



ARIZONA TAX PRORATIONS

Annual property tax bills are collected in two installments:

- First Installment pays from January 1 to but not including July 1
- Second Installment pays from July 1 to but not including January 1

Property taxes are due and payable in two installments:

- The first installment is due October 1 and delinquent at 5:00 p.m. on November 1 of the tax year.
- The second installment is due March 1 and delinquent at 5:00 p.m. on May 1 of the following year.

The Seller is responsible for all taxes due or delinquent up until the closing date.
The Buyer is responsible for all taxes due after the closing date.

A proration is a proportionate share of an expense, charged to the party responsible at time of closing.

Taxes are prorated depending upon when escrow closes, and when taxes are paid to.

For example: First Half taxes are paid to July 1
 Escrow Closes on September 17
 Prorate from 7/1 to 9/7

The Seller would be charged for taxes from July 1 to September 7, and the Buyer would receive a credit. This credit would offset against the Buyer's payment of second half taxes. In effect, the Seller is reimbursing the Buyer for that portion of the second half taxes in which the Seller still owned the property.

Sometimes, the Buyer may be charged a tax proration when the Seller has paid taxes through the end of the year.

For example: Taxes are paid to January 1 of the next year.
 Escrow closes November 5 of the current year.
 Prorate from 11/5 to 1/1

In this case, the Buyer would be charged taxes from November 5 to January 1 to reimburse the Seller for taxes paid in advance. In effect, the Buyer reimburses the Seller for that portion of second half taxes in which the Seller no longer owned the property.

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