

**HMFA BULLETIN: Determining Real Estate Taxes on New Construction  
11/3/2011**

**On new construction loans close attention must be given to obtain property tax figures. The lender must contact the local tax office to obtain this information. If the tax office can provide property tax figures based on the land and building these figures are to be used. If the tax office can only provide the first year of taxes based solely on land, do not use this figure because it will cause a severe shortfall in the customer's escrow account. When the situation arises where the full property tax figures can not be obtained the lender must estimate the taxes by using three comparable existing residential property values in the market area for the first year and using an average of the three comparables existing tax figures. A processor's certification illustrating this will be sufficient.**