.

**The income guidelines shall include the specific income for the person claiming the exemption and all persons living in the household.**

Income considered may include but is not limited to:

- Money, wages, salaries before deductions, and regular contributions from persons not living in the residence
- Net receipts from non-farm and farm self-employment (receipts from a person's own business, professional enterprise, or partnership, after business expense deductions)
- Regular payments from social security, railroad retirement, unemployment, worker's compensation, veteran's payments, public assistance, and supplemental security income (SSI)
- Alimony, child support, military family allotments
- Private and governmental retirement and disability pensions, regular insurance, annuity payments
- College or university scholarships, grants, fellowships, and assistantships
- Dividends, interest, and net income from rentals, royalties, estates, trusts, gambling or lottery winnings
- *The Michigan homestead property tax credit cannot be considered as income for purposes of the poverty exemption.*

## Reduction Calculation

Public Act 253 of 2020 made changes regarding the granting of full or partial poverty exemptions. MCL 211.7u(5) provides that if an applicant meets all eligibility requirements, the Board of Review shall grant the poverty exemption in part, as follows:

- A partial exemption equal to a 50% reduction in taxable value for the year in which the exemption is granted.

No other method of calculating taxable value may be used except for those percentage reductions specifically authorized in statute (see above), or any other percentage reduction approved by the State Tax Commission (none applicable).

The Board of Review shall follow the adopted Policy of the local assessing unit in granting or denying an exemption under MCL 211.7u. The following chart establishes the minimum and maximum exemption amounts:

Household Size	Income (2X Fed Limit)	50% Reduction		
		\$0	-	\$0
1	\$31,300	\$0	-	\$31,300
2	\$42,300	\$0	-	\$42,300
3	\$53,300	\$0	-	\$53,300
4	\$64,300	\$0	-	\$64,300
5	\$75,300	\$0	-	\$75,300
6	\$86,300	\$0	-	\$86,300
7	\$97,300	\$0	-	\$97,300
8	\$108,300	\$0	-	\$108,300

Additional Person \$11,000

*Failure to meet the income requirements, asset requirements, or submission of an incomplete application will result in a denial of the poverty exemption.*

## REQUIRED ATTACHMENTS TO APPLICATION – CHECK LIST

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- Provide documents for applicant, spouse, and/or all others that are residing in the household.
- Submit most recent statement/document unless otherwise indicated.
- Please submit copies only, not originals. Anything submitted will not be returned.
- If one of the items below does not apply then please write “N/A” (not applicable) to indicate the applicant does not have anything to provide for that item.
- This checklist must be returned with the application forms.

- Valid Michigan Driver's License or other legal form of photo identification for all persons in the household
- Federal Income Tax Return (for 2025 year, filed in 2026) – fully complete, signed, and the version that was filed with the IRS
  - *OR Form 4988 Poverty Exemption Affidavit if not required to file income tax returns*
- State Income Tax Return (for 2025 year, filed in 2026) – fully complete, signed, and the version that was filed with the State of Michigan
  - *OR Form 4988 Poverty Exemption Affidavit if not required to file income tax returns*
- Homestead Property Tax Credit Claim (MI1040-CR) – fully complete, signed, and the version that was filed with the State of Michigan
  - *This form is required regardless of your requirement to file income tax returns*
- Current full credit report for all persons 18 years or older residing in the household
  - *Reports that include only the credit score will not be accepted. Full credit reports are available at no cost to the applicant once per year from any of the three credit reporting bureaus: Equifax, Experian, TransUnion. Free credit reports are available at [myfreecreditreport.com](http://myfreecreditreport.com).*
- Bank and/or credit union statements of ALL savings and checking accounts
  - *\* 12 consecutive months of most recent statements for ALL accounts \**
- W-2 Statements from employer
- Net receipts from self-employment
- Social Security statement
- Supplemental Security Income (SSI) statement
- Worker's compensation statement

## REQUIRED ATTACHMENTS TO APPLICATION – CHECK LIST

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- Pension – 1099 statement
- Unemployment benefits statement
- Insurance or annuity payment statement
- Alimony payment statement
- Child support payment statement
- ADC / Welfare / Medicare / Medicaid / Food Stamps / Public Assistance Statements
- IRA or other investment account statement
- Certificates of Deposit statement
- Mortgage statement
- Second mortgage or equity loan statement
- If home was purchased within the last two years, a complete copy of the loan application and closing statement
- List and current value of other property currently owned by applicant
  - *Includes but not limited to vacant land, second home, rental property, building/property other than the residence, vehicles not identified on application*
- List of regular contributions OR gifts OR loans OR borrowed money from persons not living in the residence
  - *in the last 12 months*
- List of dividends, interest, and net income from rentals, royalties, estates, trusts, gambling or lottery winnings
  - *in the last 12 months*
- List of money received from the sale of property such as stocks, bonds, a house, or a car
  - *in the last 12 months*

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*below for department use only*

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*received by:*

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*date:*

## **Applicant Certification**

Applicants, please initial each applicable statement:

I/We have received a copy of and understand the 2026 Poverty Exemption Policy and Guidelines.

I/We understand my/our application and all required attached documentation is examined by the Board of Review at an open meeting and may be further discussed by the City of Ferndale Assessing Department staff or designated agent, Board of Review, and Michigan Tax Tribunal and is obtainable by the public as part of the public record.

I/We declare that the statements made herein are complete, true, and correct to the best of my/our knowledge.

I/We also understand that this application will be DENIED if the information contained within is found to be false or incomplete.

Applicant Signature: \_\_\_\_\_ Date: \_\_\_\_\_

Spouse Signature: \_\_\_\_\_ Date : \_\_\_\_\_

Name of preparer if other than applicant: \_\_\_\_\_  
*(please print)*