

VA LOAN DISCLOSURES

FEDERAL COLLECTION POLICY NOTICE

The Federal Government is authorized by law to take any or all of the following actions in the event your VA-guaranteed or VA-financed loan payments become delinquent or you default on your VA-guaranteed or VA-financed loan:

- * Your name and account information may be reported to a credit bureau.
- * Additional interest and penalty charges may be assessed for the period of time that payment is not made.
- * Charges to cover additional administrative costs incurred by the Government to service your account may be assessed.
- * Amounts owed to you under Federal programs may be offset.
- * Your account may be referred to a private collection agency to collect the amount due.
- * Your account may be referred to the Department of Justice for litigation in the courts.
- * If you are a current or retired Federal employee, your salary or civil service retirement benefits may be offset.
- * Your debt may be referred to the Internal Revenue Service for offset against any amount owed to you as an income tax refund.
- * Any written-off debt may be reported to the Internal Revenue Service as taxable income.

All of these actions can and will be used to recover any debts owed the Department of Veterans Affairs when it is determined to be in the best interest of the Government to do so.

Certification

I have read and I understand the actions the Federal Government can take in the event that I fail to meet my scheduled payments in accordance with the terms and conditions of my agreement to purchase property with a VA-guaranteed or VA-financed loan.

COUNSELING CHECKLIST FOR MILITARY HOMEBUYERS

1. Failure on the part of a borrower on active duty to disclose that he/she expects to leave the area within 12 months due to transfer orders or completion of his/her enlistment period may constitute “bad faith”. If your loan is foreclosed under circumstances which include such bad faith, you may be required to repay VA for any loss suffered by the Government under the guaranty. (In ANY case in which VA suffers a loss under guaranty, the loss must be repaid before your loan benefits can be restored to use in obtaining another VA loan.)
2. Although real estate values have historically risen in most areas, there is no assurance that the property for which you are seeking financing will increase in value or even retain its present value.
3. It is possible that you may encounter difficulty in selling your house, recovering your investment or making any profit, particularly if there is an active new home market in the area.
4. Receiving military orders for a permanent change of duty station or an unexpected early discharge due to a reduction in force will not relieve you of your obligation to make your mortgage payments on the first of each month.
5. “Letting the house go back” is NOT an acceptable option. A decision to do so may be considered “bad faith”. A foreclosure will result in a bad credit record, a possible debt you will owe to the government and difficulty in getting more credit in the future.
6. If unexpected circumstances lead to difficulty in making your payments, contact your mortgage company promptly. It will be easier to resolve any problems if you act quickly and be open and honest with the mortgage company.
7. YOUR VA LOAN MAY NOT BE ASSUMED WITHOUT THE PRIOR APPROVAL OF VA OR YOUR LENDER.
8. DO NOT BE MISLED! VA does not guarantee the CONDITION of the house which you are buying, whether it is new or previously occupied. VA guarantees only the LOAN. You may talk to many people when you are in the process of buying a house. Particularly with a previously occupied house, you may pick up int impression along the way that you need not be overly concerned about any needed repairs or hidden defects since VA will be sure to find them and require to be repaired. This is NOT TRUE! In every case, ultimately, it is your responsibility to be an informed buyer and to assure yourself that what you are buying is satisfactory to you in all respects. Remember, VA guarantees on the loan – NOT the condition.
9. If you have any doubts about the condition of the house which you are buying, it is in your best interest to seek expert advice **before** you legally commit yourself in a purchase agreement. Particularly with a previously occupied house, most sellers and their real estate agents are willing to permit you, at your expense, to arrange for an inspection by a qualified residential inspection service. Also, most sellers and agents are willing to negotiate with you concerning what repairs are to be included in the purchase agreement. Steps of this kind can prevent many later problems, disagreements, and major disappointments.
10. Proper maintenance is the best way to protect your home and improve the chance that its value will increase.
11. If you are buying a previously owned house, you should look into making energy efficient improvements. You can add up to \$6,000.00 to your VA loan to have energy efficient improvements installed. Consult your lender or the local VA office.

MILITARY ACTIVATION/DEPLOYMENT CERTIFICATION

- | | <u>Veteran</u> | <u>Co-Borrower</u> |
|---|--|--|
| 1. I am currently a member of a United States Military Reserve or National Guard Unit. | <input type="checkbox"/> Yes <input type="checkbox"/> No | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| 2. I am a member of a United States Military Reserve or National Guard Unit. As of this date, I have not been notified of the mobilization of my military unit. | <input type="checkbox"/> Yes <input type="checkbox"/> No | <input type="checkbox"/> Yes <input type="checkbox"/> No |

NEAREST LIVING RELATIVE

Provide name and address of relative not living with veteran (include zip code and complete phone number).

Name: _____

Address: _____

Phone Number: _____

Relationship: _____

NAME STATEMENT

This is to certify that I, _____, am the same person whose name appears on the Certificate of Eligibility, Report of Transfer or Discharge from Military Service (DD Form 214 or equivalent) as _____, and I am making this certification for the purpose of establishing my identity as the same person in both the discharge mentioned above and the mortgage papers to be executed in connection with the subject property.

ADDITIONAL QUESTIONS

- 1. Are you now receiving VA Disability benefits? Yes No
- 2. Would you be entitled to receive VA Disability benefits but for the receipt of retired pay? Yes No
- 3. Have you received VA Disability benefits in the past? Yes No
- 4. Are you the surviving spouse of a veteran who died on active duty or as a result of a service-connected disability? Yes No
- 5. Does the VA or anyone else now rate you an incompetent? Yes No

(If the answer to any of the above is "Yes" then VA Form 26-8967 (Verification of VA Benefits Indebtedness) must be completed by the lender and submit the form to VA for completion.)

VA EDUCATIONAL ASSISTANCE INFORMATION

- 1. Are you currently indebted to the Department of Veterans Affairs as a result of an overpayment of educational assistance? Yes No (If you indicate "Yes" please detail, on a separate sheet, the terms of your repayment agreement with VA, and furnish your VA "C" number below)**
- 2. Have you ever had a VA education loan: (Direct loan from the VA) Yes No (If "Yes" please check the applicable statement):
 - (a) All such education loans have been fully repaid to the Department of Veterans Affairs.**
 - (b) I am currently repaying the loan to the VA, and the payments on the loan are current and not delinquent.** My VA "C" number and/or loan number(s) are listed below.
 - (c) I currently have an outstanding loan to the VA, and the payments on the loan are not current. (Please attach an explanation and furnish "C" number and/or loan number(s) below.

"C" Number: _____

Loan Numbers: _____

**NOTE: The Department of Veterans Affairs requires us to verify that the prior debts have been paid and/or that the payments on any outstanding loan or obligation are current.

DEBT QUESTIONNAIRE

- 1. During the past five years, have you directly or indirectly been obligated on a loan which resulted in foreclosure, transfer of title in lieu of foreclosure, or judgment? (This would include home mortgage loans, SBA loans, home improvement loans, educational loans, or manufactured home loans, any mortgage, financial obligation, bond, or loan guarantee.)
 - Yes No (If "Yes" provide details, including date, name and address of lender, FHA or VA case number, if any and reasons for the action. Attach a separate sheet, if needed.)
- 2. Are you presently delinquent or in default on any debt to the federal government (e.g., Public Health Services, U.S. Guaranteed Student Loan, GI Bill Education Benefits, etc.)?
 - Yes No (If "Yes" provide details, including date, name and address of lender, FHA or VA case number, if any and reasons for the action. Attach a separate sheet, if needed.)

NOTICE ABOUT ASSUMABILITY OF GI LOAN

Changes in Department of Veterans Affairs regulations effective with loan commitments (approvals) on or after March 1, 1988, place restrictions on the assumability of such loans. The loan may be accelerated if the property securing it is sold without the loan being paid in full, unless:

- (a) the loan is current; and
- (b) the prospective purchaser will assume full liability for repayment of the loan, including the indemnity liability to the VA, and qualifies from a credit standpoint.

LATE CHARGE AND PREPAYMENT PENALTIES

Any payment received by the Lender more than fifteen (15) days after the date it was due will be subject to a late charge of 4% of the amount actually due. There is no grace period from the 1st of the month until the 15th. Your mortgage payment is considered late after the first day of the month.

VA'S ENERGY-EFFICIENT MORTGAGE (EEM) GUIDELINES DISCLOSURE

Program Benefits: The buyer need not qualify for the additional amount financed for energy upgrades; and the underwriter may reduce utility costs from total housing expense, in the calculation of Residual Income, thus increasing buying power!

Eligible Properties: 1-4 4-unit properties – Per VA Regulations, only previously occupied properties are eligible for inclusion of energy efficient improvements.

Eligible Transactions: Purchase or Refinance

Appraisal Requirements: No appraisal of the energy improvements in required, if the costs of the improvements do not exceed \$6,000.

Financing Limits: The borrower may finance 100% of the energy upgrade costs subject to the following limits:

- (a) To \$3,000 based solely upon documented costs (receipts, etc)
- (b) To \$6,000 provided that the likely reduction in monthly utility costs exceed the increase in the monthly mortgage payment (“cost-effective”), or
- (c) Over \$6,000 is possible subject to a value determination by VA appraiser, and passing the “cost-effectiveness test”.

Note: If labor is to be performed by the veteran, the loan increase will be limited to the cost of materials.

Mortgage Limits: The total VA loan amount, after adding the costs of eligible energy improvements, may not exceed VA loan limits.

Eligible Energy Improvements: Any energy efficient improvement cost may be financed, subject to the above limits.

Escrow Holdbacks: VA allows up to **180 days** to complete the retrofit. Only 100% of the upgrade costs need to be escrowed.

I acknowledge Receipt of this disclosure, and I intend to pursue a VA-EEM (), or I do not intend to pursue a VA-EEM () – Check one.

INTEREST RATE AND DISCOUNT STATEMENT

1. This statement regarding the interest rate and discount points that you may pay on a mortgage guaranteed by VA (Department of Veterans Affairs) must be delivered to you prior to execution of the borrower’s certification on the HUD/VA Addendum to the Uniform Residential Loan Application.
2. VA does not establish the interest rate for mortgage loans to be guaranteed or set either a maximum or minimum on the interest rate or on discount points that may be paid by you. This means that you may pay such interest rate and discount points as you and the lender agree upon. The seller may also pay the discount points, or a portion thereof, if you and the seller agree to such an arrangement.
3. It is important for you to understand that the interest rate and discount points and the length of time the lender will honor the loan terms are all freely negotiable with the lender. Lenders may agree to offer the loan terms for a definite period of time (i.e., 30, 60, or 90 days), or may refuse to do so. This arrangement is commonly referred to as a lock-in agreement. Keep in mind that your agreement with the seller will also affect the date you can close your loan.
4. The terms of your agreement with the lender will determine the degree, if any, that the interest rate and discount points may change before closing. An increase of more than 1 percent in the interest rate requires re-underwriting of the loan approval by VA or by the lender. It may be necessary for the lender to obtain your signature on a new application. If, after re-underwriting, it is determine that you remain qualified from a credit risk standpoint, the conditions of your agreements with the lender and the seller may require you to complete the transaction or lose your deposit.

IT IS YOUR RESPONSIBILITY TO ASSURE THAT YOU UNDERSTAND THE TRANSACTION.

SIGNATURES

That he/she understands that this application is in no way intended to be a loan commitment, and it is understood that VAMortgageCenter.com is not bound by the terms and conditions of the sales contract on the subject property; that he/she has been informed that VAMortgageCenter.com reserves the right to refuse consummation of this loan if it is unable to obtain VA or investor approval, or if, in its opinion, the loan does not meet the underwriting requirements of the VA or Lender’s investors.

I HEREBY CERTIFY THAT VAMortgageCenter.com has counseled me and I fully understand the counseling items set forth above.

Borrower

Date

Borrower

Date

I HEREBY CERTIFY THAT the borrower has been counseled regarding the counseling items set forth above.

Lender

Date