Attention Property Owners,

Understanding how property taxes are calculated can be intimidating; yet, if you don't pay your taxes, there are serious and expensive consequences including forfeiture of your property.

- How can market values drop while property taxes rise?
- Do I have to appeal to the March Board of Reviews?
- What is the process to appeal?
- What are the deadlines?

Answers to these questions and more can provide an opportunity to save thousands of dollars if a property is over-valued for tax purposes.

We are licensed and experienced professionals ready to assist you in better understanding how this process works and help save you money.

Feel free to give us a call.

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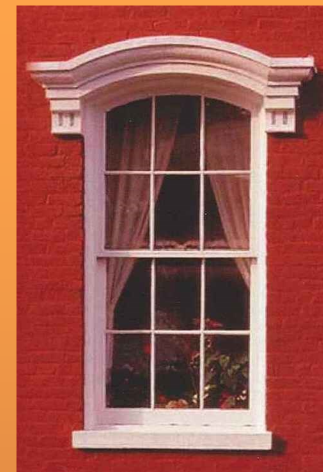
Step-by-Step Tax Appeal Guide



Step - by - Step
TAX APPEAL
Guide

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STEP-BY-STEP TAX APPEAL GUIDE

Proposal A: In 1994, the State of Michigan Legislature passed Proposal A which capped property Taxable Values with 1995 as the base year. Any transfer of ownership for a property after that year could result in an un-capping of the property's Taxable Value and a re-capping based on market value at the time of sale. As a result, once filing a Transfer Affidavit, the Assessed and Taxable Values would start as the same number.

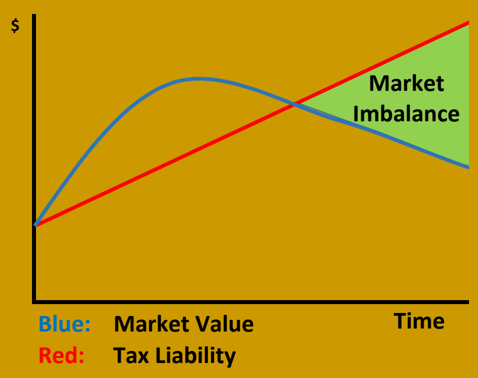
State Equalized / Assessed Value: This figure represents half (50%) of what the Assessor believes is the True Cash Value of your property. It is based on a market study and not on the specific price you paid for your property. If, for example, a property is purchased through an auction, the price you paid may not necessarily represent market value based solely on this specific transaction.

Taxable Value: Except for additions and losses to a property, annual increases in the property's Taxable Value are limited to 5% or the rate of inflation, whichever is less. However, in the year following a statutory transfer of owner-ship, this limitation is eliminated and the property's Taxable Value is set at 50% of the property's True Cash Value (ie, the State Equalized Value). In other words "un-capping".

At the time of un-capping a property's value, the Taxable and Assessed Values are the same. Over time, the Taxable Value fluctuates up or down based on a formula that is NOT tied to the real estate market. Tax liability can only increase by the following formula.

Start	Previous year's Taxable Value
Minus	Any demolitions/losses to the property
Multiplied by	Rate of inflation or 5% - whichever is less
Plus	Any additions to the property
Equals	Current year Taxable Value

This graph indicates how Taxable Values will rise (all things being equal) when market values drop which results in an imbalance.



Step 1: Understanding Tax Day

When you receive your Notice of Assessment between January and February, it is based on the condition of your property and legal status as of December 31st of the previous year.

If your property was under construction as of tax day, you must be able to prove the level of completion, or lack thereof. Such proof could be pictures with a date imprint.

For multi-tenant properties or owner-occupied non-residential properties not being utilized at their fullest capacity, establishing the occupancy or use level as of tax day is CRITICAL.

Step 2: Gather Data

It is especially important to gather all receipts and/or contracts if you have performed any major construction on the property between tax dates. A few examples would be building an addition, adding a deck or finishing a basement. This also applies if you removed something from your property, like demolishing an old garage.

In addition, if you are aware of any similar properties that have sold in your area, identify their addresses and share this information with your representative.

For income producing properties such as apartments, strip centers, any multi-tenant buildings or any tenant-occupied properties, actual revenues and expenses are critical given that they are utilized in determining a property's value.

Step 3: Contact a Professional

If you really think that your property is over-valued for tax purposes, don't wait until you receive your new assessment notice. Under certain conditions, we may be able to provide you with a good guesstimate of your new tax liability prior to the issuance of the actual Notice of Assessment.

Step 4: File Appeal on Time

With a few exceptions, most communities will mail their assessment notices in mid-February or early March. It is important to note that the City of Detroit does a include a two-tier process which starts in February. The first notice is mailed in January while the second in March for Detroit properties.

For residential properties, an appeal to the March Board of Review is the first required step. Call your Assessor's office and understand how this can be done. Some communities will handle this request by phone, while others will require a letter and possibly a petition. Read your notice carefully to better understand your rights.

Non-residential properties can bypass the local board and appeal directly to the Michigan Tax Tribunal by May 31st.

Step 5: Appear Before Local Board of Review

Property owners are typically given around five minutes to argue their case before the local Board of Review; so BE PREPARED. Make sure all of your documents are in order and have enough copies for ALL members of the Board of Review as well as the Assessor. Speak clearly and answer questions directly. Remember, these people live in your neighborhood and are just as familiar with the market as you are.

The best person to argue your case is an expert on value methodology. Having a professional who understands the concept of valuation for tax purposes will lessen the confusion and help ensure a smoother process.

Some cities allow you to appeal in writing, while others require the taxpayer's attendance at the appeal. Just remember to read your Notice of Assessment carefully to better understand the process of appeal.

Step 6: Appeal to Michigan Tax Tribunal

For residential properties that appealed to the March Board of Review, a decision letter will be mailed within a few weeks. If you don't agree with their decision, you have the right to appeal to the Michigan Tax Tribunal (MTT) in a timely manner.

Summary of Important Dates

Type of Appeal	Property Type	Local Board of Review	State Tribunal
Assessed or Taxable Value	Personal Residence	Must appeal in March*	July 31 if lose in March
Assessed or Taxable Value	Investment, Commercial, Industrial	March or May 31 to State Tribunal	May 31
Poverty Exemption	Personal Residence	March or June 30 to State Tribunal	June 30 or within 30 days of denial
Some cities open their appeals in February.			

Commercial Deadline ~ May 31st
Residential Deadline ~ July 31st

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