

# VAN BUREN TOWNSHIP ASSESSING OFFICE

## Answers to Frequently Asked Questions

### Regarding the Current Real Estate Market

*Note: For simplicity, the following questions and answers pertain to residential properties; however, the same principles apply to all types of properties.*

**1. Houses are not selling. Why aren't my taxes going down?**

The fact that houses are not selling or are taking a long time to sell does not necessarily equate to lower sale prices. Assessed values are based on the sales that **have** taken place. For 2009, a one year study was completed which includes sales that occurred between the time period of October 1, 2007 through September 30, 2008. (For information regarding Foreclosure or Bank resales refer to Question #6.)

**2. Sale prices are down. Why was my assessed value increased?**

In order for assessed values to decrease, sale prices must be lower than two times the assessed values. While most areas of the township have experienced low sales, there may be a few areas that don't warrant a reduction.

**3. I agree my home is worth twice the assessed value, but I could not sell my home for that amount in this market.**

Assessed values cannot be based on speculation as to what a home might sell for. It is important to remember that assessed values are based on confirmed sales that have taken place between October 1, 2007 and September 30, 2008.

**4. I agree with the assessed value of my home, but my taxes are too high.**

Under Proposal A, which is a constitutional state law, taxes are calculated on taxable value. Taxable value by law is required to be increased each year by the CPI (Consumer Price Index) or 5%, whichever is lower. The current CPI multiplier to be used to calculate the 2009 taxable value is 1.044 or 4.4%. The CPI is given to us by the State of Michigan and every municipality in the State is required to use the CPI to calculate the taxable value. This multiplier is not subject to appeal, and in most circumstances, neither is taxable value.

**5. My taxable value increased at a higher percentage than my assessed value. I thought Proposal A prevented that from happening.**

Proposal A limits the increase on taxable value only. Assessed value is still required to be approximately 50% of market (a/k/a true cash) value. In general, taxable value is calculated as follows: prior year taxable value times CPI (Consumer Price Index). For 2009 residential assessed values were required to meet the 50% requirement, while taxable values were required to be increased 4.4% (CPI). However, Proposal A does not allow the taxable value to be greater than assessed value.

**6a. The property I purchased had been foreclosed on. The price I paid was the market value of the property. Why isn't my assessed value one-half of what I paid for the property?**

General Property Tax Law prohibits an assessed value from being set at one-half of a particular sale price. All sales of similar properties must be considered in determining assessed values. In addition, assessed values are based on arms length sales. Arms length sales generally exist when the property is listed on the open market and there is a willing and able buyer and seller. The sale of a property during or subsequent to foreclosure is a forced sale and is used to determine assessed values only under **strict** conditions.

**6b. Are any financial institution sales used in the 12-month study?**

Normally, sales that involve mortgage foreclosures and sales from relocation companies (Distressed Sales) are not considered typical sales and are not used to determine the value of property in the assessment process. The State Tax Commission has allowed the use of these sales in this declining market, but only under strict conditions. In part, they must be in the same physical condition as when they are assessed (normal maintenance). Van Buren Township has researched these **distressed** sales during this time period and has used the ones that fall within the Commission's requirements.

**7. I bought my property at an auction. Why is my assessment higher than what I paid for the property?**

Auction sales are not an arms length sale and cannot be used to determine assessed values. Assessments will be based on the arms length sale of similar homes.

**8. My home was purchased by a relocation service. Why am I still receiving the tax bills when I no longer own the home?**

When a relocation company takes possession of a property, the "seller" will sometimes sign an incomplete deed. Even though the relocation company has bought out the seller's interest in the property, title does not transfer until a buyer is found and the deed is delivered to that buyer. Most relocation companies do not notify the township of the transaction and we are unaware that it has taken place. Absent any notice of the transaction, the original owner is still reflected as the owner of record.

**9. When will taxes go down?**

There are two components to taxes; taxable value and millage rates. As discussed earlier, taxable value is required to increase each year by the CPI. For 2009 the CPI is 4.4% therefore, taxable values will go up by 4.4%. However, if the sales study reflects a value that declines below the taxable value, your taxes could reflect a decrease. It is important to keep in mind that a new school millage was recently passed by the voters in the Van Buren Public School System.

**10. How do I appeal my assessment and taxable value?**

Call the Assessor's Office at 734-699-8946 to schedule an appointment. You must be prepared to provide evidence to the Board of Review to support your contention that your property does not have a market value equal to twice the assessed value. **"My taxes are too high,"** is not considered a valid argument. Please refer to the Assessment Change Notice for the scheduled dates and times.

\*\*\*\*\*  
The articles you read in the newspaper and the reports you hear in the news are national and/or metropolitan reports that cover a very large area. It is the duty of the Assessor to monitor and analyze the sales that take place in the township so that your assessment represents the market activity in the township of Van Buren.