



CLIENT BULLETIN

Featuring company news, expertise, and updates



Uncertified Texas Taxes

Lessons from the experts

Out of the 22,000+ tax agencies across the country, there are always nuances that cause confusion. LERETA has mastered these nuances. Texas is a good case in point. The state has several unique tax issues. The economic loss date (formal due date) for Texas property taxes was January 31st. Although this date has come and gone this year, there are important take-aways to plan for next year.

Uncertified Taxes

Texas property taxes must be certified to be paid. There is common confusion around the process between the assessor and the treasurer to certify the tax amounts.

What does this mean?

To pay a property tax bill in the state of Texas it must be considered 'Certified' by the assessor. This means that the assessor has finished processing any tax amount appeals and approved the taxable value. Only after this step is complete is the treasurer able to publish the tax bills for homeowners and servicers to pay.

Why is this a challenge?

The final due date (or economic loss date) for Texas property taxes is January 31st. While there are no penalties involved for taxes paid between December 31st and January 31st, local taxes paid after December 31st are not deductible for the prior year's federal taxes - a major annoyance for borrowers, who turn to blame their servicers.

What can be done?

The certification process can sometimes extend beyond the bill publish date, making amounts for payment unavailable at the end of the year when lenders and servicers are doing mass payment processing for their Texas borrowers. If taxes are certified after November when bills are issued, the homeowner is notified directly by the county, creating a blind spot for the servicer. Servicers must track the availability of these bills manually to avoid a delinquency. Harris County (Houston area) often sees the largest volume of these; however, with the pandemic there was an increase throughout the entire state in 2020.

LERETA's Best Practice

We take extra care to account for this statewide nuance. Uncertified taxes under LERETA's outsourced escrow services are monitored every two weeks for bill availability. If you are monitoring or paying these in house, we recommend a similar practice. Proactive borrower communication is also helpful; communicating with Texas property owners and suggesting that if they intend to appeal their taxes, they should do it early in the year. Additionally, it is helpful to encourage homeowners to stay in contact with the assessor about the status of their tax bill and to notify their mortgage company when they receive the bill.

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Confidential Accounts

Just under one million properties nationwide have their property data, which is normally public record, noted as “confidential.” This is a common practice in California, Colorado, Florida, Idaho, New Jersey, Nevada, Texas, and Utah where legislation has been enacted to protect certain members of law enforcement, government officials, and their families that request to have their personal information removed from public information databases.

As you'd expect, this can create challenges for escrow accounts, since tax vendors usually don't receive files with information for these loans. Obtaining this information, in most cases, is a manual process.

LERETA's investments in advanced workflow technology allow us to stay on top of all manual processing queues. Additionally, we have developed the appropriate scripting, and training, that allows our team to obtain the data we need when reaching out to agencies for confidential accounts. If you have challenges managing confidential accounts, please reach out to your account manager to learn more about how we can help.



Need help with tax certificates?

Looking for fast property tax data for originations or bulk loan purchases? LERETA's National Tax Certificate provides real time data within 48 hours (for most states). Certificates can be white-labeled and integrated with all major title platforms. Ask your account manager for more information and pricing.



Legislative Updates

LERETA's compliance team regularly monitors and tracks statewide property tax legislation that impacts tax service or the lending and servicing processes for our customers. This quarter we are including details on introduced legislation and the progression of seven new bills that we are following. None of these will have any impact to LERETA's processes at this time, but they are beneficial to review.

Delaware

Bill: HB12

Category: Exemptions

Introduced- December 4, 2020 - 25% progression

This Act fully exempts county property taxes and local school taxes for a disabled veteran with a 100% VA rated service-connected, permanent and total disability or for a disabled veteran who is receiving 100% disability compensation due to individual unemployability. The 100% rating and disability compensation is determined by the United States Department of Veterans Affairs. This Act sets forth the minimum requirements that a claimant in any county must meet in determining eligibility for the exemption. Each county may impose additional requirements as necessary for eligibility. The minimum requirements are as follows: (1) the disabled veteran must be legally domiciled in the State for a period of time established by the county; and (2) the property for which the exemption is sought must be solely owned by the disabled veteran (or jointly with spouse) and used as his or her primary place of residence.



Legislative Updates Continued

Indiana

Bill: HB1552

Category: Sewer & Storm water liens

Introduced - January 14, 2021 - 25% progression

Sewer and storm water fees incurred by tenants. This item establishes billing procedures for municipal sewage or storm water user fees assessed for real property that is occupied by someone other than the owner. It provides that a lien does not attach for user fees assessed against real property occupied by someone other than the owner under certain circumstances. Requires the assessing entity to release certain liens and delinquent user fees upon receipt of a verified demand in writing from the owner.

Kansas

Bill: HB2418

Category: Property Tax Payment Option for Seniors

Introduced - February 23, 2021 - 25% progression

Establishes an additional quarterly option for time of payment of property taxes for certain persons 65 years of age and older.

Kansas

Bill: HB2003

Category: Property Tax Payment Plans

Introduced - January 11, 2021 - 25% progression

Provides for county treasurers to establish a payment plan for the payment of delinquent or nondelinquent taxes.

Maryland

Bill: HB1221

Category: Liens

Introduced - February 8, 2021 - 25% progression

Prohibits the amount of any lien for unpaid charges for water and sewer service from being considered in determining the amount of total taxes on a property, for purposes of a certain requirement that certain owner-occupied property in Baltimore City be withheld from tax sale.

Missouri

Bill: HB91

Category: Delinquent Dates

Introduced - January 6, 2021 - 25% progression

Changes the date on which property taxes become delinquent. The governing body of any county, excluding township counties, may by ordinance or order, provide for the payment of all or any part of current real and personal property taxes which are owed, at the option of the taxpayer, on an annual, semiannual or quarterly basis at such times as determined by such governing body.

Missouri

Bill: HB1433

Category: Delinquent Tax Payments

Introduced - March 1, 2021 - 25% progression

Changes the laws regarding foreclosure by requiring the delinquent taxes of single-family residences be collected through wage garnishment.



QUESTIONS? WE'RE HERE TO HELP!

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LEARN MORE**



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