

CALIFORNIA ASSEMBLY BILL 459

DISCLOSURE OF SUPPLEMENTAL PROPERTY TAXES

A new California real estate law goes into effect January 1, 2006.

Assembly Bill 459 requires sellers of residential properties or their agents to notify buyers that they may have to pay supplemental taxes on their new homes in addition to their regular tax bills.

The new disclosure law requires a specific notification, separate from other contract disclosures, which often are overlooked amid the mountain of paperwork that buyers face at escrow closings. Under the new law, the seller's notification must be made as part of the purchase contract, before escrow opens and the title search begins. It does not include the amount of the additional tax, just that there may be one.

Supplemental bills reflect the difference between the previously assessed value of a property and the current assessed value. The bills are an additional, not a substitute, tax notice. Some buyers whose monthly mortgage payments include funds for property taxes mistakenly believe that the supplemental taxes will be paid by the lenders as well; they are not.

Buyers in Los Angeles County, who know the assessor's identification number (found on property tax bills) or property address and want to calculate the supplemental tax liability before purchasing a home, will soon be able to do so by going to the Los Angeles County assessor's website: <http://www.lacountyassessor.com>. Buyers in other counties should check with their local county assessor's office for availability of supplemental tax liability information.

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