
Aviod filing deed?

Posted by Tomas P - 2008/06/24 07:26

Client inherited a home 3 years ago and never changed title from the parent to himself. There is a lot of appreciation on the home and the son is worried that that property tax will increase by more than he can afford.

Is there a requirement to file the deed? If client files it will the assessor go back and re-assess the property taxes for the prior 3 years.

According to my understanding of property taxes, the value of the land will become uncapped when there is a transfer/sale of property. I believe that the death of a person causes such a transfer which would allow the city to re-assess the property.

Thanks for your insight

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Re:Aviod filing deed?

Posted by Jackie - 2008/06/24 14:50

In Michigan, there's no legal requirement to file a deed with the Register of Deeds. In order to have a valid transfer in MI, you need delivery and acceptance. Recording puts everyone on notice that you own the property, which is obviously very important.

It's actually not the recording of the deed that triggers the reassessment, but the filing of the property transfer affidavit (PTA). Though often times when a deed is recorded, the register of deeds will sometimes notify the local assessor.

I believe that when there's a transfer of property upon death, the one who inherited the property gets a stepped-up basis in the home. But I do believe that upon death, there's still an uncapping of the taxable value of the property.

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Re:Aviod filing deed?

Posted by C. Lochen - 2008/06/25 08:41

When the parent's (I assume there was only 1 living parent) estate was probated, didn't the trustee or attorney handle the actual transfer? In other words, doesn't the individual probating the estate physically handle the creation of a new deed in the name of your client? Did that ever happen?

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