



Understanding Property Taxes in Escrow

Paying Property Taxes in an escrow account are among one of the most confusing issues for both Buyers and Borrowers. Whether you are buying a home or refinance your existing mortgage, taxes are applied in several ways in your escrow. Below are a few that you will find often on your escrow instruction:

Taxes to be paid:

Property taxes are generally divided so that the buyer and the seller each pay taxes for the part of the property tax year they owned the home. The fiscal tax year commences on July 1 of each year, and ends on June 30 of the following year.

Tax Impounds:

An Impound Account, also known as an Escrow Impound Account, is an account set up and managed by mortgage lenders to pay property taxes and insurance on behalf of the home buyer. The lender may collect 2-6 months of tax payment with each month's amount equal to about 1/12 of the total sum of the annual property taxes along with their mortgage payment. When the time comes to pay the annual property taxes, the lender makes the payment from the funds accumulated in the account on behalf of the buyer.

Tax Prorations:

At time of closing, the escrow agent will sometimes be required to determine what portion of the next tax installment is the seller's responsibility, they will then charge the seller and credit the buyer with said amount. When the next installment is due, the buyer will pay the total amount since the buyer was already reimbursed with the seller's portion at closing. Likewise, if the seller had already prepaid his taxes, the prepaid portion will then be charged to the buyer and serves as credit to the seller.

Supplemental Taxes:

If the market value of property is different from the previous owner's taxable value, the new owner will receive a NOTICE OF SUPPLEMENTAL ASSESSMENT and a supplemental tax bill or refund. Usually supplemental taxes are not collected in

escrow. Notices of supplemental assessment and supplemental tax bills are mailed several months after escrow closes. Supplemental assessments are pro-rated from the date of transfer to the end of the tax year (June 30th). Changes in ownership that occur between January 1 and May 31 are subject to two supplemental assessments because of the State's property tax calendar. Supplemental assessments are typically paid by the new owner directly and are not included in impound accounts. Supplemental property tax bills are mailed within 2 weeks of the Notice of Supplemental Assessment. Due dates for supplemental taxes can vary. Please read the tax bill carefully, or contact the TAX COLLECTOR for more information.

PROPERTY TAX DUE DATES

November 10 th	DUE
December 10 th	DELINQUENT
February 10 th	DUE
April 10 th	DELINQUENT

Secured property taxes can be paid in two installments. The first installment is due November 1 and delinquent December 10. The second installment is due February 1 and delinquent April 10. **See Reverse for Other Dates to Remember.**

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Important Real Property Tax Dates – California

January

January 1: Taxes become a lien on all taxable property at 12:01 AM.

First day to file affidavits and claims for exemptions for real property.

First day to file application for "decline-in-value" reassessment (Proposition 8).

February

February 1: Second installment of real estate taxes is DUE (DELINQUENT after 5:00 PM on April 10).

February 15: Deadline for timely filing of affidavits and claims for exemptions (late after 5:00 PM; a postmark before midnight is considered timely) for real property, including Veterans' and Disabled Veterans'.

Last day to file for the Homeowners' Exemption claim (late after 5:00 PM; a postmark before midnight is considered timely) to receive the maximum exemption (\$7,000 of assessed value).

April

April 10: SECOND INSTALLMENT OF REAL ESTATE TAXES BECOMES DELINQUENT AFTER 5:00 PM (a postmark before midnight is considered timely).

Annual payment on the Installment Plan of Redemption is due.

May

May 15 - December 10: Period for filing affidavit and claim for property tax postponement with State Controller.

June

June 1: Mailing of delinquent tax bills for current year and supplements.

June 30: Last day of the property tax year (fiscal year).

DELINQUENT property becomes TAX DEFAULTED for nonpayment of taxes and is subject to the power of sale five (5) years hence if delinquent taxes are not fully paid. Last day (prior to 5:00 PM) to open an installment plan of redemption on those parcels in their fifth year of delinquency.

July

July 1: First day of the property tax year (fiscal year).

First day affidavit and claim for homeowner or renters assistance may be filed with State Franchise Tax Board.

July 2: First day to file an Assessment Appeal application for equalization of assessment.

September

September 15: LAST DAY TO FILE ASSESSMENT APPEAL APPLICATION FOR REDUCTION OF ASSESSMENT MADE IN REGULAR PERIOD. (For some CA Counties- see list on back)

(Fourth Monday)

Assessment Appeals hearings commence.

October

October 1: Beginning day of annual secured tax bill mailing (by Treasurer and Tax Collector).

October 15: Last day affidavit and claim for homeowner or renters assistance may be filed (late after 5:00 PM) with State Franchise Tax Board.

October 31: Last day of annual secured tax bill mailing (by Treasurer and Tax Collector).

November

November 1: The first installment of real estate taxes is DUE (DELINQUENT after 5:00 PM on December 10).

November 30: LAST DAY TO FILE ASSESSMENT APPEAL APPLICATION FOR REDUCTION OF ASSESSMENT MADE IN REGULAR PERIOD. (For some CA Counties- see list on back)

December

December 10: FIRST INSTALLMENT OF REAL ESTATE TAXES BECOMES DELINQUENT AFTER 5:00 PM (a postmark before midnight is considered timely).

December 31: Last day to file application for "decline-in-value" reassessment (Proposition 8) with assessor's office. Contact your assessor's office if you feel the market value of your property has dropped below your Proposition 13 value.

This information is brought to you by:



For a fee, you can now pay property tax bills online. However, in most counties these fees are a bit high and I recommend paying by mail. If you get to the last day, you may not have a choice but to pay online. So, panic early! If you have a Smartphone, set an alert to remind yourself and then annualize it!