The Top 5 Things You Must Know Before Getting A Property Tax Loan

Most Texans do not know that property tax loans are a viable option for paying delinquent property taxes. For many, they can be the best option. However, there are a number of things a prospective borrower should know. This article identifies the five most important.

1 ***Doing nothing is expensive!*** Not paying your property taxes is one of the most expensive things you can do. Taxing units (such as your county or school district) are allowed by law to charge penalties, interest and attorney fees that vary from 24-47% for the first year! Travis County charges a maximum of 42%, while most others charge the full 47%. After the first year, the balance grows at a 1% rate per month. Many people do not realize just how expensive doing nothing can be. A tax loan is often much cheaper and may save you a lot compared to doing nothing.

2 ***You have options.*** One option if you are over 65 or disabled is to get a "tax deferral" on your homestead – a tax deferral allows you to not pay ANY taxes until you leave the property or are no longer disabled. During the deferral period, you can incur interest on the delinquent amounts at an 8% interest rate, but no penalties are applied and they will not foreclose on your homestead. Once the deferral is over, you or your heirs will have 180 days to pay the tax bill. Another option is to negotiate a payment plan with the tax office. By law, the tax office has to offer payment plans on homestead properties. Most require a down payment (usually around 20-25%), equal monthly payments, and a

Doing nothing can cost up to 47% in some counties!

Your tax office may offer delinquent tax installment plans that may be less costly to you. You can request information about the availability of these plans from the tax office.

term from one year to a maximum of three years. Interest still accrues on the unpaid amounts. Your 3rd option is to get a property tax loan. The State of Texas licenses property tax lenders, and they must follow rules designed to protect borrowers. Because the lenders charge a closing cost, it frequently is not economical to take out a loan if you owe less than $3,000. Each of these 3 options will stop the taxing unit from foreclosing on your property.

Texans who are disabled or over 65 should NOT get a property tax loan.

3 ***Know what a property tax loan is.*** A property tax loan is made for the purpose of paying your property taxes to save you money and to prevent the taxing unit from foreclosing. When you are delinquent on your taxes, a tax lender will pay your taxes directly to the taxing unit(s) and then set up a payment plan for you to repay the loan. The taxing unit automatically has a lien on your property, and they transfer that lien to the tax lender when the lender pays your taxes. The tax lien is the tax lender's security for payment and is released after the loan has been paid back. The lien gives the lender the right to foreclose on your property if you default, just like the taxing unit can. Most tax loan providers go out of their way to work with a client rather than foreclose, but you should always ask how that decision is made and what costs might be incurred. Over 12,000 property tax loans are made across Texas each year. Most clients prefer 10 year loans with no prepayment penalty for maximum flexibility, and many pay off their loans in a few years or less.

4 ***Not all Property Tax Lenders are the same.*** All lenders are required to be licensed by the State of Texas and the representative that you speak with must also be licensed. Ask for the representative's license number, and if he or she cannot provide it, then do not do business with that company. Check on the lender's rating with the Better Business Bureau to see if they have any complaints. Some property tax lenders sell your loan or transfer your loan's servicing to out of state or out of the country servicers. If you are concerned about being able to make every payment on time, ask the representaive about their grace period policy and late payment fees.

5 ***Know the advantages of property tax loans.*** Property tax loans stop the huge penalties, interest and collection fees that can quickly increase the delinquent amount owed. Lenders normally require no money down to get the loan and have lower monthly payments than a county's payment plan. Property tax lenders usually have no prepayment penalty, so if you want to pay more each month, it will not cost you anything extra. Tax loans also immediately stop the taxing unit from proceeding with a costly foreclosure lawsuit. Property tax lenders generally do not do credit checks, house inspections, surveys, or background checks, so the entire loan process is very simple and normally can be completed in 7 to 10 days.

Hunter-Kelsey of Texas, LLC is a state-licensed property tax lender specializing in helping fellow Texans pay their property taxes. The company strives to educate and serve the Texas community with their expert knowledge of Texas property tax law and their high ethics in customer service. Hunter-Kelsey of Texas is a member of the Texas Property Tax Lienholders Association and employs only NMLS licensed Loan Specialists.