



# Property Taxes and appealing your assessment: Guidelines for REALTORS® to pass along to their buyers

It's that time of year again – homeowners have started to receive their 2011 property tax assessments in the mail. Over the last few years, homeowners have been frustrated by their assessed value increasing, while their property value has decreased because of the economic downturn. This is due to current law that allows a home's taxable value to increase each year by either the rate of inflation or 5%, whichever is lower.

Homeowners have the right to appeal their assessments to the local board of review if they feel the assessment is incorrect. It is important to note that many review boards meet in March, but dates vary by each municipality, so be sure to contact your local assessor. Newly-enacted legislation requires the assessment notice to be mailed out at least 14 days before your local board of review meets. Below is a step-by-step guide for homeowners to utilize when preparing to appeal their property tax assessment, courtesy of the Michigan House of Representatives Caucus Services.

Before deciding to appeal, you may find it helpful to call your local assessor to discuss your assessment and the appeal process.

## **Step 1 Obtain a copy of your property tax worksheet or appraisal card.**

This is available from the local assessor's office. The worksheet lists information such as size of house, style, number of baths, etc. Ask the assessing department to fully explain how to read the document. You may also obtain worksheets for similar properties which recently sold in the area to help determine the value of your property.

## **Step 2 Carefully check the worksheet for errors.**

If you notice any errors, the assessor may agree to change some of the information or figures at that time. If not, you will have to make your case with the board of review. Your worksheet may include a "percent good" calculation which shows how much your home has depreciated. For example, a 10-year-old house may be listed as 90 percent good. Percent good is another factor to use when comparing your home to other homes.

## **Step 3 Check with your local assessor regarding your home's taxable value.**

For property tax year 2011, the inflation rate multiplier is equal to the ratio of fiscal year 2010 average consumer price index divided by the fiscal year 2009 average consumer price index. Again, as a result of Proposal A (and therefore under the State Constitution), a property's taxable value cannot increase by more than the increase in the U.S. consumer price index or 5 percent, whichever is less. In addition, a property's taxable value cannot exceed its state equalized value. The property inflation rate multiplier for 2011 is 1.7%.

## **Step 4 Inspect the inside of your home.**

As noted in Step 2, the "percent good" is the way an assessor depreciates the value of a home based on its age, meaning normal issues common to older homes are not considered in the specifics of the assessment. However, problems not associated with general aging, such as a cracked foundation or wall construction problems, should be specifically addressed in your appeal. Written repair estimates and photographs of structural damage are good evidence of defects which could affect property value.

## **Step 5 Note changes to your neighborhood.**

Realtors say location is the single most important feature in determining the value of your home. If you live near a major road or in a mixed-use zoning area, for example, your home may be less desirable than the same home in a purely residential neighborhood. If the characteristics of your neighborhood have changed, obtain copies of citizen complaints about excessive noise or eyesores and show this evidence to the board.

## **Step 6 If you recently purchased or refinanced your home, determine whether your purchase price or your appraisal is lower than two times your SEV.**

Providing this documentation to the board of review does not guarantee a lower assessment, but it will help strengthen your case.



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## Step 7 Inform your assessor about personal property included in the sale price of your home and detailed on the purchase agreement.

One of the most common mistakes home buyers can make is to fail to inform the assessor of personal property and other valuable items included in the sale and detailed on the purchase agreement. Personal property items often included in a home's sale price, such as furniture, curtains, a washer or dryer, etc., are exempt from assessment. If you did not inform your assessor in writing about these items, your assessment may erroneously include this value.

## Step 8 Compare your property to similar homes in the area, especially those that recently sold.

Comparable property assessments are one of the most important tools when appealing your property assessment. If comparable properties are assessed lower than yours, your home may be over-assessed. Check the assessed value, type of house and zoning. Compare the true cash value per square foot. Keep in mind that comparisons should only be made between similar types of homes (Compare two stories with two stories, ranch houses with other ranch houses).

## Step 9 Put all your information into letter form.

(See sample appeal letter to right)

## Step 10 If you are not satisfied with the decision of your local Board of Review, you may want to continue your appeal.

To do this, send a letter to the Michigan Tax Tribunal (P.O. Box 30232 Lansing, MI 48909) before June 30th and ask them to mail you the pertinent forms for appeal. You must appeal to your local Board of Review before you can appeal to the Michigan Tax Tribunal.

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## Sample Appeal Letter

Date  
Name, Address, Telephone

### To the Board of Review/Tax Tribunal

I wish to appeal my property assessment for the following reasons:

1. According to my Worksheet/Property Record, I have noted the following discrepancies:
  - A. I do not have a fireplace as indicated.  
Estimated value.....\$ \_\_\_\_\_
  - B. I do not have a tile bath as indicated.  
Estimated value.....\$ \_\_\_\_\_
  - C. According to my worksheet, I have \_\_\_\_\_ square feet of living space. I actually have \_\_\_\_\_ square feet.  
Reduced value .....\$ \_\_\_\_\_

This amount should be deducted from true cash value .....\$ \_\_\_\_\_

2. I have noted the following structural defects on my property. They reduce the value of the property by the following amounts:
  - A. Cracked foundation .....\$ \_\_\_\_\_
  - B. Cracked exterior wall.....\$ \_\_\_\_\_

This amount should be deducted from true cash value.....\$ \_\_\_\_\_

3. I live in an area that has mixed zoning and next door there is a new junkyard which emits loud noises and noxious odors. This affects the value of my property. I feel my true cash value has been reduced by.....\$ \_\_\_\_\_

3a. Grand Total, add 1, 2, and 3 above.....\$ \_\_\_\_\_

4. I wish to make the following comparisons:  
231 Main Street, assessed value \_\_\_\_\_  
(List all comparables and ask for an average reduction. Also add all items you noted as discrepancies.)

Example:

True Cash Value .....\$ \_\_\_\_\_  
 Minus Discrepancy/Grand Total.....\$ \_\_\_\_\_  
 New True Cash Value .....\$ \_\_\_\_\_  
 One Half = Assessed Value (SEV) .....\$ \_\_\_\_\_

**NOTE:** This sample letter indicates many of the grounds for a reduced assessment. While these may not all be relevant to you, every reduction is important. You may also have other reductions not shown in this sample.