

PROPERTY TAX TIME



We are at that critical time again, wherein taxes need to be paid through our closing transactions. What should you expect when you are closing your transaction? First, let's understand the basics of the tax pay period.

On November 1, 2022 the 2022-2023 first half tax bill (for July through December) will become due and payable. If these taxes are not paid or postmarked by December 12, 2022, they will become delinquent. If they become delinquent, a 10% penalty charge will be applied to the 1st half tax installment.

Although, the first half taxes do not become due and payable until November 1, 2022, most lenders will want to have these installments paid at the closing if the closing occurs 30 days prior to the installment being payable.

On February 1, 2023 the second half of the tax bill (January through June) will become due and payable and if those tax installment are not paid or postmarked by April 10, 2023 they will become delinquent. Again, if they become delinquent, a 10% penalty charge will be applied to the original tax amount. However, in most counties, an additional \$10.00 fee will be added to the second tax installment, as well.

Again, lenders will want to have this tax installment paid if the closing occurs 30 days prior to the February 1, 2023 date.

At the close of escrow, your escrow officer is tasked to handle the tax proration in their transactions and they will calculate the tax proration's based off of the existing amounts. Prorations are not calculated on the sales price.

After the tax calculations are completed, the escrow officer will ask California Title Company to make the payment for the installment that is due at the time. In some instances, buyers and sellers may agree to pay all tax installments due for the fiscal year and the escrow officer will advise California Title Company to make those payments.

For more information, please review our Property Tax Calendar flyer below:

<https://www.titleadvantage.com/mdocs/Property-Tax-Calendar.pdf>

If you are currently in a transaction that needs to address tax payments, please reach out to your sales representative for assistance and guidance.

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