

DATE:  
LOAN NUMBER:  
APPLICANT(S):  
PROPERTY ADDRESS:  
FHAVA #:

### INTEREST RATE AND DISCOUNT DISCLOSURE STATEMENT

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.

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.

It is important for you to understand that the 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 as a lock-in agreement. Keep in mind that your agreement with the seller will also affect this date you can close your loan.

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 reunderwriting 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 reunderwriting, 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.

### 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 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 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. VA does NOT guarantee the house and its condition, only the loan. If you buy a previously occupied house, you must satisfy yourself that its condition is satisfactory.

#### LENDER CERTIFICATION

The undersigned lender certifies that the loan application, all verifications of employment, deposit and other income and credit documents have been processed in compliance with 38 CFR part 36; that all credit reports obtained in connection with the processing of this borrower's loan application have been provided to VA; that, to the best of the undersigned lender's knowledge and belief the loan meets the underwriting standards recited in chapter 37 of title 38, United States Code and 38 CFR part 36; and that all information provided in support of this loan is true, complete and accurate to the best of the undersigned lender's knowledge and belief.

I HEREBY CERTIFY THAT the borrower has been counseled regarding the counseling items set forth above, and acknowledge the Lender Certification.

(Lender's Signature)

(Date)

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

✓ BORROWER

DATE

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