

PACIFIC COAST ESCROW CORP.

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REAL PROPERTY AND PROPERTY TAXES

Real Estate

Under state law (Proposition 13) real estate is reassessed only upon a change in ownership or new construction. Except for those two instances, property assessment cannot be increased by more than 2% annually, based on the California Consumer Price Index. The property tax rate is 1% plus any bonds, fees or special charges (max. - 1.125%).

Change in Ownership Reappraisal:

When a sale or transfer of ownership occurs, the Assessor's Office receives a copy of the deed and determines if a reassessment is required under state law. If no Preliminary Change of Ownership form is completed and attached, the Assessor's Office will consider the figures as shown on that form and not just the Documentary Transfer Tax. If it is required, an appraisal is made to determine the new market value of the property. The owner is then notified of the new assessment and has the right to appeal. If a Preliminary Change of Ownership is not attached to the deed being recorded, the only value the Assessor's Office will see is that based on the documentary transfer tax. The transfer of property between husband and wife does not require reassessment for property, only if the recording instrument and P.C.O.R. are properly completed. The same is applicable for the creation of a trust and/or death. There are additional exclusions for senior citizens, the disabled and those involving parent/child transfers.

New Construction Reappraisal:

Copies of all building permits are sent to the Assessor's Office by the cities and counties. If the construction is new (such as a room addition), a reassessment is required. If the construction is for replacement, repair or maintenance, a reassessment is not required. In appraising new construction, the market value of the addition is determined and added to the value of the existing property. The existing property, however, is not reappraised. As with a change in ownership, the owner is notified of the new assessment and has the right to appeal the value.

Supplemental Tax Assessment

State law requires the Assessor to reassess property effective upon change of ownership or completion of new construction. The Assessor's Office must issue a supplement assessment which reflects the difference between the prior assessed value and the new assessment. The value is then prorated based on the number of months remaining in the fiscal year ending June 30. This supplemental bill is in addition to the regular tax bill. To appeal a supplemental assessment an application must be filed with the Assessor's Office within 60 days from the mailing of the tax bill.

Appealing an Assessment

Under State law, if the current market value of your property (recent comparable sales) falls below the assessed or taxable value as shown on the tax bill, the Assessor's Office is required to lower the assessment. There are two periods during the year in which the taxpayer may apply for a reduction:

(1) Between March 1 through May 30:

During this period, the taxpayer may submit a written request to the Assessor, indicating their opinion of value and providing supporting documentation, such as sales of comparable properties or a recent appraisal. Requests should be sent directly to the Assessor's Office.

(2) Between July 2 and September 15:

During this period, the taxpayer must file an appeal form. Appeal forms can be obtained online or directly from the Assessor's Office and filed with that office.

Payment of Property Taxes

The Tax Collector's office is responsible for the mailing of all property tax bills and the collection of all tax payments. Duplicate copies of property tax bills are available online or by request. Property tax year is July 1 through June 30 of the following year. The first installment of taxes is due November 1 and delinquent December 10. The second installment of taxes are due February 1 and delinquent April 10.

Assessment of Unfinished Construction

Unfinished new construction is appraised by the Assessor's Office each year on the first day of January for property tax purposes. The value of unfinished construction is determined primarily by using construction costs. This taxable value is then reflected on the next regular property tax bill. Only the value of the new, unfinished construction will be appraised. The land and the existing structure will be reappraised for property tax purposes. The Assessor's Office will mail a notification of value letter to the property owner showing the new assessed value of the property, including the unfinished construction.

Special Assessments: "Mello Roos"

Mello-Roos is a special assessment that appears on a property tax bill with the name of the Community Facilities District and Fees. Any questions concerning the Mello Roos Assessment should be directed to the community facilities district spelled out in the tax bill.

Properties - Tax Exempt

Property used for church, college, cemetery, museum, school, library or other charitable or religious purposes may be eligible for an exemption from property taxes. In order to qualify, the property must be owned by a non profit religious, hospital, scientific, or charitable organization.

Homeowners Exemption

An owner occupant of a home as a primary residence may apply and be granted an exemption of \$7,000.00. This exemption reduces the valuation and may

save approximately \$70.00 per year on the actual property tax. New owners will automatically receive an exemption application, and thereafter a notification will be sent to verify the continued eligibility.

Property Tax Assistance

If a homeowner is blind, disabled, or 62 years or older and on limited income, one of the following programs may be available:

(1) Property Tax Postponement- If the owner has a limited income, they may be able to defer the property taxes on the house, condo, or mobile home (primary residence only). This deferred payment becomes a lien on the property and generally becomes all due and payable upon the sale of the property, change of residence or death. The filing period is May 15, through December 10. Applications must be obtained through the State Controllers Office.

(2) Homeowner's Assistance – If the owner has a limited income, the State may provide for partial reimbursement on the property taxes on the primary residence. Filing for this program will not result in a lien being placed on the property. Filing period for this program is July 1 through June 30. Application must be obtained through the California Franchise Tax Board.

Exclusions for Seniors and Disabled

Senior citizens 55 years of age or older, and those who are severely and permanently disabled can buy a residence of equal or lesser value than their existing home and transfer their current taxable value of their new property. This is a one time only program and one must sell and buy within two years. The properties must be the principal place of residence. Applications are available and must be filed with the County Tax Assessor.

Disabled Veterans

A veteran of the United States military who is rated 100% disabled due to a service connected disease or disability (or the unmarried surviving spouse of such veteran) may be eligible for an exemption of up to \$150,000.00 off the assessed value of their home. An application must be completed and file with the County Assessor.

Builder's Exclusion

New construction may be excluded from a supplemental assessment. The property must be for sale and unoccupied and the builder must file a claim form with the Assessor's Office prior to or within 30 days from the start of construction.