



Formerly Cobalt Financial Corp.

4811 Telegraph Ave., #511
Oakland, CA 94609



Viral (Vic) Joshi

Branch Manager/
Loan Consultant

Cell: (510) 853-2407

DRE Lic. #01242935

NMLS #244388

PRESORTED
STANDARD
U.S.POSTAGE
PAID
MONUMENT, CO
80132
PERMIT #57



Compliments of: Viral (Vic) Joshi

C2 Financial Corporation is licensed by the CA Dept. of RE, License #01821025 • NMLS #135622

(continued from front page)

than that of the prior year. If you are allowing the loan servicer to pay your property taxes via an escrow/impound account, then you are likely used to seeing the servicer make the payments and then eventually send you a notice that indicates you have a deficient balance in your escrow/impound account. This is directly a result of the loan servicer always being a year behind on collecting the correct amount for the next set of property tax installments, since the updated figures don't come out until October.

When faced with a deficiency balance, the loan servicer will give you two options, to either pay the entire deficiency amount in a lump sum or to spread it out over your monthly mortgage payments. This becomes even more confusing in the first year after purchasing a property since the property tax amount used by the county and the loan servicer will be based on the previous owner's property taxes. Usually, when purchasing a property the previous owner's tax basis will be less than the new purchase price and the monthly portion of the mortgage payment that the loan servicer is collecting will be less than the amount that you will actually owe.

We see this in the first year of owning a property when the county tax assessor sends out two sets of property tax bills, the first set based on the previous owner's tax rate and the 2nd "supplemental" set of property tax bills which covers the deficiency amount. It will take a year for the loan servicer to catch up to the correct taxable amount and many times new owners are surprised to see how much their deficiency balance is and how much their monthly mortgage payments are increasing to accommodate this deficiency amount.

Always look to your new property tax bills and supplemental tax

bills to get a clear understanding of how much you will owe in property taxes and how much of a deficiency balance you may be hit with by the loan servicer once that servicer finally gets caught up.

There are two ways to avoid any surprises. If you must have an escrow/impound account, then make sure you calculate your monthly property tax amount based on 1.35% of the assessed value per year, regardless of what the loan servicer is showing on your mortgage statements. The assessed value on a new purchase will be the sales price in the first year that you have owned that property. If you are calculating after the first year, look to the most recent property assessment that the county sends you in the mail or go on the county assessor's website to find out what the most recent assessed value is. The second option is to get rid of the escrow/impound account and pay your property taxes when billed. If you set aside 1.35% of the assessed value each year, you will not be deficient when you pay the property taxes on your own and you will no longer need to rely on the loan servicer to do this for you. If you have at least 20% equity in your property, you should be able to make the loan servicer remove the escrow/impound account and pay your property taxes on your own.

If you need any additional help or advice regarding property taxes and escrow/impound accounts, please feel free to contact me for a free consultation.

Viral (Vic) Joshi

P.S. If you want to get more timely market updates, I have a weekly newsletter that goes out via e-mail. E-mail me, **viral@vicjoshi.com**, so that I can put you on the mailing list.

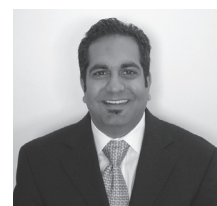
Vic's

Mortgage Report

"Home of Free Mortgage Consultation"

Viral (Vic) Joshi

Branch Manager/
Loan Consultant



Hello Friends,
Hope every-
one is
having a happy
and healthy
holiday season.
This time of
year is when the
county collects

for the 1st installment of property taxes, which are due November 1st and not late until after December 10th. The 2nd installment is due February 1st and not late until after April 10th. Those of you who are paying your property taxes separately from your monthly mortgage payments have hopefully saved up enough to make your property tax payments on time to avoid any late payment penalties. Those of you who are paying your property taxes monthly into your monthly mortgage payments are allowing your loan servicer to make the property tax payments on your behalf.

These funds are paid from an escrow/impound account that your loan servicer maintains. That account is fed one month of property taxes each month when you make your monthly mortgage payments. There is some confusion surrounding this method of paying the property tax installments because the loan servicer is always collecting monthly property taxes based on the prior year's taxable amount. Once the new property tax bills are sent out, in October, there is a new taxable amount that is usually higher

(continued on back page)

Office: (510) 655-2868

Cell: (510) 853-2407

Fax: (510) 291-2824

viral@vicjoshi.com

www.vicjoshi.com