

WORKSHOP 5

Taxes and Insurance
2 Facilitators Needed
Estimated Time: 1 hr 40 min

Things to Prepare BEFORE THE WORKSHOP:

ITEM	APPENDIX #	PAGE # USED
Flip Chart 5-1	A-5-1	5-1
Flip Chart 5-2	A-5-1	5-2
Flip Chart 5-3	A-5-1	5-1
Handout 5-1 <i>Property Taxes</i>	A-5-2	5-2
Handout 5-2 <i>Property Insurance</i>	A-5-3	5-3
Evaluation Form	Trainer's Section	5-6

Activity	Page	Time	Materials
Introduction <ul style="list-style-type: none"> Introduction of Facilitator and participants Review workshop objectives 	5-2	20 min	<input type="checkbox"/> Blank Flip Chart & Markers <input type="checkbox"/> Prepared Flip Chart 5-1 Workshop Objectives
	5-2	20 min	
Learning Activity 1: Property Taxes <ul style="list-style-type: none"> Skit on Property Taxes Read Handout 	5-3	40 min	<input type="checkbox"/> Blank Flip Chart & Markers <input type="checkbox"/> Handout Housing 5-1 Property Taxes <input type="checkbox"/> Flip Chart 5-2 Key points on Property Taxes
	5-4	40 min	
Break		15 min	
Learning Activity 2: Insurance <ul style="list-style-type: none"> Group Exercise Read Handout 	5-5	15 min	<input type="checkbox"/> Blank Flip Chart & Markers <input type="checkbox"/> Handout 5-2 Property Insurance <input type="checkbox"/> Flip Chart 5-3 Key points on Property Insurance
		15 min	
Wrap Up <ul style="list-style-type: none"> Workshop Evaluation 	5-6	10 min	<input type="checkbox"/> Evaluation Form

Introduction

Time: 20 min

Materials: Prepared Flip Chart- Objectives, Markers and Blank Flip Chart

Reminder: The Trainer's role is always to *educate*, not to provide *advice*

- **Introduction of Facilitator and Participants**

- Welcome the participants and introduce yourself to the group.
- Ask the participants to introduce themselves and conduct one Icebreaker selected by the Facilitator from Icebreaker list.
- Tell the group that this session will focus on Property Taxes and Property Insurance.

- **Workshop Objectives**

- Refer to Flip Chart Housing A: Objectives and read it with participants.
- Hang the Flip Chart so it is visible to the entire group

Learning Activity 1: Property Taxes

Time: 20 min

Materials: Flip Chart & Markers, Hand out Housing 5-1 Property Taxes

This skit requires 2 facilitators

Before the Activity make copies of Handout 5-1 (1 copy per person).

- Tell the group that you will be role playing a conversation between Mario and Jose.
- One facilitator should read the role of Mario and the other Jose.
- Explain to the group that Jose owns his own home and has just received a property tax statement for the year 2003.
- **Short Skit:**

Jose: I received my property tax statement today. I didn't think it would be that much!! Where does my money go and what is it used for?

Mario: Well, being a homeowner myself for 15 years, I can tell you that I also pay property taxes every year. And the property taxes we pay cover costs like building and repairing our streets, police and fire protection, the county hospital, community college and the public schools.

Jose: Why is it so high this year?

Mario: The appraisal office determines the value of your property. You pay based on that value of your property. The more your property is worth, the higher the taxes.

Jose: What if I don't agree with the value the tax office is using?

Mario: You can file an appeal with the tax office to contest their evaluation.

Jose: Are there any other factors that determine how much my taxes will be?

Mario: Yes, every year the local taxing authorities determine the tax rate for that year and just like a family budget, the county, school districts, etc. are required to budget for the anticipated expenses. After they approve their budget, they set the tax rate. The tax rate is multiplied by

the appraised value to determine each taxpayer's tax liability. Your tax bill is the tax rate times the property value.

Jose: I saw the the word exemption on the tax bill, what does that mean?

Mario: An exemption removes part of the value of your property from taxation and lowers your taxes. Some tax authorities grant exemptions for households (declaring your home as your primary residence), and additional exemptions for veterans, the elderly or people with disabilities. You must complete an exemption application and file it with your local tax authority. They can explain the process and help you fill out a simple form.

Jose: What happens if I don't pay my taxes?

Mario: If you don't pay your property taxes you can be fined and interest will be added to your tax bill. If you let it go too long, they can foreclose and seize your property.

Jose: Mario thanks for all your help. Now I have a better understanding of how property taxes work and why it is important.

- Discussion of Handout Property Taxes A5-2
 - Refer to Flip Chart 5-2
 - Distribute and Refer to Handout Housing (A 5-2 Property Taxes)
 - Ask the group to look over the handout

-----15min BREAK-----

Learning Activity 2: Insurance

Time: 15 min

Materials: Blank Flip Chart, Markers, Handout 5-2 Insurance

Ask the participants what types of disasters might be covered by property insurance policies. Write them on a blank Flip Chart. Here are the correct responses. Add to the list new suggestions made by the group.

- Fire or lightning
- Windstorm or hail
- Explosion
- Riot or civil commotion
- Damage caused by vehicles
- Damage caused by aircraft
- Smoke
- Vandalism or malicious mischief
- Theft
- Volcanic eruption
- Damage by glass or safety glass
- Falling objects
- Damage from weight of ice, snow or sleet
- Damage from three categories of water related damage from home utilities and electrical surge damage.

It is important to mention that damages caused by flood or earthquakes are not included. These disasters require additional policies.

- Discussion of Handout Property Insurance A5-3
 - Refer to Flip Chart 5-3
 - Distribute and Refer to Handout Housing (A 5-3 Property Insurance)
 - Ask the group to look over the handout

WRAP UP

Time: 10 min

Materials: Evaluation Form

- **Evaluation of Workshop**

- Distribute Evaluation Forms
- Ask the group to please take a few minutes to complete the Evaluation Form with their comments
- Let them know that their comments are important to further improve the module
- Thank them for taking the time to attend the workshop and ask them if they have any questions.
- If you cannot answer a particular question, write it down along with the contact information for the person who asked the question. Contact them later with an answer.

Flip Chart 5-1 Workshop Objectives

Objectives

- ❑ Learn about...
- ❑ Property Taxes
- ❑ Property Insurance

Flip Chart 5-2 Key Points on Property Taxes

Key Points on Property Taxes

- ❑ Every Homeowner is required to pay property taxes.
 - ❑ Property taxes pay for public services.
- ❑ Property taxes are based on the current market value.
 - ❑ Unpaid taxes can result in fines and interest.

Flip Chart 5-3 Key Points on Property Insurance

Key Points on Property Insurance

- ❑ If you are paying a mortgage the lender will require you to carry property insurance.
- ❑ Property Insurance protects your most expensive investment your home.

CONSEQUENCES OF TAX DELINQUENCY

- Taxpayer receives delinquent tax notices
- Penalties and interest charges added to tax bill
- Tax collector may file law suit
 - Court costs added
- Tax lien placed on property
- Property could be foreclosed and seized



If you have questions or issues regarding your property taxes:

You should contact the County Office or Appraisal Office in your area. The following are state resources that may provide additional resources:

**Texas– Comptroller of Public Accounts
Property Tax Division Informational
services: toll free in Texas
1-800-252-9121
www.window.state.tx.us**

**New Mexico– Appraisal Bureau-Local
Assessment Section
(505)827-0885
[Http://www.state.nm.us/tax/ptd/apphmpg.htm](http://www.state.nm.us/tax/ptd/apphmpg.htm)**

**Arizona – Arizona State Board of
Equalization 101 N.1st Avenue, Suite 2323
Phoenix, Az 85003
(602)253-7800**

**California– California Board of Equalization
Taxpayers' Rights Advocate Office
Toll free in California: 1-888-324-2798**

PROPERTY TAXES



PROPERTY TAXES

Frequently Asked Questions About Property Taxes

Why pay taxes?

Every home owner is required to pay property taxes. They help pay for public services such as:

- Building and repairing streets
- Police and Fire protection
- Public Schools
- Community College
- County Hospital

How much tax will I be required to pay?

- Property taxes are based on the current market value of the property.

What other factors determine how much my taxes will be?

The current tax rate multiplied by the assessed value of your property will be used to determine the amount of your taxes.

When are property taxes due?

This varies from state to state.

What is an exemption?

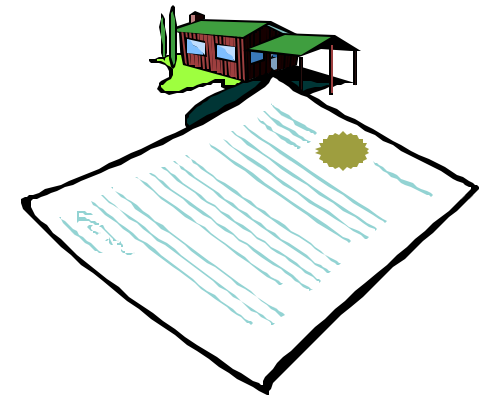
An exemption removes part of the value of your property for taxation and lowers your taxes.

How is property appraised?

Appraisal offices appraise property based on age, size, construction type and location of the property.

What happens if I do not pay my taxes?

- Not paying your property taxes can result in fines and interest added to your tax bill.
- Unpaid taxes can result in property being seized and foreclosed.



Most Policies Do Not Cover Losses Caused by:

- Flooding
- Earthquakes
- Termite damage
- Damage by insects, rats, or mice
- Freezing pipes while your house is unoccupied.
- Wind or hail damage to trees and shrubs
- Losses if your house is vacant for 60 days or more
- Wear and tear or maintenance

While it is a good thing to insure your home, the task is to find an insurance company that offers reasonably-priced policies. The following factors are often considered and can adversely affect the homeowner:

Condition of home.

Location of home – high crime areas, near commercial property, or near other homes in poor condition.

Minimum coverage amounts – homes valued below the median housing value.

Employment stability – Unemployed homeowners or those with excessive job changes.

Credit rating – applicants with poor credit histories; have filed bankruptcy in the past five years.

Lifestyle - includes living conditions, living arrangements.

Family/Marital status - whether the applicants are married or single.

Foreign Nationals – although not very common, some companies limit coverage for non-citizens.

Claims – single claim filed during first 90 days of a policy could result in cancellation; or filing multiple prior claims could cause policy not to be renewed.

Property Insurance

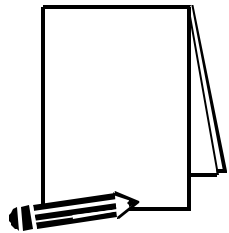


Handout 5-2
A 5-3

Property Insurance

All Homeowners need to know about property insurance. Insurance protects what is your most expensive investment, your home. If you are paying a mortgage, the lender will require you to carry property insurance.

Learning all that you can about insurance will make you an informed consumer and help you decide what and



how much insurance you need.

The following are some basic definitions about Property Insurance.

Homeowner's Insurance-policy that combines personal liability insurance and hazard insurance for a home and its contents.

Liability-protects against financial loss if you are found legally responsible for someone else's injury or property damage.

Hazard Insurance-insured from losses such as fire, vandalism, storms and certain other natural causes.

Personal Property- coverage that pays when household items, including furniture, clothing and appliances, are damaged, stolen, or destroyed.

Dwelling- pays for damage to your house and any outbuildings, such as detached garages or storage sheds.

Market Value-what a willing buyer would pay for your home. Location is a major factor in determining market value.

Replacement Cost-the cost of rebuilding your house from the foundation up.

Medical Payments- medical bills for people hurt while on your property. It also pays for some injuries that happen when you are away from your home.

Loss of Use-pays living expenses if your home is too damaged to live in during repairs.

Be sure to check your individual policy to be sure which of these are covered.

- Fire or lightning
- Windstorm or hail
- Explosion
- Riot or civil commotion
- Damage caused by vehicles
- Damage caused by aircraft

- Smoke
- Vandalism or malicious mischief
- Theft
- Jewelry rider
- Volcanic eruption
- damage by glass or safety glass
- falling objects
- Damage from weight of ice, snow or sleet
- Damage from three categories of water related damage from home utilities and electrical surge damage.

* It is important to mention that damages caused by flood or earthquakes are not included. These disasters require additional policies.

Most Policies Cover Losses

Caused by:

- Fire and lighting
- Damage by aircraft & vehicles
- Vandalism and malicious mischief
- Theft
- Explosion
- Riot and civil commotion
- Smoke damage, water damage/ burst line
- Windstorm, hurricane, and hail