Closing Costs and Who Pays What

Closing costs are what the buyer and seller will pay as part of the escrow transaction. Some fees are negotiable between the seller and buyer as to "Who Pays What." Below is an example of some typical closing costs which may vary from county to county.*

YOURS or THEIRS?

The Personal vs. Real Property Dilemma

The distinction between personal property and real property can be the source of difficulties in a real estate transaction. A purchase contract is normally written to include all real property, that is, all aspects of the property that are fastened down or an integral part of the structure. For example, this would include light fixtures, drapery rods, attached mirrors, trees and shrubs in the ground. It would not include potted plants, free-standing refrigerators, washer/dryers, microwaves, bookcases, swag lamps, etc.

If there is any uncertainty whether an item is included in the sale or not, it is best to be sure that the particular item is mentioned in the purchase agreement as being included or excluded.

The **SELLER** can generally be expected to pay:

- Real Estate Commission
- Document preparation fee for deed
- Documentary transfer tax, if any
- Payoff of all loans in Seller's name
- Interest accrued to lender being paid off
- Statement fees, reconveyance fees and any prepayment penalties
- Termite inspection (or according to contract)
- Termite work (or according to contract)
- Home warranty (or according to contract)
- Any judgments, tax liens, etc., against the Seller
- Tax proration (for any taxes unpaid at time of transfer of title)
- Any unpaid homeowner's dues
- Recording charges to clear all document of record against Seller
- Any bonds or assessments (or according to contract)
- Any and all delinquent taxes
- Seller Notary fees
- Escrow fee (one half)
- Title insurance premium for Owner's policy
- Homeowner's transfer fee
- City transfer/conveyance tax (or according to contract)

The **BUYER** can generally be expected to pay:

- Title insurance premium for Lender's policy
- Escrow fee (one half)
- Document preparation (if applicable)
- Buyer Notary fees
- Recording charges for all documents in Buyer's name
- Tax proration (from date of acquisition)
- All new loan charges (except those required by Lender for Seller to pay)
- Interest on new loan from date of funding to 30 days prior to first payment date
- Assumption/change of records fees for takeover of existing loan
- Beneficiary statement fee for assumption of existing loan
- Inspection fees (roofing, property inspection, geological, etc.)
- Fire insurance premium for first year

**This list is an example only of typical closing costs in California and may vary based on negotiations or customary area practice.*

About The Loan Process

Step 1: Application

Your loan process should go smoothly if you complete your loan application properly and provide all necessary documentation to your loan consultant at the time of application.

Step 2: Ordering Documentation

Your loan consultant will order the necessary documentation for the loan as soon as it is received. Any verifications will be mailed, and the credit report and appraisal will be ordered. You will also receive a Good Faith Estimate of your costs and details of your loan.

Step 3: Awaiting Documentation

Within approximately two weeks, all necessary documents should be received from your loan consultant. Each item is reviewed carefully in case additional items may be needed from you to resolve any questions or problems.

Step 4: Loan Submission

Submitting your loan is a critical part of the process. All of the necessary documentation will be sent to the lender, along with your credit report and appraisal.

Step 5: Loan Approval

Loan approval may be obtained in stages. Usually within one to three days, your loan consultant should have pre-approval from the lender. If the loan requires mortgage insurance, or if an investor needs to review the file, final approval could take additional time. You do not have final loan approval until ALL of the necessary parties have underwritten the loan.

Step 6: Lender Preparation of Documents

As soon as the loan is approved and all requirements of the lender have been met, the loan documents will be prepared. These documents will be sent to the escrow officer, and you will be asked to sign the documents. Your lender may require an impound account for tax installment payments, depending on the type of loan.

Step 7: Funding

Once you have signed the documents and they have been returned to the lender, the lender will review them and make sure that all conditions have been met and all of the documents have been signed correctly. When this is completed, they will "fund" your loan. ("Fund" means that the lender will give the title company the money by check or wire.)

Step 8: Recordation

When the loan has been funded, the title company will record the Deed of Trust with the county in which the property is located (usually by the next day). Upon receipt of confirmation of the deed being recorded, title or escrow will then disburse monies to the appropriate parties. At this time, in most cases, your loan is considered complete.

About The Loan Process

Step 1: Application

Your loan process should go smoothly if you complete your loan application properly and provide all necessary documentation to your loan consultant at the time of application.

Step 2: Ordering Documentation

Your loan consultant will order the necessary documentation for the loan as soon as it is received. Any verifications will be mailed, and the credit report and appraisal will be ordered. You will also receive a Good Faith Estimate of your costs and details of your loan.

Step 3: Awaiting Documentation

Within approximately two weeks, all necessary documents should be received from your loan consultant. Each item is reviewed carefully in case additional items may be needed from you to resolve any questions or problems.

Step 4: Loan Submission

Submitting your loan is a critical part of the process. All of the necessary documentation will be sent to the lender, along with your credit report and appraisal.

Step 5: Loan Approval

Loan approval may be obtained in stages. Usually within one to three days, your loan consultant should have pre-approval from the lender. If the loan requires mortgage insurance, or if an investor needs to review the file, final approval could take additional time. You do not have final loan approval until ALL of the necessary parties have underwritten the loan.

Step 6: Lender Preparation of Documents

As soon as the loan is approved and all requirements of the lender have been met, the loan documents will be prepared. These documents will be sent to the escrow officer, and you will be asked to sign the documents. Your lender may require an impound account for tax installment payments, depending on the type of loan.

Step 7: Funding

Once you have signed the documents and they have been returned to the lender, the lender will review them and make sure that all conditions have been met and all of the documents have been signed correctly. When this is completed, they will “fund” your loan. (“Fund” means that the lender will give the title company the money by check or wire.)

Step 8: Recordation

When the loan has been funded, the title company will record the Deed of Trust with the county in which the property is located (usually by the next day). Upon receipt of confirmation of the deed being recorded, title or escrow will then disburse monies to the appropriate parties. At this time, in most cases, your loan is considered complete.

LOAN FAQs

When do I sign loan documents?

Generally, your escrow instructions will be mailed to you for completion and signature. Your escrow officer or real estate agent will contact you to make an appointment for you to sign your final loan papers. At this time, the escrow holder will also tell you the amount of money you will need (in addition to your loan funds) to purchase your new home. The lender will send your loan funds directly to the title company.

What do I bring to my loan document signing appointments?

Obtain a cashier's check made payable to your escrow company or title company in the amount indicated to you by the escrow officer. You may also wire funds. A personal check will delay closing because the check must clear before funds are disbursed.

Please bring one of the following with you to your signing:

- Valid state ID card
- Diver's license
- Passport

(These items are needed by a Notary Public to verify your identity. It is a routine but necessary step for your protection). Make sure you are aware of your lender's requirements and that you have satisfied those requirements before you come to the escrow company to sign your papers. Your loan officer or real estate agent can assist you.

What's the next step after I've signed the loan documents?

After you have signed all the necessary instructions and documents, the escrow holder will return them to the lender for final review. This review usually occurs within a few days. After the review is completed, the lender is ready to fund your loan and informs the escrow holder.

When will I receive the deed?

The original deed to your home will be mailed directly to you at your new home by the County Recorder's office. This service takes several weeks (sometimes longer, depending on the County Recorder's work volume).

What is a "Payoff"?

A loan payoff is an extremely important service provided by title companies to facilitate the handling of money in the closing of a real estate transaction. It is the receipt of funds from the buyer and the payment of the obligations of the seller (if any) in conjunction with a real estate transaction. The payoff function is performed by Fidelity National Title as part of the escrow process.

Commonly Used Payoff Terms:

Prefigures: Estimated payoff figures calculated and given prior to closing upon request. These figures are only valid through the date given and are based on the information provided at the time.

Good Funds: Fidelity National Title must be in receipt of "good funds" prior to disbursing on a payoff. Types of good funds include: a) funds wired into Fidelity National Title; b) a cashier's, teller's or certified check (provide next day availability after deposit to comply with AB51 2); c) other local checks (provide availability of funds two days after deposit), and d) out of area checks (provide availability of funds five days after deposit).

Demands: Demands must include specific payoff information concerning the particular property and must be signed. It is the responsibility of the Escrow Officer to order and provide all necessary demands, including any updates or changes on a timely basis.

Taxes: Outstanding property taxes can be paid out of the payoff proceeds.

Refunds: Any overpayment of demands will be refunded to the escrow upon receipt from the lender. Refunds typically take two to six weeks to process.

Shortages: Your Escrow Officer will contact you if there is a shortage of the necessary funds to cover the outstanding obligations. The shortages must be received prior to payoff.

Disbursement Checks: Checks are delivered locally to lending institutions by a contracted messenger service. Checks to individuals and to out of area lenders are typically sent via an overnight delivery company.

Wire Transfers: Funds can be wired into and out of Fidelity National Title offices with our bank.

Out of County Transactions: Fidelity National Title offices can receive and disburse payoff funds through any of our offices.

PMI: "Private Mortgage Insurance"

What Is PMI?

Buying a home is easier than ever, thanks to the availability of private mortgage insurance, or PMI. Private mortgage insurance has made it possible for qualifying buyers to obtain mortgages with a down payment as low as 3%. Such mortgages are increasingly in demand in today's home market because potential homeowners, especially first time home buyers, are unable to accumulate the 20 or 30% down payment that would be required without private mortgage insurance.

Definition PMI

PMI is a type of insurance required by the lender that helps protect lenders against losses due to foreclosure. This protection is provided by private mortgage insurance companies and enables lenders to accept lower down payments than would normally be allowed.

When Do I Need to Carry PMI?

If you make a down payment of less than 20% of the home sales price, your lender will require you to carry PMI. This will protect the lender from a potential loss if you default on your low down payment loan.

How Long Am I Required to Carry PMI?

PMI can usually be canceled by the home buyer when they have at least 20% equity in the home, either due to payment of the principal or the appreciation of the property. When you believe your home has achieved 20% equity, you can contact your loan server for guidelines. Usually lenders will require an appraisal on the property to verify the equity.

How Much Is PMI Going to Cost Me?

The House Banking Committee has estimated that the average cost of mortgage insurance is between $300 and $900 a year. Premiums are based on the amount and terms of the mortgage and will vary according to loan to value ratio, type of loan and the amount of coverage required by the lender.

What Are the Payment Options for PMI?

PMI can be paid on either an annual, monthly or single premium plan.

Other Parties to an Escrow Transaction

In addition to the buyer, seller, lender and real estate agent(s), Escrow may involve several other parties. For example: Appraisal, Home Warranty, Home Inspection, Termite/Pest Inspection and Disclosure Report.

Appraisal

If the buyer is securing a new loan for the purchase, an appraisal will be required by the lender. An appraiser will:

- Research the subject property as to year built bedrooms, baths, lot size and square footage.
- Compare data of recent sales in the subject's neighborhood, typically within a one mile radius. The appraiser usually locates at least three (and preferably more) similar homes that have sold within the past six months. These homes are considered the Comparable Properties" or "Comps" for short.
- Field inspection is conducted in two parts: (1) the inspection of the subject property, and (2) the exterior inspection of the comparable properties.

The subject property inspection includes taking photos of the front and rear of the home (that may include portions of the yard) and photos of the street scene. The appraiser also makes an interior inspection for features and conditions which may detract from or add to the value of the home. A floor plan of the home is drawn and included while doing the inspection.

Home Warranty

Home Warranties offer advantages to both the buyer and seller. This policy protects the buyer by paying for certain repairs and costs of major mechanical systems and major appliances in the home such as heating and air conditioning. There are a variety of plans available.

Benefits of Home Warranty Coverage to the Seller:

- Home may sell faster and at a higher price
- Optional coverage during the listing period
- Protection from legal disputes that occur after the sale increases the marketability of home

Benefits of Home Warranty Coverage to the Buyer:

- Warranty coverage for major systems and built-in appliances
- Protects cash flow
- Puts a complete network of qualified service technicians at the Buyer's service
- Low deductible

Most home warranty plans can be paid for at the close of escrow. A copy of the invoice is presented to the escrow company and it becomes part of the seller's closing costs. FNF offers Home Warranty coverage at www.HomeWarranty.com or call 1.800.862.6837

Home Inspections

A home inspection is another component of the escrow process. It is a physical examination to identify material defects in the systems, structure and components of a building, such as foundations, basements and under-floor areas, exteriors, roof coverings, attic areas and roof framing, plumbing, electrical systems, heating and cooling systems, fireplaces and chimneys, and building exteriors.

Is Your Home Inspector Insured?

They should have: Professional Liability Insurance Coverage, General Liability and Workers Compensation.

How the Seller Should Prepare for a Home Inspection?

The seller should have the property fully accessible, including elimination of stored objects that may prevent the inspector from accessing key components of the home. Areas of special concern are attics, crawl spaces, electric panels, closets, garages, gates/yards, furnaces and water heaters. All utilities should be on with functioning pilots lit.

Inspector's Responsibility to the Homeowner

Respect the property. Leave the property as they found it. Answer questions about the report after the inspection is completed. Provide a copy of the report on site.

Termite/Pest Inspection

This report is prepared by a State Certified Inspector as evidence of the existence or absence of wood destroying organisms or pests which were visible and accessible on the date the inspection was made. In almost every instance when they receive a request for an inspection the caller refers to it as a "termite" inspection. In addition to looking for subterranean termites, the inspector is also looking for signs of activity from other wood organisms such as carpenter ants, carpenter bees, wood destroying fungus, or dry wood termites.

These conditions are easy to spot and in most cases are simple and inexpensive to correct. If you aren't certain about the condition of your property, seek assistance from a State Certified Termite Inspector.

Disclosure Report

What is a Disclosure Report?

Disclosure reports are designed to assist sellers (and their agents) disclose legally required information to a potential purchaser in a real estate transaction in an easy to understand, economical format. Buyers can rely on the information to make a more informed decision regarding the property being purchased.

It's the Law!

California law requires sellers to disclose certain types of naturally occurring hazards to potential buyers. Assembly Bills 6x, 1195 and 248 created a mandatory form for these disclosures. This form is the Natural Hazard Disclosure Statement.

Required Disclosure Information

There are six 'hazard zones'. The disclosure law requires all potential buyers to be told whether the property is in one, or more, of the following zones:

- A Special Flood Hazard Zone as designated by the Federal Emergency Management Agency (FEMA).
- A Dam Failure Inundation Zone
- A Very High Fire Hazard Severity Zone
- A Wildland Area That May Contain Substantial Forest Fire Risks
- An Earthquake Fault Zone
- A Seismic Hazard Zone

California Civil Code Section 1103.4 provides a liability shield for sellers who rely on third party experts. This section states that the seller is not liable for errors, inaccuracies or omissions of any of the information provided by the third party disclosure report unless the seller has personal knowledge of the error.

Where to Order a Disclosure Report

FNF's own Disclosure Source is a premier provider for Natural Hazards, Special Taxes & Assessments and Environmental Hazard information to safely comply with statutory requirements.

California Real Estate Law gives buyers three days to cancel a transaction whenever material information is disclosed to them. It is in your best interest, as the seller, to get all disclosures in the hands of the potential buyer as soon as possible. We recommend ordering the Disclosure Report as soon as the property is listed. Buyers will then be able to review and accept the disclosures as part of their offer. Your agent can advise you on these issues.

For more information, please call (800) 880-9123 or visit www.DisclosureSource.com.

Understanding Taxes in Escrow

There are many types of tax issues which should be considered during a real estate transaction. Fidelity National Title provides the following information as a resource only and we always recommend that a seller or buyer consult with their legal and tax professionals for advice.

Topics we will briefly overview which may be a part of, or a result of, your escrow include:

- Capital Gains Tax
- Change of Ownership Filing
- Transfer Tax
- FIRPTA
- CAL Withholding
- Property Taxes
- Supplemental Taxes
- Mello Roos

The I.R.S. provides free publications that explain the tax aspects of real estate transactions. A few of these include:

- Publication #523: Selling Your Home
- Publication #530: Tax Information for First Time Homeowners
- Publication #544: Sales and Other Dispositions of Assets
- Publication #551: Basis of Assets

Federal Requirements

The Internal Revenue Service (IRS) requires that sellers report certain information pertaining to sales of real property. Under the Tax Reform Act of 1986, reportable transactions include sales and exchanges of properties including, but not limited to, houses, townhouses and condominiums. Also reportable is stock in cooperative housing corporations and mobile homes without wheels. Specifically excluded from reporting are foreclosures and abandonment of real property, as well as financing or refinancing of properties.

The escrow officer, as the settlement agent, will ask the seller to complete a Certificate for Information Reporting for the 1099 S form which may be required by the IRS. The seller is required to provide their correct taxpayer identification number (social security number), as well as the closing date of the transaction and gross proceeds of the transaction. Most settlement agents now transmit the reportable information electronically to the IRS at the end of the year, although a "hard copy" of the form is included in the seller's closing documents.

Withholding Requirements

Some states, such as California, require that certain sellers "prepay" their required state taxes through withholding of a percentage of the sale proceeds. State law requires the buyer accomplish the withholding, and the buyer may be subject to penalties for failure to withhold and send the appropriate amount to the State Franchise Tax Board. However, the buyer may delegate this responsibility to the escrow holder, and the escrow holder may charge a fee for this service. The law requires the escrow agent to give written notice of the withholding requirement to the buyer.

Most sellers will qualify for an exemption to the withholding law. Here are some of the exemption situations:

- Principal residence
- Property that is part of a like-kind exchange
- Properties under $100,000
- Sales that result in zero gain or loss for state tax purposes
- Property owned by certain corporations and partnerships
- Property ownership by tax exempt entities

The escrow holder will provide a state withholding form to the seller to help determine if any of the exemptions apply. The withholding guidelines can seem quite complex, but your escrow officer has forms and educational materials to help your clients. Further information is also available through your local Franchise Tax Board or from the American Land Title Association (ALTA).

Continued, next page.

Understanding Taxes in Escrow, continued.

FIRPTA: Foreign Investor Real Property Taxation Act

- Requires 10% of sales price be withheld for foreign ownership of properties used as a primary residence with a sales price over $300,000 but not over $1,000,000. Properties between $300,000 and $1,000,000 that are not purchased as a primary residence will be subject to a withholding of 15%
- For properties over $1,000,000, FIRPTA requires that 15% of the sales price be withheld for foreign ownership
- For properties with a sales price under $300,000 that are used as the buyer's residence, a FIRPTA withholding does not apply (0%). If the property is not used as the buyer's residence, then a 15% FIRPTA withholding applies
- Applies to non-resident aliens of USA, including foreign partnerships, foreign trusts and foreign estates
- Buyer's responsibility to report and withhold, not the escrow officer
- Exceptions under Internal Revenue Code (IRC 1034): If the sales price is less than $300,000 and buyer will use the property as principal residence, additional exceptions will apply. Please consult your tax professional regarding full information and details

CAL Withholding: Additional California Withholding

- Requires that 3-1/3% of sales price or the alternative withholding amount be paid to the Franchise Tax Board
- The alternative withholding amount is the amount of estimated gain from line 16 on FTB Form 593 E multiplied by 9.3% for individuals. Other percentages apply to corporations
- Applies to non owner-occupied property
- Prepayment of California state income tax for sellers on the taxable gain of California real property
- Requires the buyer to withhold 3-1/3% of the total sales price of the alternative withholding amount
- Buyer's responsibility to report and withhold; it can be passed onto escrow
- Escrow must inform buyer of the responsibility (in escrow general provisions)
- Escrow must accept responsibility if buyer requests it
- Payment and Form 593 and 593 B to FTB by 20th day of month after closing.
- Interest due on all late payments (FTB calculates, and interest can be substantial).
- Escrow can charge a fee for processing withholding or waiver.
- Escrow cannot charge for giving written notice to parties or obtaining 593 C and 593 W Certifications.

CAL Withholding Exemptions for INDIVIDUALS

- Property is seller's principal residence under IRC 121
- Total sales price is $100,000 or less
- The seller will incur a loss on the sale for California Income Tax purposes (must use FTB form 593 E)
- Non-recognition rules apply
- Simultaneaous or delayed exchange pursuant to IRC Section 1031
- Installment sales when the buyer agrees to withhold on each principal payment
- The property is being involuntarily converted and will qualify for non-recognition of gain for California Income Tax purposes under IRC Section 1033

CAL Withholding Exemptions for NON INDIVIDUALS ONLY

- Corporation
- Partnership
- Limited Liability Company (LLC) with certain requirements.
- Tax Exempt Entity (church, charity, school, etc.)
- Sale by estates when the property was the decendent's principal residence
- IRAs, Pension funds, Insurance Companies
- The seller will incur a loss on the sale for California Income Tax purposes
- Simultaneous or delayed exchange pursuant to IRC Section 1031
- The property is being involuntarily converted and will qualify for non-recognition of gain for California

Continued, next page.

Understanding Taxes in Escrow, *continued.*

Change of Ownership Filings

When property changes hands, local government agencies require notice of change of ownership. At the local level, this would be any county office that assesses or collects taxes. Reporting a change in the ownership of the property allows the local jurisdiction to assess the tax liability for each property as the title is transferred from seller to buyer.

The reporting documents vary from state to state, but all states require at minimum the names of the seller and buyer, assessor's parcel number or other property identifying number, the property location and tax address. Also required is the total purchase price, terms of sale and signature of the new owner. The reporting document is recorded along with documents evidencing a change in ownership. In California, the document is called a Preliminary Change of Ownership (PCOR), and it assists the local agency in identifying situations in which a property reassessment is allowed under Proposition 13.

Penalties or fines may be assessed from the governing body for failure to file the document as required by state or local laws. The escrow officer will generally assist the client in completing the document and ensuring that it reaches the Recorder's Office along with the other documents pertinent to the change of ownership.

Some situations which appear to be a change of ownership are exempt from the filing of this type of document, including corrections to the record and status changes such as a change in vesting.

Transfer Taxes

Transfer Tax, often called Real Property Transfer Tax, is a tax collected by the County Recorder when an interest in real property is conveyed. It is paid at the time of recording, and is computed using the actual sales price. An amount, legislated by the state or county, is charged per $500 or $ 1,000 of the sales price. Although it is common for the seller to pay this tax, in some areas tradition dictates that the buyer and seller will split the payment.

Many cities have levied an additional tax within their jurisdictions. In some counties, these taxes are collected by the County Recorder along with county transfer tax, but in other areas a separate check will be mailed to the city. Your escrow officer is familiar with the taxes required and will coordinate payment of the appropriate amount.

Property Taxes

See tax calendar example next page.

Homeowners pay property taxes to their appropriate assessment, collection or franchise tax department in each county. A change in ownership or the completion of new construction could result in a change in the assessed value of the property and may result in the issuance of a supplemental property tax bill. Taxes are due on predesignated dates and become delinquent when not paid. Penalties are assessed for delinquent taxes. The yearly "tax calendar" varies by state.

In addition to standard property taxes, many jurisdictions also contain special assessment districts, which may have been formed as a means of financing infrastructure. Bonds may have been sold to finance the infrastructure and the ultimate property owner continues to make payments on the principal and interest on the bond. The bond issues vary in size and term. Other special city and county districts may be assessed for a variety of purposes, including street lights and traffic signals, street maintenance, certain educational purposes, etc.

CA Real Property Tax Dates

JANUARY 1 Assessment Date (Lien Date)	Taxes become a lien at 12:01 a.m. Not yet due and payable for the Fiscal Tax Year starting July 1. Thereafter title evidence must show taxes as a lien for the coming Fiscal Tax Year.
APRIL 15 Last day to file for 100% Veterans or Homeowner's Exemption.	To be eligible for applicable exemptions you must own and occupy property on March 1.
JULY 1 Current fiscal tax year begins	
NOVEMBER 1 1st Installment due	(First Installment - July 1 to December 31)
DECEMBER 1 Last day to file for 80% Veterans or homeowner's exemption	
DECEMBER 10 1st Installment becomes delinquent at 5 p.m.	10% penalty added to taxes due. If December 10 falls on a weekend or holiday, taxes are not delinquent until 5 p.m. the next business day.
JANUARY 1 Assessment Date (Lien Date)	
FEBRUARY 1 2nd Installment Due	(Second Installment - January 1 to June 30)
APRIL 10 2nd Installment becomes delinquent at 5 p.m.	10% penalty plus administrative charge attaches. If April 10 falls on a weekend or holiday, taxes are not delinquent until 5 p.m. the next business day.
JUNE 30 Property tax may become defaulted	If you fail to pay either or both installments by 5 p.m., property tax becomes defaulted and additional costs and penalties accrue. If June 30 falls on a weekend or holiday, taxes must be paid by 5 p.m. of the preceding business day.

Reminder - Property may be sold at public auction after 5 years of delinquency.

How Property Taxes are Determined

Property taxes are governed by California State law and collected by the county. The County Assessor must first assess the value of your property to determine the amount of property tax.

Generally, the assessed value is the cash or market value at the time of purchase. This value increases not more than 2% per year until the property is sold or new construction is completed.

The Auditor-Controller applies the appropriate tax rates, which include the general tax levy, locally voted special taxes, and any city or district direct assessments. The Tax Collector prepares property tax bills based on the Auditor-Controller's calculations, distributes the bills, and then collects the taxes.