

Home Buying What happens when I buy a home?

“Don’t Let Your Dream Home Become Your Tax Nightmare”

This pamphlet, produced by the San Benito County Assessor’s office, explains the tax implications of buying a home.

After I buy my home, when will I receive the tax bill?

All outstanding taxes are dealt with in escrow. Annual taxes are delinquent after December 10th for the 1st installment and April 10th for the 2nd Installment. Depending on when you closed escrow, the current annual bill may have been paid or still owed. Check your closing statement to see how it was settled and whether there are upcoming taxes for which you are responsible. You may wish to call the Treasurer/Tax Collector to verify the information. In addition, after your deed is recorded, the Assessor processes the transfer by assessing the property at fair market value (often the purchase price). You will receive a Notice of Supplemental Assessment within a week of the processing. 45 days later you will receive a supplemental bill. January through May transfers receive two supplemental bills. June through December transfers receive one supplemental bill.

If I pay my property taxes through an impound account (i.e., with my mortgage payment), will my lender get my supplemental bill?

No. Unlike the annual tax bill, lending agencies do not receive a copy of the supplemental tax bill. When you receive a supplemental tax bill, you may contact your lender to determine who will pay the bill.

What if I purchase my home and then sell it again after a few months?

If you purchase and then sell your property within a short period of time, the supplemental tax bill you receive may cover only those months during which you owned the property. The new owner may receive a separate supplemental tax bill. Because of the large number of parcels and the frequency of property changing hands, there are often delays in placing new assessments on the roll. Be sure to check the dates used to prorate the bill to ensure that the period covered is the period during which you actually owned the property.

As a new homeowner, what should I look for on my tax bill?

The supplemental tax bill provides the following information:

- The owner(s) name(s).
- The fiscal year for which the taxes are assessed.
- The location of the property.
- The old and the new assessed value and the difference (net supplemental assessment) upon which the tax is computed.
- The type and amount of any exemptions (e.g. homeowner’s).
- The total amount of taxes due based upon the net increase in value.
- The first day of the month following ownership change. This date is used to prorate the tax for the period remaining in the current fiscal year for which the bill was issued.

The bill may be paid in two installments and provides payment stubs for each installment. These show the amount due and the date that the amount must be paid to avoid penalties for late payment. You should check all of this information to see that it is correct. Any mistakes should be brought to the attention of the appropriate Tax Personnel (Assessor, Tax Collector or Auditor) immediately.

How can I figure out the taxes on my new home?

The basic tax rate (according to Prop 13) is 1% of assessed value. Many properties have higher tax rates, and may also be subject to special levies. You will need to make reference to your specific parcel to find the actual tax rates and whether special levies apply.

Is everyone who buys a new home taxed the same?

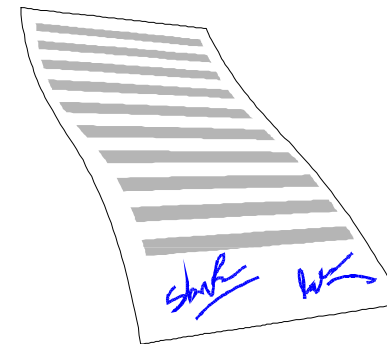
The California Revenue & Taxation Code is extremely complex. Since the passage of Prop 13 there have been numerous additions, corrections, and deletions to the law. There are exemptions and exclusions too numerous to mention in a simple consumer pamphlet. The best advice is to check with the your Assessor to see if you qualify for special processing of your transfer. You are encouraged to review some of the other pamphlets which are available relating to specific topics such as: Homeowner’s Exemption, Parent Child Exclusion, Intra-County Base Year Transfer, Builder’s Exclusion, etc.

What if I disagree with the Assessor’s value?

You should first call the Assessor’s Office to discuss the assessment (636-4030). You may talk directly to the appraiser and, often the matter is settled right at that level. If there is still a clear difference of opinion you may file an appeal within sixty days of the mailing date shown on the Notification of Supplemental Assessment. If you choose to appeal your assessment, you should still pay your tax installments in full by the appropriate deadlines; otherwise, you may incur penalties while the case is in appeals. If your appeal is granted, a refund will be issued to you.

If I pay my property taxes through an impound account (i.e. with my mortgage payment), will my lender get my supplemental bill?

No. Unlike the annual tax bill, lending agencies do not receive a copy of the supplemental tax bill. When you receive a supplemental tax bill, you may contact your lender to determine who will pay the bill.



**Should you have any further questions,
please contact the County Assessor at:
(831) 636-4030**

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LAST UPDATE 10/08



**What
Happens
When I Buy
a Home?
Don’t Let
Your Dream
Home
Become
Your Tax
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“The Supplemental Journey”

*If You Buy New Property
Or
Complete New Construction...*

...between June 1st
and December 31st

...between January 1st
and May 31st

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1

...you will receive a **Supplemental Tax Bill** for the remainder of the *current* fiscal year, based on the difference between the new and the prior assessed values...

➔ **REMEMBER:** Each year, on January 1st, assessments are established for the coming fiscal year (July 1st—June 30th). This is typically a 2% increase over the prior year's value. **Re-assessable** events (change in ownership, completion of construction), which occur after this date, will therefore not be reflected on the **Annual Tax Bill** for the coming year, so...

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....and the **Annual Tax Bill** for the *coming* fiscal year, which will reflect the new assessed values.

NOTE: Taxes based on the change in assessed property value due to a change in ownership or the completion of new construction are calculated as of the first day of the month following the date of ownership change or construction completion.

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...you will also receive a 2nd **Supplemental Tax Bill** for the entire *coming* fiscal year, reflecting the differences between the new and prior assessed values...

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....with the **Annual Tax Bill** for the *coming* fiscal year still reflecting the value of the January 1st annual assessment. (In the case of a transfer of ownership, this is based on the “seller’s” assessed value as of January 1st)