



CALIFORNIA HOMEOWNER SUPPLEMENTAL TAX BILL

WHAT CALIFORNIA HOMEOWNERS SHOULD KNOW ABOUT SUPPLEMENTAL TAX BILLS

You just closed on your home and you've probably got a lot of things on your mind, like moving, getting settled in and meeting your neighbors. Property taxes are probably the last thing you are thinking about with all that's going on!

You may have an escrow account (also known as an impound account) which divides up your taxes and homeowner's insurance into monthly payments rather than lump sums (bi-annual tax bills and annual insurance bills).

Chances are, within the next few months, you will receive a supplemental tax bill from the County you purchased your home in. What is a supplement tax bill? Now what?

A supplemental tax bill is one you get for additional charges not covered by your annual tax bill. Supplemental tax bills are mailed directly to the homeowner and are generally not paid out of the escrow account.

Here's the scoop and the "why" behind the supplemental tax bill that will likely be arriving within a few months after your purchase (up to 6).

California Supplemental Tax Bills

Under current California law, after there is a change of ownership to a home, the property is reassessed. The supplemental bill covers the difference between the previously assessed value and the newly assessed value when you purchased the home. Think of it as a catch-up bill. It can take counties up to 6 months to bill at the correct assessment.

It's important to note that this bill doesn't get sent to your mortgage servicer, as they only receive your annual property tax bill. This is a bill that is separate from what gets paid out of your impound account, so it is important to set aside funds specifically to pay this bill.

Like any other bill, supplemental tax bills should be paid by the due date, or you could be charged a late fee.

Annual Impound Account Analysis

Each year, your mortgage servicer will do an analysis of your impound account and can only keep what is required to pay the upcoming tax and insurance installments. Since you paid the supplemental bill separately, that most likely will create a surplus in your account and you'll receive a check back after the impound analysis is complete for a similar amount as the supplemental bill.

It's important to know that everything balances out in the end. The supplemental bill is not an extra tax. The monthly taxes that you are paying as part of your mortgage payment are the correct taxes, based on your purchase price and the assessments at the time you purchased your home.

As always, please reach out to us if you have any questions!



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