

# HUD/VA Addendum to Uniform Residential Loan Application

OMB Approval No. VA: 2900-0144 HUD: 2502-0059

<b>Part I - Identifying Information</b> (mark the type of application)		<b>2.</b> Agency Case No. (include any suffix)	<b>3.</b> Lender's Case No.	<b>4.</b> Section of the Act (for HUD cases)
1. <input type="checkbox"/> VA Application for Home Loan Guaranty <input type="checkbox"/> HUD/FHA Application for Insurance under the National Housing Act				
<b>5.</b> Borrower's Name & Present Address (Include zip code)		<b>7.</b> Loan Amount (include the UFMIP if for HUD or Funding Fee if for VA) \$	<b>8.</b> Interest Rate %	<b>9.</b> Proposed Maturity yrs. mos.
<b>6.</b> Property Address (including name of subdivision, lot & block no. & zip code)		<b>10.</b> Discount Amount (only if borrower is permitted to pay) \$	<b>11.</b> Amount of Up Front Premium \$	<b>12a.</b> Amount of Monthly Premium \$/mo.
		<b>12b.</b> Term of Monthly Premium months	<b>13.</b> Lender's I.D. Code	<b>14.</b> Sponsor/Agent I.D. Code
<b>15. Lender's Name &amp; Address (include zip code)</b>		<b>16. Name &amp; Address of Sponsor/Agent</b>		
<b>Type or Print all entries clearly</b>		<b>17. Lender's Telephone Number</b>		

**VA:** The veteran and the lender hereby apply to the Secretary of Veterans Affairs for Guaranty of the loan described here under Section 3710, Chapter 37, Title 38, United States Code, to the full extent permitted by the veteran's entitlement and severally agree that the Regulations promulgated pursuant to Chapter 37, and in effect on the date of the loan shall govern the rights, duties, and liabilities of the parties.

<b>18.</b> First Time Homebuyer?	<b>19. VA Only</b> Title will be Vested in:	<b>20. Purpose of Loan</b> (blocks 9 - 12 are for VA loans only)
a. <input type="checkbox"/> Yes	<input type="checkbox"/> Veteran	1) <input type="checkbox"/> Purchase Existing Home Previously Occupied
b. <input type="checkbox"/> No	<input type="checkbox"/> Veteran & Spouse	2) <input type="checkbox"/> Finance Improvements to Existing Property
	<input type="checkbox"/> Other (specify)	3) <input type="checkbox"/> Refinance (Refi.)
		4) <input type="checkbox"/> Purchase New Condo. Unit
		5) <input type="checkbox"/> Purchase Existing Condo. Unit
		6) <input type="checkbox"/> Purchase Existing Home Not Previously Occupied
		7) <input type="checkbox"/> Construct Home (proceeds to be paid out during construction)
		8) <input type="checkbox"/> Finance Co-op Purchase
		9) <input type="checkbox"/> Purchase Permanently Sited Manufactured Home
		10) <input type="checkbox"/> Purchase Permanently Sited Manufactured Home & Lot
		11) <input type="checkbox"/> Refi. Permanently Sited Manufactured Home to Buy Lot
		12) <input type="checkbox"/> Refi. Permanently Sited Manufactured Home/Lot Loan

**Part II - Lender's Certification**

**21.** The undersigned lender makes the following certifications to induce the Department of Veterans Affairs to issue a certificate of commitment to guarantee the subject loan or a Loan Guaranty Certificate under Title 38, U.S. Code, or to induce the Department of Housing and Urban Development - Federal Housing Commissioner to issue a firm commitment for mortgage insurance or a Mortgage Insurance Certificate under the National Housing Act.

- A.** The loan terms furnished in the Uniform Residential Loan Application and this Addendum are true, accurate and complete.
- B.** The information contained in the Uniform Residential Loan Application and this Addendum was obtained directly from the borrower by an employee of the undersigned lender or its duly authorized agent and is true to the best of the lender's knowledge and belief.
- C.** The credit report submitted on the subject borrower (and co-borrower, if any) was ordered by the undersigned lender or its duly authorized agent directly from the credit bureau which prepared the report and was received directly from said credit bureau.
- D.** The verification of employment and verification of deposits were requested and received by the lender or its duly authorized agent without passing through the hands of any third persons and are true to the best of the lender's knowledge and belief.

**Items "H" through "J" are to be completed as applicable for VA loans only.**

**H.** The names and functions of any duly authorized agents who developed submitted are as follows:

Name & Address

**E.** The Uniform Residential Loan Application and this Addendum were signed by the borrower after all sections were completed.

**F.** This proposed loan to the named borrower meets the income and credit requirements of the governing law in the judgment of the undersigned.

**G.** To the best of my knowledge and belief, I and my firm and its principals: **(1)** are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from covered transactions by any Federal department or agency; **(2)** have not, within a three-year period preceding this proposal, been convicted of or had a civil judgment rendered against them for (a) commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (Federal, State or local) transaction or contract under a public transaction; (b) violation of Federal or State antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property; **(3)** are not presently indicted for or otherwise criminally or civilly charged by a governmental entity (Federal, State or local) with commission of any of the offenses enumerated in paragraph G(2) of this certification; and **(4)** have not, within a three-year period preceding this application/proposal, had one or more public transactions (Federal, State or local) terminated for cause or default.

on behalf of the lender any of the information or supporting credit data

**Function** (e.g., obtained information on the Uniform Residential Loan Application, ordered credit report, verifications of employment, deposits, etc.)

If no agent is shown above, the undersigned lender affirmatively certifies that all information and supporting credit data were obtained directly by the lender.

- I.** The undersigned lender understands and agrees that it is responsible for the omissions, errors, or acts of agents identified in item H as to the functions with which they are identified.
- J.** The proposed loan conforms otherwise with the applicable provisions of Title 38, U.S. Code, and of the regulations concerning guaranty or insurance of loans to veterans.

Signature of Officer of Lender	Title of Officer of Lender	Date (mm/dd/yyyy)
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**Part III - Notices to Borrowers.** Public reporting burden for this collection of information is estimated to average 6 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. This agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless that collection displays a valid OMB control number which can be located on the OMB internet page at [http://www.whitehouse.gov/omb/library/OMB/INVENTORY\\_OF\\_LIST\\_OF\\_AGENCIES.html](http://www.whitehouse.gov/omb/library/OMB/INVENTORY_OF_LIST_OF_AGENCIES.html)

**Privacy Act Information.** The information requested on the Uniform Residential Loan Application and this Addendum is authorized by 38 U.S.C. 3710 (if for DVA) and 12 U.S.C. 1701 et seq. (if for HUD/FHA). The Debt Collection Act of 1982, Pub. Law 97-365, and HUD's Housing and Community Development Act of 1987, 42 U.S.C. 3543, require persons applying for a federally insured or guaranteed loan to furnish his/her social security number (SSN). You must provide all the requested information, including your SSN. HUD and/or VA may conduct a computer match to verify the information you provide. HUD and/or VA may disclose certain information to Federal, State and local agencies when relevant to civil, criminal, or regulatory investigations and prosecutions. It will not otherwise be disclosed or

released outside of HUD or VA, except as required and permitted by law. The information will be used to determine whether you qualify as a mortgagor. Any disclosure of information outside VA or HUD/FHA will be made only as permitted by law. Failure to provide any of the requested information, including SSN, may result in disapproval of your loan application. This is notice to you as required by the Right to Financial Privacy Act of 1978 that VA or HUD/FHA has a right of access to financial records held by financial institutions in connection with the consideration or administration of assistance to you. Financial records involving your transaction will be available to VA and HUD/FHA without further notice or authorization but will not be disclosed or released by this institution to another Government Agency or Department without your consent except as required or permitted by law.

**Caution.** Delinquencies, defaults, foreclosures and abuses of mortgage loans involving programs of the Federal Government can be costly and detrimental to your credit, now and in the future. The lender in this transaction, its agents and assigns as well as the Federal Government, its agencies, agents and assigns, are authorized to take any and all of the following actions in the event loan payments become delinquent on the mortgage loan described in the attached application: (1) Report your name and account information to a credit bureau; (2) Assess additional interest and penalty charges for the period of time that payment is not made; (3) Assess charges to cover additional administrative costs incurred by the Government to service your account; (4) Offset amounts owed to you under other Federal programs; (5) Refer your account to a private attorney, collection agency or mortgage servicing agency to collect the amount due, foreclose the mortgage, sell the property and seek judgment against you for any deficiency; (6) Refer your account to the Department of Justice for litigation in the courts; (7) If you are a current or retired Federal employee, take action to offset your salary, or civil service retirement benefits; (8) Refer your debt to the Internal Revenue Service for offset against any amount owed to you as an income tax refund; and (9) Report any resulting written-off debt of yours to the Internal Revenue Service as your taxable income. All of these actions can and will be used to recover any debts owed when it is determined to be in the interest of the lender and/or the Federal Government to do so.

**Part IV - Borrower Consent for Social Security Administration to Verify Social Security Number**

I authorize the Social Security Administration to verify my Social Security number to the Lender identified in this document and HUD/FHA, through a computer match conducted by HUD/FHA.

I understand that my consent allows no additional information from my Social Security records to be provided to the Lender, and HUD/FHA and that verification of my Social Security number does not constitute confirmation of my identity. I also understand that my Social Security number may not be used for any other purpose than the one stated above, including resale or redisclosure to other parties. The only other redisclosure permitted by this authorization is for review purposes to ensure that HUD/FHA complies with SSA's consent requirements.

I am the individual to whom the Social Security number was issued or that person's legal guardian. I declare and affirm under the penalty of perjury that the information contained herein is true and correct. I know that if I make any representation that I know is false to obtain information from Social Security records, I could be punished by a fine or imprisonment or both.

This consent is valid for 180 days from the date signed, unless indicated otherwise by the individual(s) named in this loan application.

Read consent carefully. Review accuracy of social security number(s) and birth dates provided on this application.

Signature(s) of Borrower(s) Date Signed Signature(s) of Co-Borrower(s) Date Signed

**Part V - Borrower Certification**

**22. Complete the following for a HUD/FHA Mortgage.**

22a. Do you own or have you sold other real estate within the past 60 months on which there was a HUD/FHA mortgage?  Yes  No Is it to be sold?  Yes  No 22b. Sales Price \$ 22c. Original Mortgage Amt \$

22d. Address

22e. If the dwelling to be covered by this mortgage is to be rented, is it a part of, adjacent or contiguous to any project subdivision or group of concentrated rental properties involving eight or more dwelling units in which you have any financial interest?  Yes  No If "Yes" give details.

22f. Do you own more than four dwellings?  Yes  No If "Yes" submit form HUD-92561.

23. Complete for VA-Guaranteed Mortgage. Have you ever had a VA home Loan?  Yes  No

24. Applicable for Both VA & HUD. As a home loan borrower, you will be legally obligated to make the mortgage payments called for by your mortgage loan contract. The fact that you dispose of your property after the loan has been made will not relieve you of liability for making these payments. Payment of the loan in full is ordinarily the way liability on a mortgage note is ended. Some home buyers have the mistaken impression that if they sell their homes when they move to another locality, or dispose of it for any other reasons, they are no longer liable for the mortgage payments and that liability for these payments is solely that of the new owners. Even though the new owners may agree in writing to assume liability for your mortgage payments, this assumption agreement will not relieve you from liability to the holder of the note which you signed when you obtained the loan to buy the property. Unless you are able to sell the property to a buyer who is acceptable to VA or to HUD/FHA and who will assume the payment of your obligation to the lender, you will not be relieved from liability to repay any claim which VA or HUD/FHA may be required to pay your lender on account of default in your loan payments. The amount of any such claim payment will be a debt owed by you to the Federal Government. This debt will be the object of established collection procedures.

25. I, the Undersigned Borrower(s) Certify that:

(1) I have read and understand the foregoing concerning my liability on the loan and Part III Notices to Borrowers.

(2) Occupancy: (for VA only -- mark the applicable box)

(a) I now actually occupy the above-described property as my home or intend to move into and occupy said property as my home within a reasonable period of time or intend to reoccupy it after the completion of major alterations, repairs or improvements.

(b) My spouse is on active military duty and in his or her absence, I occupy or intend to occupy the property securing this loan as my home.

(c) I previously occupied the property securing this loan as my home. (for interest rate reductions)

(d) While my spouse was on active military duty and unable to occupy the property securing this loan, I previously occupied the property that is securing this loan as my home. (for interest rate reduction loans)

Note: If box 2b or 2d is checked, the veteran's spouse must also sign below.

(3) Mark the applicable box (not applicable for Home Improvement or Refinancing Loan) I have been informed that (\$ ) is:

the reasonable value of the property as determined by VA or;

the statement of appraised value as determined by HUD/FHA.

Note: If the contract price or cost exceeds the VA "Reasonable Value" or HUD/FHA "Statement of Appraised Value", mark either item (a) or item (b), whichever is applicable.

(a) I was aware of this valuation when I signed my contract and I have paid or will pay in cash from my own resources at or prior to

loan closing a sum equal to the difference between the contract purchase price or cost and the VA or HUD/FHA established value. I do not and will not have outstanding after loan closing any unpaid contractual obligation on account of such cash payment;

(b) I was not aware of this valuation when I signed my contract but have elected to complete the transaction at the contract purchase price or cost. I have paid or will pay in cash from my own resources at or prior to loan closing a sum equal to the difference between contract purchase price or cost and the VA or HUD/FHA established value. I do not and will not have outstanding after loan closing any unpaid contractual obligation on account of such cash payment.

(4) Neither I, nor anyone authorized to act for me, will refuse to sell or rent, after the making of a bona fide offer, or refuse to negotiate for the sale or rental of, or otherwise make unavailable or deny the dwelling or property covered by his/her loan to any person because of race, color, religion, sex, handicap, familial status or national origin. I recognize that any restrictive covenant on this property relating to race, color, religion, sex, handicap, familial status or national origin is illegal and void and civil action for preventive relief may be brought by the Attorney General of the United States in any appropriate U.S. District Court against any person responsible for the violation of the applicable law.

(5) All information in this application is given for the purpose of obtaining a loan to be insured under the National Housing Act or guaranteed by the Department of Veterans Affairs and the information in the Uniform Residential Loan Application and this Addendum is true and complete to the best of my knowledge and belief. Verification may be obtained from any source named herein.

(6) For HUD Only (for properties constructed prior to 1978) I have received information on lead paint poisoning.  Yes  Not Applicable

(7) I am aware that neither HUD/FHA nor VA warrants the condition or value of the property.

Signature(s) of Borrower(s) - Do not sign unless this application is fully completed. Read the certifications carefully & review accuracy of this application.

Signature(s) of Borrower(s) Date Signed Signature(s) of Co-Borrower(s) Date Signed

(Borrowers Must Sign Both Parts IV & V) Federal statutes provide severe penalties for any fraud, intentional misrepresentation, or criminal connivance or conspiracy purposed to influence the issuance of any guaranty or insurance by the VA Secretary or the HUD/FHA Commissioner.

# Direct Endorsement Approval for a HUD/FHA-Insured Mortgage

U.S. Department of Housing and Urban Development

<b>Part I - Identifying Information</b> (mark the type of application)		2. Agency Case No. (include any suffix)	3. Lender's Case No.	4. Section of the Act (for HUD cases)
1. <input type="checkbox"/> HUD/FHA Application for Insurance under the National Housing Act				
5. Borrower's Name & Present Address (Include zip code)		7. Loan Amount (include the UFMIP) \$ _____	8. Interest Rate _____ %	9. Proposed Maturity _____ yrs. _____ mos.
6. Property Address (including name of subdivision, lot & block no. & zip code)		10. Discount Amount (only if borrower is permitted to pay) \$ _____	11. Amount of Up Front Premium \$ _____	12a. Amount of Monthly Premium \$ _____ /mo.
				12b. Term of Monthly Premium _____ months
		13. Lender's I.D. Code		14. Sponsor/Agent I.D. Code
15. Lender's Name & Address (include zip code)			16. Name & Address of Sponsor/Agent	
<b>Type or Print all entries clearly</b>				
17. Lender's Telephone Number _____				

**Approved:** Approved subject to the additional conditions stated below, if any.  
 Date Mortgage Approved \_\_\_\_\_ Date Approval Expires \_\_\_\_\_

<input type="checkbox"/> <b>Modified &amp; Approved as follows:</b>	Loan Amount (include UFMIP)	Interest Rate	Proposed Maturity		Monthly Payment	Amount of Up Front Premium	Amount of Monthly Premium	Term of Monthly Premium
	\$ _____	_____ %	Yrs. _____	Mos _____	\$ _____	\$ _____	\$ _____	_____ months

**Additional Conditions:**

- If this is proposed construction, the builder has certified compliance with HUD requirements on form HUD-92541.
- If this is new construction, the lender certifies that the property is 100% complete (both on site and off site improvements) and the property meets HUD's minimum property standards and local building codes.
- Form HUD-92544, Builder's Warranty is required.
- The property has a 10-year warranty.
- Owner-Occupancy **Not** required (item (b) of the Borrower's Certificate does not apply).
- The mortgage is a high loan-to-value ratio for non-occupant mortgagor in military.
- Other: (specify) \_\_\_\_\_

This mortgage was rated as an "accept" or "approve" by FHA's Total Mortgage Scorecard. As such, the undersigned representative of the mortgagee certifies to the integrity of the data supplied by the lender used to determine the quality of the loan, that a Direct Endorsement Underwriter reviewed the appraisal (if applicable) and further certifies that this mortgage is eligible for HUD mortgage insurance under the Direct Endorsement program. I hereby make all certifications required for this mortgage as set forth in HUD Handbook 4000.4

Mortgagee Representative \_\_\_\_\_

This mortgage was rated as a "refer" by FHA's Total Mortgage Scorecard, and/or was manually underwritten by a Direct Endorsement underwriter. As such, the undersigned Direct Endorsement underwriter certifies that I have personally reviewed the appraisal report (if applicable), credit application, and all associated documents and have used due diligence in underwriting this mortgage. I find that this mortgage is eligible for HUD mortgage insurance under the Direct Endorsement program and I hereby make all certifications required for this mortgage as set forth in HUD Handbook 4000.4

Direct Endorsement Underwriter \_\_\_\_\_ DE's CHUMS ID Number \_\_\_\_\_

**The Mortgagee, its owners, officers, employees or directors  do  do not have a financial interest in or a relationship, by affiliation or ownership, with the builder or seller involved in this transaction.**

**Borrower's Certificate:**

The undersigned certifies that:

- (a) I will not have outstanding any other unpaid obligations contracted in connection with the mortgage transaction or the purchase of the said property except obligations which are secured by property or collateral owned by me independently of the said mortgaged property, or obligations approved by the Commissioner;
- (b) One of the undersigned intends to occupy the subject property, (note: this item does not apply if owner-occupancy is not required by the commitment);
- (c) All charges and fees collected from me as shown in the settlement statement have been paid by my own funds, and no other charges have been or will be paid by me in respect to this transaction;
- (d) Neither I, nor anyone authorized to act for me, will refuse to sell or rent, after the making of a bona fide offer, or refuse to negotiate for the sale or rental of or otherwise make unavailable or deny the dwelling or property covered by this loan to any person because of race, color, religion, sex, handicap, familial status or national origin. I recognize that any restrictive covenant on this property relating to race, color, religion, sex, handicap, familial status or national origin is illegal and void and any such covenant is hereby specifically disclaimed. I understand that civil action for preventative relief may be brought by the Attorney General of the United States in any appropriate U.S. District Court against any person responsible for a violation of this certificate.

Borrower(s) Signature(s) & Date

**Lender's Certificate:**

The undersigned certifies that to the best of its knowledge:

- (a) The statements made in its application for insurance and in this Certificate are true and correct;
- (b) The conditions listed above or appearing in any outstanding commitment issued under the above case number have been fulfilled;
- (c) Complete disbursement of the loan has been made to the borrower, or to his/her creditors for his/her account and with his/her consent;
- (d) The security instrument has been recorded and is a good and valid first lien on the property described;
- (e) No charge has been made to or paid by the borrower except as permitted under HUD regulations;
- (f) The copies of the credit and security instruments which are submitted herewith are true and exact copies as executed and filed for record;
- (g) It has not paid any kickbacks, fee or consideration of any type, directly or indirectly, to any party in connection with this transaction except as permitted under HUD regulations and administrative instructions.

I, the undersigned, as authorized representative of

, mortgagee

at this time of closing of this mortgage loan, certify that I have personally reviewed the mortgage loan documents, closing statements, application for insurance endorsement, and all accompanying documents. I hereby make all certifications required for this mortgage as set forth in HUD Handbook 4000.4.

Lender's Name		<b>Note:</b> If the approval is executed by an agent in the name of lender, the agent must enter the lender's code number and type.	
Title of Lender's Officer			
Signature of Lender's Officer		Code Number (5 digits)	Type
Date			

# For Your Protection: Get a Home Inspection

## Why a Buyer Needs a Home Inspection

A home inspection gives the buyer more detailed information about the overall condition of the home prior to purchase. In a home inspection, a qualified inspector takes an in-depth, unbiased look at your potential new home to:

- √ Evaluate the physical condition: structure, construction and mechanical systems;
- √ Identify items that need to be repaired or replaced; and
- √ Estimate the remaining useful life of the major systems, equipment, structure, and finishes.

## Appraisals are Different from Home Inspections

An appraisal is different from a home inspection. Appraisals are for lenders; home inspections are for buyers. An appraisal is required to:

- √ Estimate the market value of a house;
- √ Make sure that the house meets FHA minimum property standards/requirements; and
- √ Make sure that the property is marketable.

## FHA Does Not Guarantee the Value or Condition of your Potential New Home

If you find problems with your new home after closing, FHA can not give or lend you money for repairs, and FHA can not buy the home back from you. That is why it is so important for you, the buyer, to get an independent home inspection. Ask a qualified home inspector to inspect your potential new home and give you the information you need to make a wise decision.

## Radon Gas Testing

The United States Environmental Protection Agency and the Surgeon General of the United States have recommended that all houses should be tested for radon. For more information on radon testing, call the toll-free National Radon Information Line at 1-800-SOS-Radon or 1-800-767-7236. As with a home inspection, if you decide to test for radon, you may do so before signing your contract, or you may do so after signing the contract as long as your contract states the sale of the home depends on your satisfaction with the results of the radon test.

## Be an Informed Buyer

It is your responsibility to be an informed buyer. Be sure that what you buy is satisfactory in every respect. You have the right to carefully examine your potential new home with a qualified home inspector. You may arrange to do so before signing your contract, or may do so after signing the contract as long as your contract states that the sale of the home depends on the inspection.

## Informed Consumer Choice Disclosure Notice

In addition to an FHA-insured mortgage, you may also qualify for other mortgage products offered by your lender. To assure that you are aware of possible choices in financing, your lender has prepared a comparison of the typical costs of alternative conventional mortgage product(s) below, using representative loan amounts and costs (the actual loan amounts and associated costs shown below will vary from your own mortgage loan transaction). You should study the comparison carefully, ask questions, and determine which product is best for you. The information provided below was prepared as of \_\_\_\_\_.

Neither your lender nor FHA warrants that you actually qualify for any mortgage loan offered by your lender. This notice is provided to you to identify the key differences between these mortgage products offered by your lender. **This disclosure is not a contract and does not constitute loan approval.** Actual mortgage approval can only be made following a full underwriting analysis by your mortgage lender.

		<b>FHA Financing 203(b) Fixed Rate</b>	<b>Conventional Financing 97% with Mortgage Insurance (MI)</b>
1.	Sales Price	\$100,000	\$100,000
2.	Mortgage Amount	\$97,750 (\$99,216 with upfront Mortgage Insurance Premium)	\$97,000
3.	Closing Costs	\$2,000	\$2,000
4.	Downpayment Needed	\$4,250	\$5,000
5.	Interest Rate and Term of Loan in Years	7.00% / 30 Year Loan	7.00% / 30 Year Loan
6.	Monthly Payment (principal and interest only)	\$660	\$645
7.	Loan-to-Value	97.75%	97%
8.	Monthly Mortgage Insurance	\$39.94 <sup>1</sup>	\$76.63
9.	Maximum Number of Years of Monthly Insurance Premium Payments	Approx. 14 Years	Approx. 13 Years
10.	Upfront Mortgage Insurance Premium (if applicable)	\$1,466 <sup>2</sup> (Included in Mortgage Amount, line 2)	N/A

<sup>1</sup> Monthly mortgage insurance premiums are calculated on the average annual principal balance, i.e., as the amount you owe on the loan decreases each year, so does the amount of the monthly premium.

<sup>2</sup> Based on an upfront mortgage insurance premium rate of 1.50%.

### FHA Mortgage Insurance Premium Information

If you paid an upfront mortgage insurance premium, you will also be charged a monthly mortgage insurance premium until the loan-to-value ratio of your mortgage reaches 78 percent of the *initial* sales price or appraised value of your home, whichever was lower (provided that premiums are paid for at least five years). You will reach the 78 percent loan-to-value threshold in one of two ways: Through normal amortization as you make your monthly payments, or by paying additional principal on the mortgage. Your lender can advise you on when the mortgage will reach the 78 percent level through normal amortization.

If you have a 15-year mortgage and make a downpayment in excess of 10 percent, you will not have to make monthly mortgage insurance premiums. You will also reach the 78 percent loan-to-value threshold earlier than on longer term mortgages and may not have to pay monthly mortgage insurance premiums for the full five years.

You are required to make these payments on your FHA-insured loan unless you refinance or the mortgage is otherwise paid in full.

If you were *not* charged an upfront premium, as for example on condominiums, you will pay the monthly premium for the life of the mortgage.

\_\_\_\_\_  
Borrower

\_\_\_\_\_  
Date

\_\_\_\_\_  
Co-Borrower

\_\_\_\_\_  
Date

**You must** read this entire document at the time you apply for the loan. Return one copy to lender as proof of notification and keep one copy for your records.

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## Condition of Property

The property you are buying is not HUD/FHA approved and HUD/FHA does not warrant the condition or the value of the property. An appraisal will be performed to estimate the value of the property, but this appraisal does not guarantee that the house is free of defects. You should inspect the property yourself very carefully or hire a professional inspection service to inspect the property for you.

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## Interest Rate and Discount Points

HUD does not regulate the interest rate or the discount points that may be paid by you or the seller or other third party. You should shop around to be sure you are satisfied with the loan terms offered and with the service reputation of the lender you have chosen.

The interest rate, any discount points and the length of time the lender will honor the loan terms are all negotiated between you and the lender.

The seller can pay the discount points, or a portion thereof, if you and the seller agree to such an arrangement.

Lenders may agree to guarantee or "lock-in" the loan

terms for a definite period of time (i.e., 15, 30, 60 days, etc.) or may permit your loan to be determined by future market conditions, also known as "floating". Lenders may require a fee to lock in the interest rate or the terms of the loan, but must provide a written agreement covering a minimum of 15 days before the anticipated closing. Your agreement with the lender will determine the degree, if any, that the interest rate and discount points may rise before closing.

If the lender determines you are eligible for the mortgage, your agreement with the seller may require you to complete the transaction or lose your deposit on the property.

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## Don't Commit Loan Fraud

It is important for you to understand that you are required to provide complete and accurate information when applying for a mortgage loan.

Do not falsify information about your income or assets.

Disclose all loans and debts (including money that may have been borrowed to make the downpayment).

Do not provide false letters-of-credit, cash-on-hand statements, gift letters or sweat equity letters.

Do not accept funds to be used for your downpayment from any other party (seller, real estate salesperson, builder, etc.).

Do not falsely certify that a property will be used for your primary residence when you are actually going to use it as a rental property.

Do not act as a "strawbuyer" (somebody who purchases a property for another person and then transfers title of the property to that person), nor should you give that person personal or credit information for them to use in any such scheme.

Do not apply for a loan by assuming the identity of another person.

**Do not sign an incomplete or blank document; that is, one missing the name and address of the recipient and/or other important identifying information.**

**Penalties for Loan Fraud:** Federal laws provide severe penalties for fraud, misrepresentation, or conspiracy to influence wrongly the issuance of mortgage insurance by HUD. You can be subject to a possible prison term and fine of up to \$10,000 for providing false information. Additionally, you could be prohibited from obtaining a HUD-insured loan for an indefinite period.

**Report Loan Fraud:** If you are aware of any fraud in HUD programs or if an individual tries to persuade you to make false statements on a loan application, you should report the matter by calling your nearest HUD office or the HUD Regional Inspector General, or call the HUD Hotline on 1 (800) 347-3735.

**Warning:** It is a crime to knowingly make false statements to the United States Government on this or any similar form. Penalties upon conviction can include a fine and imprisonment. For details see: Title 18 U.S. Code Section 1001 and Section 1010.

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## Discrimination

If you believe you have been subject to discrimination because of race, color, religion, sex, handicap, familial status, or national origin, you should call HUD's Fair Housing & Equal Opportunity Complaint Hotline: 1 (800) 669-9777.

## About Prepayment

This notice is to advise you of the requirements that must be followed to accomplish a prepayment of your mortgage, and to prevent accrual of any interest after the date of prepayment.

You may prepay any or all of the outstanding indebtedness due under your mortgage at any time, without penalty. However, to avoid the accrual of interest on any prepayment, the prepayment must be received on the installment due date (the first day of the month) if the lender stated this policy in its response to a request for a payoff figure.

Otherwise, you may be required to pay interest on the amount prepaid through the end of the month. The lender can refuse to accept prepayment on any date other than the installment due date.

## FHA Mortgage Insurance Information

### Who may be eligible for a refund?

**Premium Refund:** You may be eligible for a refund of a portion of the insurance premium if you paid an upfront mortgage insurance premium at settlement and are refinancing with another FHA mortgage.

Review your settlement papers or check with your mortgage company to determine if you paid an upfront premium.

### Exceptions:

**Assumptions:** When a FHA insured loan is assumed the insurance remains in force (the seller receives no refund). The owner(s) of the property at the time the insurance is terminated is entitled to any refund.

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**Important:** The rules governing the eligibility for premium refunds are based on the financial status of the FHA insurance fund and are subject to change.

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SI USTED HABLA ESPANOL Y TIENE DIFICULTAD LEYENDO O HABLANDO INGLES, POR FAVOR LLAME A ESTE NUMERO TELEFONICO 800.697.6967.

**You, the borrower(s), must be certain that you understand the transaction. Seek professional advice if you are uncertain.**

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**Acknowledgment:** I acknowledge that I have read and received a copy of this notice at the time of loan application. This notice does not constitute a contract or binding agreement. It is designed to provide current HUD/FHA policy regarding refunds.

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Signature & Date:

X \_\_\_\_\_  
Signature & Date:

Signature & Date:

X \_\_\_\_\_  
Signature & Date:

X \_\_\_\_\_

X \_\_\_\_\_

**FHA-to-FHA Refinance:** When a FHA insured loan is refinanced, the refund from the old premium may be applied toward the upfront premium required for the new loan.

### How are Refunds Determined?

The FHA Commissioner determines how much of the upfront premium is refunded when loans are terminated. Refunds are based on the number of months the loan is insured.

### Monthly Insurance Premiums

If you paid an upfront mortgage insurance premium, you will also be charged a monthly mortgage insurance premium until the loan-to-value of your mortgage reaches 78 percent of the initial sales price or appraised value of your home, whichever was lower (provided that premiums are paid for at least five years). You will reach the 78 percent loan-to-value threshold in one of two ways: Through normal amortization as you make your monthly payments, or by paying additional principal on the mortgage. Your lender can advise you on when the mortgage will reach the 78 percent loan-to-value threshold. If you were not charged an upfront premium, you will pay the monthly premium for the life of the mortgage.

# Notice to Homeowner – Assumption of HUD/FHA Insured Loans Release of Personal Liability

Loan Number:	FHA Case Number:
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You are legally obligated to make the monthly payments required by your mortgage (Deed of Trust) and promissory note.

The Department of Housing and Urban Development (HUD) has acted to keep Investors and non-creditworthy purchasers from acquiring one-to-four family residential properties covered by certain FHA-insured mortgages. There are minor exceptions to the restriction on investors: loans to public agencies and some non-profit organizations, Indian tribes or servicepersons; and loans under special mortgage insurance programs for property sold by HUD, rehabilitation loans or refinancing if insured mortgages. Your lender can advise you if you are included in one of these exceptions.

HUD will therefore direct the lender to accelerate this FHA-insured mortgage loan if all or part of the property is sold or transferred to a purchaser or recipient (1) who will not occupy the property as his or her principal residence, or (2) who does occupy the property whose credit has not been approved in accordance with HUD requirements. This policy will apply except for certain sales or transfers where acceleration is prohibited by law.

When a loan is accelerated, the entire balance is declared "immediately due and payable." Since HUD will not approve the sale of the property covered by this mortgage to an investor or to a person who has not been approved, you, the original homeowner, would remain liable for the mortgage debt even though the title to the property might have been transferred to the new buyer.

Even if you sell your home by letting an approved purchaser (that is, a credit-worthy owner-occupant) assume your mortgage, you are still liable for the mortgage debt unless you obtain a release from liability from your mortgage lender. FHA-approved lenders have been instructed by HUD to prepare such a release when a original homeowner sells his or her property to a creditworthy purchaser who executes an agreement to assume and pay the mortgage debt and thereby agrees to become the substitute mortgagor. The release is contained in Form HUD-92210-1, ("Approval of Purchaser and Release of Seller"). You should ask for it if the mortgage lender does not provide it to you automatically when you sell your home to a creditworthy owner-occupant purchaser who executes an agreement to assume personal liability for the debt. When this form is executed, you are no longer liable for the mortgage debt.

You must sign and date this Notice as indicated, return one copy to your lender as proof of notification and keep one copy for your records.

Borrower		Date		Borrower		Date
Borrower		Date		Borrower		Date

**Instruction to Lender:** A copy of this Notice must be given to the mortgagor(s) on or before the date of settlement. You should retain a signed copy in the origination file.

## FHA Amendatory Clause & Real Estate Certification

Borrower Name(s):	Borrower Address:
Property Address:	FHA Case Number:

### FHA AMENDATORY CLAUSE

It is expressly agreed that notwithstanding any other provisions of this contract, the purchaser shall not be obligated to complete the purchase of the property described herein or to incur any penalty by forfeiture of earnest money deposits or otherwise unless the purchaser has been given in accordance with HUD/FHA or VA requirements a written statement issued by the Federal Housing Commissioner, Department of Veterans Affairs, or a Direct Endorsement Lender, setting forth the appraised value of the property of not less than \$ .

The purchaser shall have the privilege and option of proceeding with consummation of the contract without regard to the amount of the appraised valuation. The appraised valuation is arrived at to determine the maximum mortgage the Department of Housing and Urban Development will insure. HUD does not warrant the value or the condition of the property. The purchaser should satisfy himself/herself that the price and condition of the property are acceptable.

Borrower	Date	Co-Borrower	Date
Seller	Date	Seller	Date

### REAL ESTATE CERTIFICATION

The borrower, seller, and the selling real estate agent or broker involved in the sales transaction certify that the terms and conditions of the sales contract are true to the best of their knowledge and belief and that any other agreement entered into by any of the parties in connection with the real estate transaction is part of, or attached to, the sales agreement.

Borrower	Date	Co-Borrower	Date
Seller	Date	Seller	Date
Listing Agent (Seller's Agent)	Date	Selling Agent (Buyer's Agent)	Date

# Disclosure Notices

Borrower(s):	Property Address:
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**( ) Occupancy Statement**

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This is to certify that I/we \_\_\_\_\_ intend to occupy the subject property as my/our primary residence. I/We hereby certify under penalty of U.S. Criminal Code Section 1010 Title 18 U.S.C., that the above statement submitted for the purpose of obtaining mortgage insurance under the National Housing Act is true and correct.

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**Fair Credit Reporting Act**

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An investigation will be made as to the credit standing of all individuals seeking credit in this application. The nature and scope of any investigation will be furnished to you upon written request made within a reasonable period of time. In the event of denied credit due to an unfavorable consumer report, you will be advised of the identity of the Consumer Reporting Agency making such report and of right to request within sixty (60) days the reason for the adverse action, pursuant to provisions of section 615(b) of the Fair Credit Reporting Act.

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**Equal Credit Opportunity Act**

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The Equal Credit Opportunity Act prohibits creditors from discriminating against credit applicants on the basis of race, color, religion, national origin, sex, marital status, age (provided that the applicant has the capacity to enter into a binding contract); because all or part of the applicant's income derives from any public assistance program; or because the applicant has in good faith exercised any right under the Consumer Credit Protection Act. Income which you receive as alimony, child support, or separate maintenance need not be disclosed to this creditor unless you choose to rely on such sources to qualify for the loan. Income from these and other sources, including part-time or temporary employment, will not be discounted by this lender because of your sex or marital status. However, we will consider very carefully the stability and probable continuity of any income you disclose to us. The Federal Agency that administers compliance with this law concerning this creditor is:

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**( ) Right to Financial Privacy Act**

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I/We acknowledge that this is notice to me/us as required by the Right to Financial Privacy Act of 1978 that the Veterans Administration (in the case of a VA Loan) or Department of Housing and Urban Development (in the case of an FHA Loan) has a right of access to financial records held by financial institutions in connection with the consideration or administration of assistance to me/us. Financial records involving my/our transactions will be available to the VA (in the case of a VA Loan) or to HUD (in the case of an FHA Loan) without further notice or authorization but will not be disclosed or released to another government agency or department without my/our consent, except as required or permitted by law.

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**( ) Information Disclosure Authorization**

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I/We hereby authorize you to release to \_\_\_\_\_ for verification purposes, information concerning:

- Employment History, dates, title(s), income, hours worked, etc.
- Banking (checking & savings) account of record
- Mortgage loan rating, (opening date, high credit, payment amount, loan balance and payment)
- Any information deemed necessary in connection with consumer credit report for real estate transaction

This information is for the confidential use of this lender in compiling a mortgage loan credit report. A copy of this authorization may be deemed to be the equivalent of the original and may be used as a duplicate original.

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**( ) Anti-Coercion Statement**

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The insurance laws of this state provide that the lender may not require the applicant to take insurance through any particular insurance agent or company to protect the mortgaged property. The applicant, subject to the rules adopted by the Insurance Commissioner, has the right to have the insurance placed with an insurance agent or company of his choice, provided the company meets the requirements of the lender. The lender has the right to designate reasonable financial requirements as to the company and the adequacy of the coverage.

I have read the foregoing statement, or the rules of the Insurance Commissioner relative thereto, and understand my rights and privileges and those of the lender relative to the placing of such insurance. I have selected the following agencies to write the insurance covering the property described above:

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**( ) Flood Insurance Notification**

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Federal regulations require us to inform you that the property used as security for this loan is located in an area identified by the U.S. Secretary of Housing & Urban Development as having special flood hazards and that in the event of damage to the property caused by flooding in a federally-declared disaster, federal disaster relief assistance, if authorized, will be available for the property.

At the closing you will be asked to acknowledge your receipt of this information. If you have any questions concerning this notice, kindly contact your loan officer.

**Important:** Please notify your insurance agent that the "loss payee" clause for the mortgagee on both the hazard and flood insurance must read as follows, unless otherwise advised:

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**( ) Consumer Handbook on Adjustable Rate Mortgages**

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I/We hereby acknowledge receipt from \_\_\_\_\_ of a copy of the book titled "Consumer Handbook on Adjustable Rate Mortgages" published by the Federal Reserve Board and the Federal Home Loan Bank Board which is provided in addition to other required adjustable rate mortgage disclosures.

I/We hereby certify that I/we have read the Notices set forth above and fully understand all of the above.

_____ Borrower	_____ Date	_____ Borrower	_____ Date
_____ Borrower	_____ Date	_____ Borrower	_____ Date

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## **USA Patriot Act Information Disclosure** **Important Information about Application Procedures**

To help the government fight the funding of terrorism and money laundering activities, Federal law requires all financial institutions to obtain, verify, and record information that identifies every customer.

What this means to you: When you apply for a loan, we will ask for your name, address, date of birth, and other information that will allow us to identify you. We may also ask to see your driver's license or other identifying documents.

I/we acknowledge that I/we received a copy of this disclosure.

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Date

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Date

# USA Patriot Act Information Form

Loan Number: \_\_\_\_\_

To help the government fight the funding of terrorism and money laundering activities, Federal law requires all financial institutions to obtain, verify, and record information that identifies every customer. When applying for a loan, applicants will be asked for their name, address, date of birth, and other information that will allow lenders to identify them. Applicants will also be asked to show their driver's license or other identifying documents.

**THE FOLLOWING CUSTOMER INFORMATION MUST BE OBTAINED TO BE IN COMPLIANCE WITH THE USA PATRIOT ACT  
THIS INFORMATION MUST BE RETAINED FOR FIVE YEARS AFTER THE ACCOUNT IS CLOSED.**

## Required Information

Borrower Name: \_\_\_\_\_

Co-Borrower Name: \_\_\_\_\_

Borrower Date of Birth: \_\_\_\_\_

Co-Borrower Date of Birth: \_\_\_\_\_

Borrower **Current** Physical Address: \_\_\_\_\_

Co-Borrower **Current** Physical Address: \_\_\_\_\_

Borrower Social Security Number: \_\_\_\_\_

Co-Borrower Social Security Number: \_\_\_\_\_

## Method of Identification for Borrower (Only One form of Verification is required)

- (1) Driver's License: State: \_\_\_\_\_ DL #: \_\_\_\_\_ Issue Date: \_\_\_\_\_ Exp. Date: \_\_\_\_\_
- (2) Passport: #: \_\_\_\_\_ Country: \_\_\_\_\_ Issue Date: \_\_\_\_\_ Exp. Date: \_\_\_\_\_
- (3) Military ID: Country: \_\_\_\_\_ Exp. Date: \_\_\_\_\_
- (4) State ID: #: \_\_\_\_\_ Issue Date: \_\_\_\_\_ Exp. Date: \_\_\_\_\_
- (5) Green Card: Country: \_\_\_\_\_ #: \_\_\_\_\_ Exp. Date: \_\_\_\_\_
- (6) Immigration Card: Country: \_\_\_\_\_ #: \_\_\_\_\_ Exp. Date: \_\_\_\_\_
- (7) Gov't ID (Visa): #: \_\_\_\_\_ Exp. Date: \_\_\_\_\_ Gov't Branch: \_\_\_\_\_
- (8) Other Document: \_\_\_\_\_ Issue Date: \_\_\_\_\_ Exp. Date: \_\_\_\_\_

## Method of Identification for Co-Borrower (Only One form of Verification is required)

- (1) Driver's License: State: \_\_\_\_\_ DL #: \_\_\_\_\_ Issue Date: \_\_\_\_\_ Exp. Date: \_\_\_\_\_
- (2) Passport: #: \_\_\_\_\_ Country: \_\_\_\_\_ Issue Date: \_\_\_\_\_ Exp. Date: \_\_\_\_\_
- (3) Military ID: Country: \_\_\_\_\_ Exp. Date: \_\_\_\_\_
- (4) State ID: #: \_\_\_\_\_ Issue Date: \_\_\_\_\_ Exp. Date: \_\_\_\_\_
- (5) Green Card: Country: \_\_\_\_\_ #: \_\_\_\_\_ Exp. Date: \_\_\_\_\_
- (6) Immigration Card: Country: \_\_\_\_\_ #: \_\_\_\_\_ Exp. Date: \_\_\_\_\_
- (7) Gov't ID (Visa): #: \_\_\_\_\_ Exp. Date: \_\_\_\_\_ Gov't Branch: \_\_\_\_\_
- (8) Other Document: \_\_\_\_\_ Issue Date: \_\_\_\_\_ Exp. Date: \_\_\_\_\_

## Resolution of Any Discrepancy

\_\_\_\_\_  
\_\_\_\_\_

Completed By: \_\_\_\_\_ Date: \_\_\_\_\_