

Tax Foreclosure prevention

What you need to know about...

Michigan's new tax cap law

In December, 2014 Michigan passed a new law granting county treasurers the discretion to cap the amount of taxes owner/occupants owe and provide a 60 month payment plan for payment of delinquent taxes.

This could benefit many homeowner/occupants in tax foreclosure. What you need to know about the law:

1. It is discretionary, the Wayne County Treasurer (WCT) does not have to provide this relief.
2. It only applies to owner/occupants who have a principal residency exemption (PRE) with the city. If you do not have one you should see a counselor to find out how to get one.
3. Unpaid taxes can be capped at $\frac{1}{2}$ of the State Equalized Value (SEV) of the home. The SEV, by law, is $\frac{1}{2}$ of the actual value of the home as determined by the city Assessor's office. Another way of looking at the cap is that it is $\frac{1}{4}$ of the market value of the home.
4. If the taxes owed are more than this cap, they can be lowered to the cap and a 60 month payment plan established. A 10% deposit is required and future taxes must be kept current.
5. If 2014 taxes are owed they will be owed to the city and not the county, until March 1, 2015, If 2014 taxes are owed, you should inform the county so those can be included in the cap and payment plan, otherwise you will be in default in March, 2015.
6. An example as to how this could work: You owe taxes plus penalties and interest for the following years and amounts 2011 = \$2,200, 2012 = \$1,800, 2013 = \$1,500 and 2014 = \$1,200 for a total of \$6,700. To qualify for a DOOE extension you need to pay off the 2011 taxes. To pay your way out of foreclosure you need to pay \$4,000 or the 2011 and 2012 taxes.. Your home is worth \$20,000 and has an SEV of \$10,000. Under the new formula your tax cap is \$5,000 ($\frac{1}{2}$ of SEV). You will need to pay \$500 and about \$80.00 per month for 60 months. The new law would save you \$1,700 in taxes, give you a much smaller initial payment and affordable monthly payments.
7. If your assessment is too high, you should challenge that assessment in February. If you successfully lower the SEV the WCT could use the new (lower) SEV as the basis for the cap and payment plan.
8. This law will sunset (end) in June 2016 so anyone wishing to take advantage of it should act now.
9. You do not have to be in foreclosure for the WCT to apply this law and lower your taxes.

To receive free counseling assistance or other tax foreclosure help contact:

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