



## NOTICE TO PURCHASERS REGARDING PROPERTY TAXES

Michigan state law (P.A. 415 of 1994) requires that a Property Transfer Affidavit be filed with the assessor of the city or township where the property is located within 45 days of the closing of the sale of a property. The new owner is responsible for filing the form prescribed by the state. Failure to file will subject a new owner to penalties. The affidavit being filed must include the legal description of the property in question or its parcel identification number, the date of the sale, the sale price of the real estate, and the names of the seller(s) and the new owner(s).

The STATE EQUALIZED VALUE (SEV) of a property is (by law) 50% of the assessor's estimate of value for that property.

CAPPED VALUE is arrived at by multiplying the **previous year's** Taxable Value by the Consumer Price Index (CPI) or 1.05, whichever is lower.

TAXABLE VALUE is the lesser of a property's SEV or its Capped Value.

The owner of a property will pay property tax based on its Taxable Value. However, in the calendar year following a sale, that property's Taxable Value is uncapped and is adjusted to equal the SEV for that year. **The taxes therefore are likely to increase a significant amount.** In succeeding years the cap will be in place again and the new owner will pay tax based on the new Taxable Value of the property.

For additional information regarding property taxes for a specific property contact the appropriate taxing authority.