



Property Tax Payments

Property taxes are certified by each county in Colorado annually confirming an assessment and mill levy values. This typically happens in late December or January. Once certified, taxes become due and payable for the prior calendar year. There are two options to make tax payments: 1) Pay the full amount of taxes on or before April 30th; 2) Pay the first half of taxes on or before February 28th, and the second half must be paid on or before June 15th.

How does this impact your closing?

Depending on the time of year in which your property is conveyed and which method a lender uses to pay your taxes through an escrow or impound account, there are various means in which taxes will be collected for and/or paid at closing.

If conveyance takes place early in the year, such as before counties have certified mill levies, the closing agent will typically escrow 125% - 150% of the previous year's property tax amount (or use the most recent assessed value if higher). These escrows are held until the certified amount is available, then taxes are paid and any excess amount is refunded to the seller. Since we pay taxes in arrears, it is the responsibility of the seller to pay or credit the buyer the entire year of taxes.

If a lender is involved in the purchase, they may request a different means of paying taxes other than in entirety by the seller at closing. If the lender requests that the closing agent pay only the first half of the prior year's taxes, then the seller is debited and buyer credited for the second half of taxes, and the seller is debited for the first half of taxes made payable to the county (if not already received by the treasurer). On occasion, the lender may request that the settlement statement reflect that the buyer has paid the first half of taxes to the county. If this occurs, then the seller is debited and buyer credited the full amount, and the settlement statement will reflect that the buyer pays the first half to the county.

What happens when tax payments have been sent to the county but not yet cleared?

Tax escrows may be collected and held by the closing agent until the treasurer's office can verify that tax payments have been received from either the seller or the seller's lender for the property. It is common that counties take an additional few days to post payments due to the heavy volume received on or near payment deadlines of February 28th, April 30th or June 15th. Once the Treasurer's office verifies a payment has been received and cleared, then any excess escrows are returned to the seller. It is important to note that by the time payments can be confirmed by the Treasurer, taxes may be past due. In the event that the lender has not submitted payment, interest penalties will apply for delinquent payments and are incurred by the seller.

On occasion, both the lender and closing agent may submit tax payments to the Treasurer's office particularly near due dates. The Treasurer's office will typically process the first payment received and return or refund the second payment to the submitting entity. If this occurs, then either the lender or closing agent will return the tax escrow to the seller upon return and processing.

What is the owner's responsibility in paying property taxes?

Failure to receive a tax notice does not relieve an owner's responsibility or liability for paying taxes on time. So if you are purchasing a property near year end, please note that your property tax statement could be delayed in being addressed to the correct legal address of the new owner, dependent on when county records are updated. Closing agents and lenders are not liable for such tax payments, rather it is the responsibility of the property owner. If payments are not made on time, interest penalties may apply.

Please contact your closer with any questions on your transaction.