

ANSWERS TO COMMONLY ASKED QUESTIONS

What is a re-assessment and how will it affect my association?

Property in Cook County is re-assessed once every three years. Your assessment determines the real estate taxes paid in your development for each year of this 3-year period. During a re-assessment year, assessments can typically increase between 25% to 35%.

What can our Association do about this?

Taxpayers can contest their assessments. If assessments are lowered, future tax bills will be reduced from the proposed amount. Illinois law allows Condominium Boards to contest assessments on behalf of all unit owners in the development. Experience shows that better results are obtained when Associations hire experienced lawyers to contest tax assessments on behalf of all unit owners. Elliott & Associates (Elliott) concentrates its practice almost exclusively in this area.

Why is Elliott & Associates appealing my assessment in a year when my property is not scheduled to be reassessed?

Although assessments typically remain the same for all three years of a triennial period, we may be filing a complaint in a non-reassessment year due to any unique circumstances specific to your property or declining market values in your area.

What will Elliott & Associates do to lower assessments?

Elliott will contest assessments before the Cook County Assessor and/or the Cook County Board of Review. Elliott will notify your Board representative of the efforts they are taking, the results they have obtained, and their recommendations regarding further appeals.

How are legal fees determined and paid?

Elliott works on a contingent fee basis. No legal fees will be charged unless we are able to reduce assessments. If Elliott is successful in reducing assessments, our fee will be a percentage of the "projected first year tax savings" before exemptions and no fee will be charged for subsequent years of the triennial.

It is important to note that the "projected first year tax savings" before exemptions will approximate the tax savings realized by the unit owners; however, it may vary from the actual tax savings after final equalized tax rates have been determined and exemptions (such as the senior freeze, 7% assessment cap and long-term homeowner exemptions) have been computed and applied.

Elliott strongly recommends that legal fees be budgeted and paid for by the Association. While it may be possible for the Association to bill each unit owner for its share of the legal fees, experience shows this often creates significant work for the association (letters, phone calls, questions, etc.).

When will our association see the results of Elliott & Associates' efforts?

Elliott will notify your Board if a reduction is obtained from the Assessor or the Board of Review. The appeal process could take a year from the date the Assessor releases assessment notices for your township. Any reduction will be reflected in your 2nd Installment Tax Bill, as the 1st installment is always an estimated bill. Current tax bills that you receive in the meantime should be paid in full. Elliott is working toward reducing future tax bills.

PLEASE NOTE: The Cook County 1st Installment Tax Bill now reflects 55% of the previous year's total bill. Prior to 2010, it was 50% of the prior year's total tax bill.

Why did my tax bill increase even though Elliott & Associates was successful in reducing my assessment?

Several reasons may cause your tax bill to increase:

- a) If it is a reassessment year for your township, our goal is to eliminate as much of the scheduled increase as possible. Your tax bill may still reflect some increase, however, it will be less than it otherwise would have been had the assessment not been reduced;
- b) A decrease in your Homeowner's Exemption or loss of any exemption may result in a higher tax bill;
- c) A change in the equalization factor and/or tax rate will result in fluctuations in your tax bill. The equalizer and tax rate are not established until the second installment tax bill is released;

Will Elliott & Associates apply for exemptions for unit owners?

No, Elliott will not apply for exemptions (Homeowner's exemption, Senior Citizen Exemption and Senior Citizen Freeze Exemption etc.). If applicable, exemptions must be applied for by the individual Unit Owners.

Does it make sense for Elliott & Associates to contest assessments for unit owners who have received the Senior Citizen Assessment Freeze Exemption?

It is Elliott's policy to contest the assessment of the entire condominium association, which is the method prescribed by the assessing officials. Elliott achieves better results for the association when all units are included in the appeal. Additionally, each unit's assessment (and taxes) will remain at a level comparable to other similar units in the building. This is beneficial if the Senior Freeze is not obtained in future years or if the owner decides to sell that unit.

**PROPERTY TAX OVERVIEW FOR NEW UNIT OWNERS IN
RECENTLY CONSTRUCTED OR CONVERTED
DEVELOPMENTS**

Congratulations on your new home!

As a homeowner, there are some important things for you to know about your real estate tax assessment to ensure that your property is taxed appropriately and fairly. The following information is intended to help you understand the real estate taxation process.

The Basics

Local governments in Illinois use property taxes to finance the majority of services they provide to their citizens. The bulk of property taxes (60%) are used to fund school districts regardless of whether you have students in the school system.

Prior to the issuance of individual unit tax bills an amount of 2% of your purchase price can be used as a conservative estimate for your property tax bill.

Cook County Property Tax Cycle

In Cook County, property is reassessed every three years. The county is divided into three assessment districts with one district being reassessed every three years. This is known as the Triennial Reassessment. You will receive a Notice of Proposed Assessed Valuation from the Cook County Assessor of any change in your assessment.

Cook County taxes are paid in arrears. In other words, 2009 real estate taxes will be payable in 2010. Cook County real estate taxes are paid in two installments. The first installment is an estimate and reflects 55% of the previous year's total bill. Prior to 2010 it was 50% of the prior year's total tax bill. This bill is due in March.

The second and final installment is based on the final real estate tax assessment (reduced assessment if it was successfully appealed), exemptions and equalized tax rate for the year, less your estimated first installment payment. This second installment payment will be due in the fall.

If you have a new Permanent Index Number (PIN) this year you will not have a first installment bill. Your entire bill will be due in the fall. The following year your first installment bill will be one-half of the full amount paid in the fall.

In 2009 the assessment ratio for condominiums units will be 10% of the property's Fair Market Value. This will result in an accurate reflection of the value upon which you are being taxed. For example, if the assessment for the property is 30,000 then it is based on a fair market value of \$300,000.

The assessment is one of the biggest components of your real estate tax bill. In order to keep your property taxes under control you must vigilantly contest increases. Real estate tax assessment errors are common for new associations. Make sure your association has engaged a tax attorney to ensure your real estate tax assessment is correct. Do not wait until the tax bill is issued or it will be too late to file an appeal for the year of the tax bill.

If you are part of a community association, the Cook County Assessor strongly recommends you appeal as a group. Your Board can authorize a group appeal based on the provisions contained in the Condominium Property Act. The Condominium Property Act also gives the association the right to bill unit owners for their share of legal fees incurred. Most attorneys handle these matters on a contingent fee basis. Unless they are successful in reducing the projected tax bill, no fee is charged.

Tax bills should be based upon prorated occupancy. A common error is for the assessing officials to assess a newly constructed or converted unit that was vacant for part or all of the year as though it were fully occupied for the entire year. Once your law firm provides the assessing official with proof of the occupancy date, partial occupancy relief will be granted.

However, buyers should not be misled by the low first time tax bills resulting from these occupancy considerations. When the unit is fully occupied expect the tax bill to be near the estimated 2% of purchase price.

These occupancy considerations will also explain why the tax bill for two identical units may be substantially different the first year of occupancy.

Contact your building manager and/or Board of Directors for current status of appeals.

Guidelines for New Homeowners

Update Information

Use the forms tab at the Cook County Treasurer's website, www.cookcountytreasurer.com to verify that the treasurer has the correct name and mailing information for you. This will ensure you receive the tax bills and all other important notices. Please note if you have a new PIN it may be awhile before this website has information on the new PIN. You may need to wait to do this until the treasurer's website has been updated. In the future, you will also be able to use this site to view your exemption history as well.

Exemptions

When purchasing property it is important that you know the property tax amount that has most recently been paid on the property. You should also be aware of whether or not the seller's tax bill includes exemptions.

Apply for all eligible exemptions including but not limited to *General Homeowner Exemption*, *Senior Citizen Exemption* and *Senior Citizen Assessment Freeze Exemption*. Qualifications and applications for exemptions can be found at the assessor's website at www.cookcountyassessor.com.

Verify exemptions each year at the assessor's website. Exemptions are reflected on the right hand side of the Second Installment Property Tax Bill. If you fail to apply for an exemption you can apply for a refund (Certificate of Error). The Assessor's office can issue Certificates of Error for three years prior to the current tax year.

Payment of Taxes

Generally, property taxes are paid through a mortgage escrow account or directly by the homeowner. If separate condo PINS have not been issued, depending on your contract one of two things will occur. Either the Developer will notify you of the amount you owe (you may want to have your attorney confirm this amount) and the developer will pay the bill or you will need to pay your share by ordering a payment by legal description bill from the county. In either event you should consult your attorney to ensure compliance with your contract.

Escrow Account

Homeowners who pay taxes through a mortgage escrow account should review disbursements. It is important that you monitor disbursements to ensure that the correct amount is paid on time on the correct PIN. If your taxes are being paid from an escrow be sure not to pay them directly, as it will result in a duplicate payment. To verify payment information, go to www.cookcountytreasurer.com.

Direct Pay

If you do not pay taxes through an escrow and are responsible for paying the tax, follow the instructions at the Treasurer's web site or on your bill for submitting a payment.