



MEMBER FDIC EQUAL HOUSING LENDER

What Homeowners Should Know About — Property Taxes —

There are many things to consider when buying a home, as this is a significant financial decision that should be carefully considered. One aspect of home ownership that often gets glossed over, but can be just as important, is property taxes. When purchasing a home, many people enter the housing market with a set budget in mind, but often forget to calculate how much they are willing to spend on property taxes. This can lead to financial stress down the road, as your monthly mortgage bill may get bumped up if you purchase a home with higher taxes than you anticipated.

We know how overwhelming this process can be, and we want to help you understand and navigate property taxes and how they can affect you down the road. Here are four things homeowners should know about property taxes.

What Are Property Taxes?

A property tax is a tax on the real estate that you live on and own. When you purchase a home, you pay taxes on that property to the local government. These taxes usually go towards public schools, police and fire departments. An assessor determines the taxes of your home based on the taxing body valuation of your county. County taxes are kept public and are reassessed once a year.

Some homeowners worry that the official property appraisal (where an appraiser determines the entire value of the property) that they receive for their home will affect the assessed taxes. However, this is not true. Tax assessments and property appraisals are kept separate and do not have any bearing on each other.

How Are Property Taxes Calculated?

Calculating property taxes can get complicated. There are a lot of factors to consider, such as what neighborhood the property is in, the size of the lot, the size of the house, and more. The tax is then determined by multiplying the value of the assessed property by a tax rate, which varies by county or city.

When purchasing a home, it is important to be aware of how taxes were calculated for the previous homeowner. Local governments often give out exemptions to specific people for property taxes, making them a little less. For

example, seniors and veterans often receive an exemption on property taxes and receive a lower tax rate. So, if the house you are looking at is owned by a senior or veteran, then current taxes on the property will not necessarily be the rate you will receive. It's good to keep this in mind as you budget and move through the home buying process.

A well-trained Mortgage Planner, like the ones at Blackhawk Bank, will make sure you qualify for the mortgage payment based on the correct tax rate from the get-go. Because taxes are paid based on the previous year, any changes made in ownership and exemptions will usually take a while to process. Our Mortgage Planners will double-check to make sure you qualify for the mortgage and tax bill, so you will have no surprises down the road.

How Do You Pay Property Taxes?

Property taxes are traditionally paid through your mortgage lender. Your lender can set up an escrow account, and when you pay your monthly mortgage bill, the monthly property tax bill is included. Your lender will then pay your taxes based on your county payment options.

In some circumstances, there are homeowners who pay their taxes directly to the local government. This sometimes occurs when a homeowner has finished paying off their mortgage, so they no longer have an escrow account through their lender. However, there are some homeowners who don't necessarily need an escrow account. Blackhawk Bank Mortgage Planners will be able to determine if you need an escrow account based on program and down payment.

How Do I Appeal My Tax Bill?

If you have recently moved or are in the process of buying a house, and believe that you are paying too much in property taxes, you can appeal your property tax assessment with the local government. By appealing, the local government will have the property reassessed by an official assessor, to gain a full understanding of your property and its value. This process is different for each county, so make sure to do some research about the correct procedures for appealing your tax bill within your specific county.

We understand how confusing buying a home can be. There are many things to consider, and here at Blackhawk Bank, we want to minimize stress, and help you as you find the home of your dreams.

To learn more about Blackhawk Bank Mortgage Planners, visit our mortgage website or contact us today!