



Lenders May Be Missing out on Potential Tax Savings

Georgia Counties were quick to keep their records and property assessments up to date as property sale prices increased over the past decade. However, counties have not been so quick to reduce assessments since the housing bubble burst 2 years ago. This has created a gap between the actual fair market values of many properties and the fair market values that the counties have recorded, on which they base the properties' taxes. Many properties are selling for less than half of what the counties have them valued at, yet the counties are still sending tax bills based on these inflated prices. As a result banks are paying higher than necessary tax bills.

It is possible, yet challenging and time consuming, to get counties to reassess these properties. Real Property Tax Appeals Group is working with individual homeowners and financial institutions that have REO portfolios of single-family homes, condominiums, townhouses and undeveloped subdivision lots to reduce existing property tax assessments.

"The banks were coming to us, asking for our help with these reassessments," says Jude Rasmus the owner of Rasmus Real Estate and Real Property Tax Appeals Group.

The reassessment process is important to all banks with foreclosure properties. Banks looking to hold on to their properties until the market improves, desire the reassessments because their property taxes will decrease. The reassessments are also of great value to banks looking to liquidate their assets quickly because the reassessments make the homes more marketable. The potential buyer of a \$35,000 townhouse in Atlanta may find out at the last minute that he or she does not qualify for a loan, or worse, walk away from a deal because the property taxes make the property unattractive. This happens when the lender mistakenly estimates what the buyer will owe for property taxes using the \$35,000 sales price, and then discovers at the closing that the property taxes are actually based on the \$220,000 value the county has listed for the property. An investor in Dekalb County recently walked away from a similar-type sale when he realized his property taxes were going to be \$3,500 because of the County's recorded inflated property value, as opposed to the purchase price of \$22,500. Reassessing actively listed REO assets makes sense even if a bank realizes only a small amount in savings because the additional benefit lies in the increased marketability of that asset.

Real Property Tax Appeals Group is working with counties to realign values so they represent the current market.

"We are not diminishing actual fair market values in this process," explains Rasmus. "The perception exists that when a property's assessed value in county tax records is lowered the price at which that house can be listed for or what a buyer will be willing to spend on the property decreases. This is simply not the case," maintains Rasmus. "Fair market value of a property is determined by actual sales and properties under contract in a given area and what a willing buyer will pay for that property at this given time. We are not looking to devalue whole neighborhoods. We are looking to strike a balance."

As a helpful resource for members in getting their properties reassessed, GBA Associate Member Rasmus Real Estate Group's sister company [Real Property Appeals Group](#) provided this article. For more information, contact [Ben Bluemle](#) of Real Property Tax Appeals Group, 770-321-1350.