

**VA ASSUMABILITY, COUNSELING AND
CHILD CARE PROVISION DISCLOSURE**

RESTRICTIONS ON ASSUMABILITY

Effective, March 1, 1988, VA loans are not assumable without the approval of the Veterans Administration or one of its authorized agents.

The loan is immediately due and payable upon transfer of the properly securing such loan to any transactions, unless the acceptability of the assumption of the loan is established pursuant to Section 1817 A of Chapter 37, Title 38, United States Code.

Funding Fee – “A fee equal to one-half of 1 percent of the balance of this loan as of the date of transfer of the property shall be payable at the time of transfer to the loan holder or its authorized agent, as trustee for the Administrator of Veterans Affairs. If the debt to that already secured by this instrument, shall bear interest at the rate herein provided, and, at the option of the payee of the indebtedness hereby secured or any transferee thereof, shall immediately due and payable. This fee is automatically waived if the assumer is exempt under the provisions of 38 U.S.C. 1829 (b).”

Processing Charge – “Upon application for approval to allow assumption of this loan, a processing fee may be charged by the loan holder or is authorized agent for determining the creditworthiness of the assumer and subsequently revising the holder’s ownership records when an approved transfer is completed. The amount of this charge shall not exceed the maximum established by the Veterans Administration for a loan to which Section 1817A of Chapter 37, Title 38, United Code applies.”

Indemnity Liability – “If the obligation is assumed, then the assumer hereby agrees to assume all of the obligations of the veteran under the terms of the instrument creating and securing the loan, including the obligation of the veteran to indemnify the Veterans Administration to the extend of any claim payment arising from the guaranty or insurance of the indebtedness created by this instrument.”

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 dues 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 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 PRIOR APPROVAL OF THE 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.

CHILD CARE PROVISION

VA requires a statement regarding the care of veteran’s children. Please complete A, B or C in its entirety.

- A. () I do not have a responsibility to care for any children.
- B. () I do not pay for child care. While I am at work _____ (relationship) cares for my child at no cost.
- C. () I pay \$ _____ per _____ for child care.

I HEREBY CERTIFY the lender has advised me and I fully understand the counseling, assumability, and child care provisions set forth above.

Borrower’s Signature

Date

I HEREBY CERTIFY THAT the lender Has advised me and I fully understand the counseling, assumability, and child care provisions set forth above.

Borrower’s Signature

Date