

What First Time Homebuyers Need to Know About Property Taxes

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Buying a home is an exciting experience, one that is new to many home buyers. One important item home buyers should be aware of when [buying a new home](#) are property taxes. Owning a home means that you will be paying an annual property tax, whether or not there is a mortgage on the home or not.

The amount of property taxes assessed on a home depend on the area where the home is located. Some [states and location have lower property taxes than others](#), while homeowners in other areas will need to pay much more to live in a comparable home.

Homeowners throughout the country have no way to avoid property taxes, although in certain situations, they may defer or reduce them. **What do new homeowners need to realize about property taxes before starting on their home search?**

Property Taxes and Assessment

The municipal or local government of the area will generally perform the assessment and determine the tax amount that is tied to the perceived value of the property. Throughout the country, the formula is not the same with different variations depending upon the state or locality.

Potential buyers may want a better idea of how much they may need to pay in property taxes. They may want to ask current owners for a recent tax bill - though in many cases, your real estate agent will either know this information or can obtain it for you. However, the current owners may have been taking advantage of lower property taxes through one or more programs or exemptions.

It is entirely possible that a buyer purchases a home and after the home is reassessed, be subject to higher property taxes. Another way to research the property tax on a specific property is to find useful details through the local assessor's office or go to their website when applicable.

Property Taxes Can Increase or Decrease

A new homeowner should be aware that significant upgrades to a home may increase the value of a home and result in higher property taxes. Homes that have received one or more home improvements prior to listing may not have been reassessed yet. Home improvements that could improve the value and increase property taxes for years to come include the addition of a bathroom or other home addition increasing the size of the home.



Some homeowners find it useful to request a reassessment and may see their property taxes decrease. This route may also be helpful if a homeowner does not believe that the value of their property as provided to them is accurate. Keep in mind that homeowners always have the option of an appeal.

Property Taxes and Assistance

Senior citizens, veterans, disabled person and those who may be low income may be able to benefit from some measure of property tax relief. Common forms of relief available to homeowners include:

- Deferrals;
- Credits or rebates;
- Caps; and/or
- A Homestead Exemption.

The amount of tax relief can vary. Those looking into a homestead exemption should be aware that it is offered in nearly every state. A tax credit or rebate has become more popular as home values have gone up.

Financial circumstances may change for homeowners and it may become difficult to make property tax payments in full and on time. Deferrals may be useful as those who may not be able to make their full payments may be able to pay the remaining amount at a later period. These types of assistance may make it easier to make necessary property tax payments.

Property taxes are a part of owning a home. New home buyers should investigate property taxes on a potential home or seek the expertise of a qualified real estate agent for more information regarding real estate property taxes.

