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## **Property Taxes**

As a homeowner, you'll be required to pay property taxes on your home. In many cases, these taxes are collected on a monthly basis by your mortgage lender, which holds them in an escrow account and advances them to the tax authority on your behalf as they become due.

## **Paying the Tax**

It is a good idea to keep an eye on how much your lender collects for taxes each month. If the amount is much more than necessary to meet your tax obligations, you should consider asking your lender to recalculate the amount collected. In most cases, the money the lender collects earns interest for the lender, but not for you, so some lenders have tried to collect as much as possible in order to get more in interest on those funds for their benefit and not yours. Generally, the amount a lender collects for your tax account shouldn't be much more than the actual amount you will owe for taxes, although it is reasonable for a lender to collect a small amount over the expected tax bill to account for any change in valuation or the amount you are assessed. However, if the lender consistently collects more than an additional 10 percent, express your concern. If the lender won't make a voluntary adjustment, the consumer-affairs section of your state attorney general's office may be able to help. In some states, the law limits the excess a lender can charge for a tax account.

## **The Tax Assessment**

The amount of property tax you'll have to pay is typically based on the local taxing authority's assessment of the value of your property. In most cases, this value is calculated by comparing your property to others in the community that are comparable in size, age and condition. In most communities, you'll receive a notice of the assessed value of your home each year from the taxing authority.

## Challenging the Assessment

If your assessment increases dramatically or if you think it is inaccurate or otherwise unfair, you have the right to challenge the assessment. Your assessment notice will usually provide the exact details for appealing the assessment, but generally you have to give written notice of your intention to appeal the assessment within a specified time period, such as 30 days. If you miss the cutoff date, you lose the right to appeal that year's assessment.

In order to get a reduction in the assessed value of your property, you will have to provide evidence that the assessment is wrong. In some cases, doing so isn't very complicated. For example, if the assessment shows that your house encompasses 2,000 square feet of living space when it actually only has 1,500, all you may have to do is provide details of the actual square footage to the assessors. In other cases, however, challenging an assessment may require obtaining an independent appraisal from a professional appraiser or obtaining information about recent sales of similar properties in your community.

For the most part, you don't need the help of a lawyer to challenge a property-tax assessment, nor do you need to hire one of the many companies that claim they can reduce your property taxes for you. A number of these companies have sprung up in recent years, and most of them charge half of the amount you save in taxes as their fees for representing you before the local tax authorities. Since the procedures for representing yourself are relatively straightforward, you can probably handle the early stages of an appeal on your own. If you do represent yourself and you don't obtain the result you wanted, a lawyer's help may be worthwhile in pursuing any further appeals, because the procedures become more complicated.

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