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BULLETIN 2000-22

November 15, 2000

TO: ALL HOLDERS AND SERVICERS

SUBJ: REAL ESTATE TAXES

The purpose of this bulletin is to remind servicers and holders of their responsibility to pay real estate taxes prior to transfer of property to the Secretary of Veterans Affairs.

WHAT THE REGULATION REQUIRES

CFR 36.4320(h)(4) requires that any taxes, special assessments or ground rents due and payable within 30 days after the date of transfer of the property to the Department of Veterans Affairs (VA) are to be paid by the holder if bills can be obtained before the transfer. Transfer of the property to VA occurs when VA Form 26-8903 is received by the Regional Loan Center.

WHEN THE TAXES ARE DUE

The property tax due date for each state as determined by this office is:

ARKANSAS: Taxes for 2000 are due on April 1, 2001, and levy and drainage taxes for 2000 were due on October 1, 2000.

LOUISIANA:

Orleans Parish: Taxes for 2000 were due on January 31, 2000.

All other Parishes: Taxes for 2000 are due on December 31, 2000.

OKLAHOMA: Taxes for 2000 are due on December 31, 2000.

TEXAS: Taxes for 2000 were due on October 1, 2000.

HOW TO OBTAIN REIMBURSEMENT

In many cases, holders and servicers will be reimbursed for all or most of the amounts disbursed for these items. Holders and servicers can include any amounts disbursed for taxes, special assessments or ground rents on the Claim Under Loan Guaranty. The disbursement of funds must be adequately documented on loan account ledger history, and the property must be conveyed to VA. In some instances, the interest cut off date may reduce the amount included in the claim payment.

WHAT CAN HAPPEN WHEN THE REQUIREMENT IS NOT MET

Since bills are almost always available 30 days prior to the due date, there should be only limited instances where taxes are not paid prior to transfer of the property to VA. If VA is required to pay penalties and/or interest on tax payments which were due within 30 days of the transfer of the property to VA, the holder must reimburse VA. Such sums not promptly reimbursed may be withheld from future amounts due a holder, unless adequate documentation is provided showing that bills were unavailable.

IF YOU HAVE QUESTIONS OR COMMENTS

Please E-mail questions and comments concerning this bulletin to LGYHGALE@VBA.VA.GOV.

RESCISSION

This rescinds all previous bulletins or releases on this subject.

A black rectangular box containing a white handwritten signature, likely of F. M. McREAKEN.

F. M. McREAKEN
Loan Guaranty Officer