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## Refinancers Beware

Property taxes in Michigan are imposed based on a property's taxable value (as opposed to assessed or state equalized value). As a result, in most Michigan property tax appeals the goal is to reduce the property's taxable value. However, there can be an advantage to obtaining a reduction in assessed (state equalized) value, even without a reduction in taxable value.

Many lenders now require that appraisals made of Michigan properties for financing purposes be based on property taxes that would be payable based on the property's assessed (state equalized) value, rather than the property taxes that are payable based on the property's taxable value. In short, if there is a significant spread between your property's assessed (state equalized) value and taxable value, then the amount you are able to borrow on your property is likely less than it would otherwise be. As a result, if you are considering refinancing your property and want to maximize the amount that can be borrowed, we should discuss the possibility of appealing your property's assessed (state equalized) value, even if your taxable value is not excessive.

On the other hand, if (1) there is a significant spread between your property's assessed (state equalized) value and taxable value, and (2) your property's taxable value is not excessive (i.e., it is not more than 50% of the property's market value) and (3) you do not contemplate refinancing, then there is generally no reason to appeal your property's assessed (state equalized) value.

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