

Homestead Exemption

WHAT IS IT AND WHAT DOES IT MEAN TO YOU?

Texas Homestead Laws date back to 1839 when many families lost their homes and farms through foreclosures after the 1837 depression. In order to preserve the integrity of the family, to provide the family with a home and to keep the family from becoming a burdensome charge upon the public welfare, certain homestead protections became a part of the State constitution.

In the residential context, the homestead is owned and occupied as the home and is protected from forced sale for general debts. Only certain types of liens are valid against the homestead, and these include:

- To finance the purchase of the homestead
- To pay taxes due on the homestead
- To obtain money for work and material to repair or renovate existing improvements thereon
- For owelty of partition liens, including divorce or probate
- For refinancing a federal tax lien
- For home equity loans as defined by Section 50 (A) (6), Article XVI of the Texas Constitution

Certain types of documentation are required to establish each type of lien on the property. In order to prevent the legislative branch of the government from casually changing the homestead exemption, the exemption was incorporated into the constitution in 1845. Now, only constitutional amendments may change the substance of the exemption, such as with the recent home equity legislation. There are limits to the extent a homestead is protected. An urban homestead may be up to one acre of land in one or more parcels. A rural homestead may be up to 200 acres for a married couple (100 acres for single persons) in one or more parcels. The improvements on the land are unlimited as to dollar value. Homestead rights cannot be waived by the property owner; however, if the property is in excess of that allowed by law, the owner may designate that portion of the property which is homestead.

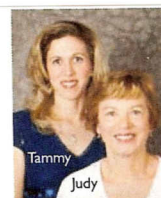


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DON'T FORGET TO FILE FOR YOUR HOMESTEAD EXEMPTION

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F R E Q U E N T L Y A S K E D Q U E S T I O N S

Q: As a homeowner, do I get a tax break from property taxes?

A: You may apply for homestead exemptions on your principal residence. Homestead exemptions remove part of your home's value from taxation, so they lower taxes. For example, your home is appraised at \$50,000, and you qualify for a \$15,000 exemption, you will pay taxes on the home as if it was worth on \$35,000.

Q: Do all homes qualify for homestead exemptions?

A: No, only a homeowner's principal residence qualifies. To qualify, a home must meet the definition of a residence homestead: The home's owner must be an individual (not a corporation or other business entity) and use the home as his or her principal residence on January 1 of the tax year. If you are over 65, the January 1 ownership and residency are not required.

Q: What is a homestead?

A: A homestead can be a separate structure, condominium or a mobile home located on owned or leased land, as long as the individual living in the home owns it. A homestead can include up to 20 acres, if the land is used as a yard or for another purpose related to the residential use of the homestead.

Q: How do I get a homestead exemption?

A: You must file an Application for Residential Homestead Exemption with the county appraisal district between January 1 and April 30 of the tax year – up to one year after you pay your taxes. During the year, if you turn 65 or become disabled, you must apply for the 65 or older or disabled exemption no later than one year from the qualification date. Once you receive an exemption, you do not need to reapply unless the chief appraiser sends you a new application. In that case, you must file the new application. If you should move or your qualifications end, you must inform the appraisal district in writing before the next May 1.

Q: What homestead exemptions are available?

A: There are several types of exemption you may receive.

- School taxes: All residence homestead owners may receive a \$15,000 homestead exemption from their home's value for school taxes.
- County taxes: If a county collects a special tax for for-to-market roads or flood control, a residence homestead owner may receive a \$3,000 exemption for this tax. If the county grants an optional exemption for homeowners age 65 or older or disabled, the owners will receive only the local-option exemption.
- Age 65 or older and disabled exemptions: Over 65 and/or disabled residence homestead owners may qualify for a \$10,000 homestead exemption for school taxes, in addition to the \$15,000 exemption for all homeowners. If the owner qualifies for both the \$10,000 for over 65 and the \$10,000 exemption for disabled homeowners, the owner must choose one of the other for school taxes. The owner cannot receive both exemptions.
- Optional percentage exemptions: Any taxing unit- including a city, county, school, or special district- may offer an exemption of up to 20 percent of a home's value. But , no matter what the percentage is, the amount of an optional exemption cannot be less than \$5,000. Each taxing unit decides if it will offer the exemption and at what percentage. This percentage exemption is added to any other home exemption for which an owner qualifies. The taxing unit must decide before July 1 of the tax year to offer this exemption.
- Option over 65 or disabled exemptions: Any taxing unit may offer an additional exemption of at least \$3,000 for taxpayers age 65 or older and/or disabled.

Q: What if I miss the deadline for filing a homestead exemption?

A: You may file for a homestead exemption up to one year after the delinquency date – usually February 1. If you are 65 or older or disabled, you must apply for the exemption no later than one year from your 65th birthday or one year from the delinquency date, whichever is later.

Q: May I continue to receive the residence homestead exemption on my home if I temporarily move away?

A: If you temporarily move away from your home, you may continue to receive the exemption if you do not establish a principal residence elsewhere, you intend to return to the home, and you are away less than two years. You may continue to receive the exemption if you do not occupy the residence for more than two years if you are in military service or live in a facility providing services related to health, infirmity or aging from the two-year period.

Visit austintitle.com for educational customer links with pdf exemption forms or go to www.traviscad.org