





# Department of Veterans Affairs

## 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 which VA suffers a loss under the 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 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 the 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 them 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 only 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 to your VA loan to have energy efficient improvements installed. Consult your lender or the local VA office.

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

X

\_\_\_\_\_  
(Borrower's Signature)

\_\_\_\_\_  
(Date)

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

X

\_\_\_\_\_  
(Lender's Signature)

\_\_\_\_\_  
(Date)

**Department of Veterans Affairs**

**VERIFICATION OF VA BENEFIT - RELATED INDEBTEDNESS**

Privacy Act Notice: The VA will not disclose information collected on this form to any source other than what has been authorized under the Privacy Act of 1974 or Title 5, Code of Federal Regulations 1.526 for routine uses (i.e., information concerning a veteran's indebtedness to the United States by virtue of a person's participation in a benefits program administered by VA may be disclosed to any third party, except consumer reporting agencies) as identified in the VA system of records, 55VA26, Loan Guaranty Home, Condominium and Manufactured Home Loan Applicant Records, Specially Adapted Housing Applicant Records and Vendee Loan Applicant Records - VA, and published in the Federal Register. Your obligation to respond is required to obtain or retain benefits. Giving us your SSN account information is voluntary. Refusal to provide your SSN by itself will not result in the denial of benefits. The VA will not deny an individual benefits for refusing to provide his or her SSN unless the disclosure of the SSN is required by a Federal Statute of law in effect prior to January 1, 1975, and still in effect.

TO: NAME AND ADDRESS OF LENDER

**INSTRUCTIONS TO LENDER**

Complete Items 1 through 6. Have veteran complete Items 7 and 8. Forward to the Finance Officer (24) at the local VA office to determine whether the veteran has any VA benefit-related indebtedness. If a debt is found to exist, the home loan must not be closed until the veteran presents evidence showing that the debt has been cleared or an acceptable repayment plan has been established with VA. After completion by the Finance Officer, this form will be returned to the lender at the address shown. VA Form 26-8937 is a required exhibit to accompany home or manufactured home loans closed on the automatic basis, and prior approval submissions.

1. NAME OF VETERAN (First, middle, last)		2. CURRENT ADDRESS OF VETERAN	
3. DATE OF BIRTH			
4. VA CLAIM FOLDER NUMBER (C-FILE No.)	5. SERVICE NUMBER	6. SOCIAL SECURITY NUMBER	

I HEREBY CERTIFY THAT I  DO  DO NOT have a VA benefit-related indebtedness to my knowledge. I authorize VA to furnish the information listed below.

7. SIGNATURE OF VETERAN 	8. DATE SIGNED
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**FOR VA USE ONLY**

- The above named veteran does not have a VA benefit-related indebtedness
- The veteran has the following VA benefit-related indebtedness

**VA BENEFIT-RELATED INDEBTEDNESS (if any)**

TYPE OF DEBT(S)	AMOUNT OF DEBT(S)
	\$
	\$
	\$

TERMS OF REPAYMENT PLAN (if any)

- Veteran is exempt from funding fee due to receipt of service-connected disability compensation of \$ \_\_\_\_\_ monthly. (Unless checked, the funding fee receipt must be remitted to VA with VA Form 26-1820, Report and Certification of Loan Disbursement)
- Veteran is not exempt from funding fee due to receipt of nonservice-connected pension of \$ \_\_\_\_\_ monthly.  
**LOAN APPLICATION WILL REQUIRE PRIOR APPROVAL PROCESSING BY VA**
- Veteran has been rated incompetent by VA. **LOAN APPLICATION WILL REQUIRE PRIOR APPROVAL PROCESSING BY VA**

Insufficient information. VA cannot identify the veteran with the information given. Please furnish more complete information, or a copy of DD Form 214 or discharge papers. If on active duty, furnish a statement of service written on official government letterhead, signed by the adjutant, personnel officer, or commanding officer. The statement should include name, birth date, service number, entry date and time lost

SIGNATURE OF AUTHORIZED AGENT	DATE SIGNED
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Important Notice About Information Collection: We need this information to determine, establish, or verify your eligibility for VA Loan Guaranty Benefits and to determine if you are exempt from paying the VA Funding Fee. Title 38, United States Code, allows us to ask for this information. We estimate that you will need an average of 5 minutes to review the instructions, find the information, and complete this form. VA cannot conduct or sponsor a collection of information unless a valid OMB control number is displayed. You are not required to respond to a collection of information if this number is not displayed. Valid OMB control numbers can be located on the OMB Internet Page at [www.whitehouse.gov/library/omb/OMBINVC.html#VA](http://www.whitehouse.gov/library/omb/OMBINVC.html#VA). If desired, you can call 1-800-827-1000 to get information on where to send comments or suggestions about this form.

**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 information unless that collection displays a valid OMB Control Number.

**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 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 Certification**

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

22 a. 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

22 b. Sales Price \$

22 c. Original Mortgage Amount \$

22 d. Address:

22 e. 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.

22 f. 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 V. A. 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

Date:

**X** Federal statutes provide severe penalties for any fraud, intentional misrepresentation, or criminal connivance or conspiracy purpose to influence the issuance of any guaranty or insurance by the VA Secretary or the HUD/FHA commissioner.

## **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 determined 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.**

Signed: X\_\_\_\_\_

Dated: \_\_\_\_\_

# BORROWER'S ACKNOWLEDGEMENT OF DISCLOSURES

Borrower Name(s):	Lender:
	Date:
Property Address:	

By signing below, I acknowledge that I have received a "Good Faith Estimate" and all the applicable disclosures required by the Truth in Lending Act.

I/We have received a copy of this disclosure:

X \_\_\_\_\_ Date

X \_\_\_\_\_ Date

1. DURING THE PAST FIVE YEARS HAVE YOU DIRECTLY OR INDIRECTLY BEEN OBLIGATED ON ANY 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 Service, 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.)*

I CERTIFY THAT the statements herein are true and correct to the best of my knowledge and belief.

3. SIGNATURE OF VETERAN

*[Handwritten signature]*

4. DATE

5. SIGNATURE OF COBORROWER

*[Handwritten signature]*

6. DATE

# NEAREST LIVING RELATIVE

NAME: \_\_\_\_\_

RELATIONSHIP: \_\_\_\_\_

ADDRESS: \_\_\_\_\_

CITY/STATE: \_\_\_\_\_

ZIP CODE: \_\_\_\_\_

PHONE NUMBER: \_\_\_\_\_

X  
\_\_\_\_\_  
SIGNATURE & DATE