

Buying Your Home - Property Taxes

Are taxes on second homes deductible?

Mortgage interest and property taxes are deductible on a second home if you itemize. Check with your accountant or tax adviser for specifics.

Do all loans require impound accounts?

If you are taking out a FHA or VA loan, the lender can require an impound account to pay real estate taxes and hazard insurance premiums, as with a standard loan. Most conventional loans do not require an impound account.

Are property taxes deductible?

Property taxes on all real estate, including those levied by state and local governments and school districts, are fully deductible against current income taxes.

Where can I learn more about appealing my property taxes?

Contact your local tax assessor's office to see what procedures to follow to appeal your property tax assessment. You may be able to appeal your assessment informally. Mostly likely, however, you will have to go through a formal tax-appeal processes, which begin with an appeal filed with the appropriate assessment appeals board.

How do property taxes work?

Property taxes are what most homeowners in the United States pay for the privilege of owning a piece of real estate, on average 1.5 percent of the property's current market value. These annual local assessments by county or local authorities help pay for public services and are calculated using a variety of formulas.

What is an impound account?

An impound account is a trust account established by the lender to hold money to pay for real estate taxes, and mortgage and homeowners insurance premiums as they are received each month.

How is a home's value determined?

You have several ways to determine the value of a home. An appraisal is a professional estimate of a property's market value, based on recent sales of comparable properties, location, square footage and construction quality. This service varies in cost depending on the price of the home. On average, an appraisal costs about \$300 for a \$250,000 house. A comparative market analysis is an informal estimate of market value performed by a real estate agent based on similar sales and property attributes. Most agents offer free analyses in the hopes of winning your business. You also can get a comparable sales report for a fee from private companies that specialize in real estate data or find comparable sales information available on various real estate Internet sites.