



Veterans Real Estate Tax Exemption Policy for VA Loans

Certain states, counties, municipalities, and/or taxing authorities offer real estate tax exemptions or reductions to eligible disabled veterans. Because exemption requirements and effective dates vary by jurisdiction, Keystone Funding will only reduce or exclude real estate taxes used for qualifying purposes when the exemption has been adequately documented and is effective as of the loan closing date.

To utilize a reduced or exempt real estate tax amount, the following documentation must be obtained and reviewed by Underwriting:

1. Documentation evidencing the applicable jurisdiction's tax exemption policy.
2. Documentation confirming the effective date of the exemption.
 - If the exemption does not become effective until a future tax year, the current assessed taxes must be used for qualification purposes.
3. A completed application for the tax exemption, if required by the jurisdiction.
4. Documentation evidencing the veteran's eligibility for the exemption in accordance with jurisdictional requirements.
 - A Certificate of Eligibility (COE) is not sufficient evidence of disability status.
 - The borrower must provide documentation from the Department of Veterans Affairs or other acceptable authority evidencing the disability rating. This is usually the Disability Award Letter from VA confirming 100% exempt and honorably discharged. For jurisdictions offering partial or tiered exemptions, the VA Benefits Summary Letter confirming the borrower's disability rating percentage may be used, provided the rating meets the jurisdiction's threshold for the claimed exemption or reduction.

Underwriting must review all documentation to determine whether the reduced tax amount or tax exemption may be utilized for qualifying purposes.

All supporting documentation must be retained in the loan file and uploaded to the Tax Certification Bucket.