

New Homestead Exemption Rule

There is a new update to the Homestead Exemption Law.

Starting **January 1, 2022**, homebuyers will be allowed to file for exemption in the year they purchased the property - previously homebuyers had to wait until the following calendar year to file.

This is great news for homebuyers who can now have the opportunity to lower their property taxes!

How does this affect prorations?

Previously, prorations of taxes between the Buyer & Seller, and reserves needed for Buyer's new escrow accounts, were estimated using the homestead exemption because it was in place until the end of the year. Now, a Seller can buy a new property and move their exemption to that new property immediately.

Make sure you are discussing with the Buyer & Seller whether they want to apply the current exemption to the taxable value when prorating taxes at closing.

Effective January 1, 2022



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