



Tax Prorate Chart

Month of closing:	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Month of first payment:	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb
If first payment is due in given month, reserves* for buyer are as follows:	6 months	7 months	8 months	9 months	10 months	11 months	12 months	13 months	14*	15*	14 months	5 months
Amount of taxes to prorate between buyer and seller:	Buyer pays 5 months plus # of days in January	Buyer pays 4 months plus # of days in February	Buyer pays 3 months plus # of days in March	Buyer pays 2 months plus # of days in April	Buyer pays 1 month plus # of days in May	Buyer pays # of days in possession for June	Seller pays # of days in possession for July	Seller pays mo/days from July 1st to present	Seller pays mo/days from July 1st to present	Seller pays mo/days from July 1st to present	If not paid yet, seller pays mo/days from July 1st to present**	Buyer pays 6 months plus # of days in December

* Number of months in reserves include two extra months generally required by lenders.

** If paid, buyer pays 7 months, plus number of days in November.

Special Notes:

- The tax year is from July to July, but taxes are made due and payable in full November 15th. Interest begins on unpaid taxes on November 15th.
- Taxes are estimated between October 1st and when they are posted and certified, October 15th, by last year's amount, plus 10-20%.
- Tax reserve estimates are based on the lender requiring two additional months of reserves over the actual needed.
- Lender may require a holdback of taxes. If this is the case, reserves may vary.

**Trusted everywhere,
every day.**



Real Property Tax Year Pro-Rating

- Pro-Rate: To divide an item between two parties (buyer and seller) proportionately as of a date provided by them. Usually on "Possession Date".
- Per Diem: Latin for "By the Day".
- A pro-rate is ALWAYS an adjustment between two parties; one party is credited, the other is debited. ALWAYS the same amount.
- A pro-rate is NEVER the division between two parties of item being paid, charging each "their share". An item paid through a closing may be pro-rated, but it is charged in full to the party whose bill it is, then pro-rated appropriately between the principals.
- Rule Of Thumb: Unless otherwise instructed, buyer always pays for the day of pro-ration.

Basic Formula For Pro-Rating

1. Divide by the number of days in the year (365 or 366) for per diem, then,
2. Multiply by number of days for prorated period (by remaining or elapsed in the year, depending if the item being pro-rated is paid or will remain unpaid)
3. Credit the party who has paid or will pay the item; charge the party who has not paid or did not pay

(To pro-rate a monthly amount, multiply by 12, then proceed as above)

- a. **Taxes: "A lien not yet payable" (unpaid):** Begin with the first day of tax lien period, to (not through) prorated date. Often, based on prior year's tax amount or some other estimated amount agreed upon by principals. Charge to seller/credit to buyer.
- b. **Taxes: "A lien due and payable" (paid in full, prior to or through closing):** Begin with and include pro-rate date through the end of the lien period. Charge to buyer/credit to seller.

Real Property Tax Year

1. January 1: Property values established
2. April 1: Final day to file for exemptions
3. April 15: Final day to file for homeowners property tax relief and senior citizens deferral
4. May 1: Last day assessor may make value changes
5. June 30: End of fiscal year
6. July 1: Start of fiscal year (taxes become: "a lien not yet payable")
7. Sometime in October (usually the 15th): The tax roll is certified (taxes become "due and payable"). There is a 3% discount if entire annual taxes are paid prior to November 15.
8. November 15th: Interest begins on first installment of unpaid taxes. Taxes become delinquent when the last installment is past due.