

Louisiana Land Title

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Dear Homebuyer:

Let me begin by expressing my appreciation for using Louisiana Land Title as your closing agent. We sincerely hope that the experience has been pleasurable and we look forward to developing a future relationship not only in the acquisition and re-financing of real estate but also as your attorney.

The first thing that you can expect, following the transaction, is to receive from this office a certified copy of your Cash Sale and Mortgage. You should receive your copies within thirty days from the date of the transaction. These documents are extremely important, as outlined below.

Property Tax

The sheriff is the ex-officio tax collector in the Parish of St. Tammany. Tax bills are mailed during the month of December, generally the first two weeks. The property is assessed in the name of the former property owner, and, in all likelihood the bill will be mailed, addressed to the former owner, at your new address. If this occurs, the post office could forward it to the former owner's new address or it could be returned to the sheriff's office if the forwarding address has expired. In any case, it is incumbent upon you to obtain a copy of that bill and forward it to your lender to be paid if you have established an escrow account. Often times, you, as purchaser, will pay for a tax service fee, which should include this service. However, because of the confusion associated with the mail around Christmas and dependent upon whether or not the forwarding address of the former owner has expired, I strongly suggest contacting the sheriff's office and ascertaining the office location where the tax bills are generated. Once that has been done take the certified copy of the Cash Sale to that office, obtain a copy of the bill and forward it to you lender. Please note that this confusion, if any, regarding the tax bill generally occurs only in the first year. Therefore, I strongly recommend that you consider following the steps outlined above.

Homestead Exemption

The next bit of information I can share with you can save you approximately \$1,100.00 to \$1,300.00 per year in taxes. If the home that you have just purchased is your primary residence and you have no other property which is subject to a Homestead Exemption, you should take the certified copy of the Cash Sale, which you receive from us, to the assessor's office between January 2nd and April 30th of the following year and notify them that you are applying for your Homestead Exemption. You will be given a form to complete at that time. The entire process takes no more than 15 minutes and will save you, as stated above, between \$1,100.00 and \$1,300.00 a year. The homestead exemption will remain for the entire time you own the property and maintain the property as your primary residence. Currently, the Homestead Exemption is accepted as being \$75,000 per year.

Flood Insurance

Next, I would suggest that you consider purchasing flood insurance. Since you now own a home in south Louisiana, and because we do not know what would happen in the event a major hurricane struck this area, flood insurance could be extremely important. As a general rule, if your property is located in a AB@ or AC@ flood zone, flood insurance will range between \$250.00 and \$350.00 per year. The rates are governed by the federal government and the policies are managed by independent insurers.

Termite Contract

During the transaction, you signed a Termite Certificate. The company performing the service certified that there were no active termites at the time of the purchase. If you do not have a termite contract on the house, I would strongly suggest you contact the company that performed the service and inquire about purchasing a termite contract. Once a contract is purchased the entire perimeter of the house is treated and the house will remain under contract for one year. If the house is currently under a termite contract, I would strongly suggest you contact that company, advise them you are the new owner of the house and request that they send the renewal form to your attention at your new address. Termites are prolific in this area and I strongly suggest that a termite contract be maintained on your new house.

New Construction

Finally, if this is a new construction, as a general rule, the initial property tax bill will be for a lot only. If you have purchased a newly constructed home, the tax bill for the remainder of the current year will be only on the lot. The following year, the taxes will be re-calculated on the lot and the structure. At that time, you can anticipate, depending upon the assessed value of the property with improvements, a substantially higher tax bill. If your lender has not made arrangements an increase in this escrow item, I suggest you consider putting aside funds so when the tax bill is due you will have made provisions to meet the increased tax bill. At that time, you should also consider that your monthly payments will be increased based upon the increased escrow item for taxes.

I hope that this letter has helped you to anticipate what may occur following your real estate transaction. Should you have any further questions, please feel free to contact the undersigned writer at your convenience. We look forward to working with you in all of your legal matter as well as your real estate transactions.

Wishing you the best, I am

Cordially yours,

Donald D. Bann
Attorney at Law