

## **A Simple Guide to Michigan Homestead (Principal Residence) Rules and Laws**

**In Michigan, people often talk about the "homestead exemption" or "homestead rules." Today, this mainly refers to the **\*\*Principal Residence Exemption (PRE)\*\*** — a big property tax break for your main home. (Note: There's also a separate "Homestead Property Tax Credit" for income tax help if your taxes are high relative to income, and older "homestead protection" laws for creditors in bankruptcy, but most folks mean the PRE when asking about homestead rules.)**

**The PRE comes from Michigan's property tax reforms (like Proposal A in 1994) and saves you money on school operating taxes (up to about 18 mills). Here's what you need to know in clear terms.**

### **### What Is the Principal Residence Exemption (PRE)?**

**The PRE exempts your **\*\*principal residence\*\*** (your true main home) from local school operating taxes — usually up to 18 mills. This can save hundreds or thousands on your tax bill each year, depending on your home's taxable value.**

**For example: On a home with \$100,000 taxable value, you might save around \$1,800 in school taxes.**

**Non-homestead properties (like rentals, second homes, vacant land not attached, or commercial) pay the full school millage.**

### **### Key Rules for Qualifying as a Principal Residence**

**Under Michigan law (MCL 211.7dd and 211.7cc):**

- It must be **\*\*the one place\*\*** where you have your **\*\*true, fixed, and permanent home\*\*** — where you live most of the time, intend to return if away, and consider your main address.**
- You must **\*\*own\*\*** the property (or have a land contract) and **\*\*occupy\*\*** it as your home.**
- You must be a Michigan resident.**
- You can't claim a similar exemption in another state.**
- Proof often includes: driver's license, voter registration, tax returns, bills, or bank statements showing the address.**

**Your principal residence includes:**

- The house or dwelling you live in.
- **\*\*All adjoining or contiguous (touching/sharing boundary) unoccupied land\*\*** you own that's classified as **\*\*residential\*\*** or **\*\*timber-cutover\*\*** (not agricultural, commercial, etc.). A road doesn't break contiguity.

**Examples from official guidelines:**

- Your whole parcel (even 40+ acres) if it's residential and your home is on it.
- A vacant adjoining lot next door (no house or habitable building).
- Multiple parcels if your house spans them or they're contiguous and meet rules.

**But: No exemption on rented parts, business-used land, or habitable structures like a guesthouse (even if family uses it free).**

**### Can a Family Have More Than One Parcel Identified as Homestead?**

**\*\*Yes — but with strict limits.\*\***

- You can claim PRE on **\*\*multiple parcels\*\*** if they qualify as part of your principal residence — mainly adjoining/contiguous unoccupied residential or timber-cutover land attached to your main home parcel. File a separate PRE Affidavit (Form 2368) for each parcel.

- Example: Your home on one parcel + a vacant contiguous 80-acre residential lot = PRE on both.

- Example: House built across two adjoining parcels = PRE on both.

- **\*\*No\*\*** — you can't claim PRE on **\*\*two separate homes\*\*** or distant properties as your principal residence. It's only **\*\*one principal residence\*\*** per owner (the "one place" rule).

- If you own two homes, claim only the one you actually live in as your main home.

- Exception: Short overlap when moving — you can keep PRE on your old home for the rest of the year (or up to 3 years under "conditional rescission" if it's for sale, unoccupied, not rented, and not used for business). File Form 4640 for that.

- Married couples or co-owners: Generally one PRE per property, but partial shares possible if multiple dwellings on one parcel. No "doubling" for separate homes.

### **### How to Claim or Change It**

- **File *\*\*Principal Residence Exemption Affidavit (Form 2368)\*\** with your local assessor (city, township, or village) by deadlines (often May 1 or Nov 1 for that year's taxes). Many closings handle it automatically.**
- **If you stop qualifying (move, rent it, etc.), file a *\*\*Rescission (Form 2602)\*\** within 90 days — or face penalties/back taxes.**
- **For adjoining parcels: File separate forms if different parcel IDs.**

### **### Quick Tips for Michigan Seniors**

- **This saves the most on school taxes — check your summer/winter tax bill to see the difference (exempt vs. non-exempt millage).**
- **Short-term rentals (like Airbnb) usually don't disqualify if it's still your main home (recent court rulings support this).**
- **For creditor protection (bankruptcy homestead exemption): Separate rule — protects up to ~\$38,000+ equity in your home (adjusted periodically), up to 40 acres rural or one lot urban.**
- **If farming or complex: Special farmland rules apply.**

### **Free help:**

- **[Michigan.gov/treasury](https://michigan.gov/treasury) (search "Principal Residence Exemption") — official guidelines and forms.**
- **[MichiganLegalHelp.org](https://MichiganLegalHelp.org)**
- **Your local assessor or county equalization office — they explain for your parcels.**
- **Call 2-1-1 for referrals.**

**The PRE is a great benefit for your main home — it keeps taxes lower on what matters most. Plan ahead, especially if you own extra land or are moving!**

***Questions? Your local assessor or a trusted advisor can check your specific parcels.***

**\*(This is general info based on Michigan law as of 2026 — from Michigan Department of Treasury and statutes like MCL 211.7cc/7dd. Laws can change; always verify with official sources like [michigan.gov/treasury](https://michigan.gov/treasury) or your local assessor. Print in large font if helpful!)\***