

February 14, 2018

## **Texas Lending – Property Tax Calculation Procedure**

---

### **Purchase Money Transaction – Existing Construction:**

Use the total tax dollar amount from the Tax Certificate without Exemptions.

### **Purchase Money Transaction – Newly Constructed:**

Add up all of the tax rates reflected on the Tax Certificate to derive the total tax rate. Then multiply the total tax rate by the purchase price to determine the estimated annual taxes.

In instances where the Tax Certificate does not list the tax rates, please contact the Tax Certificate Issuer and require this information be added.

Example Analysis:

Purchase Price \$125,000

#### Tax Rates Listed on Tax Certificate:

ISD Tax Rate 1.18043

City Tax Rate 0.542489

County Tax Rate 0.512

County Hospital Tax Rate 0.129864

---

Total of all Tax Rates Listed 2.364783

Calculation Formula:  $\$125,000 \times 2.988653\% = \$3,735.82$  Estimated Annual Tax

### **Refinance Transaction:**

Use the total tax dollar amount from the Tax Certificate with Exemptions.

### **Timing of Loan Closing and Validity of Tax Certificates:**

For loans closing January 1<sup>st</sup> through August 31<sup>st</sup> in any given year, the Tax Certificate is considered valid if issued any time in that given year.

For loans closing September 1 through December 31<sup>st</sup> in any given year, the Tax Certificate must be dated within 30 days to be considered valid.

Please Contact your Account Executive regarding any questions at: 1.888.398.8757 or [ask@westernbancorp.com](mailto:ask@westernbancorp.com)