



 **glossary**

Encumbrance

Any claim on a property, such as a lien, mortgage, or easement.

Source: Federal Trade Commission

 **did you know?**

37%

37 percent of households with CHFA loans are families with children.

 **interactive intersection**

Think You're Ready?

Take HGTV's Quiz: So you think you're ready to buy your first house?

what to know about property taxes

Are you familiar with how property taxes can affect the cost of homeownership?

Property taxes can amount to thousands of dollars a year, and can change, which could affect the perceived affordability of a potential new home. A portion of your mortgage payment each month consists of funds that are held by your mortgage servicer to pay your property taxes on your behalf. Increases in the property taxes you owe to your county will result in higher monthly payments, just like decreases could result in lower monthly payments.

When considering purchasing a home, you can get a basic understanding of its property taxes by contacting the local assessor's office to research the property and obtain a copy of the current owner's tax bill. You can also ask your real estate agent for an estimate.

While these sources are helpful for understanding current taxes, they will not reflect possible future tax increases. Property taxes are assessed every other year, with the resulting price adjustment staying in place for two years, until the next assessment. Assessments are based on a home's assessed value/sale price, sales of comparable properties in the area, and improvements that have added value to the home.

For these reasons, a helpful guideline is to purchase a home that is priced such that your monthly mortgage payment is no more than 30 percent of your monthly take-home pay. By keeping your initial payments affordable, you will be better prepared to weather potential property tax increases.

consider energy efficiency when house hunting

Homebuyers have many new costs to factor into their budget as a new homeowner—energy being key on the list. When house hunting, consider energy costs in the overall picture. Think about whether or not you could save money by purchasing a home that is already energy efficient. Here are some signs of an energy-saving home:

- The **ENERGY STAR™ label** (Products that earn the Energy Star label have met energy efficiency requirements established by the U.S. Environmental Protection Agency.)
- **New windows**
- **A maintained roof**
- **Newer appliances**
- **Low-flow toilets, faucets, and showerheads**
- **Proper insulation**

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