

# VIRGINIA HOUSING DEVELOPMENT AUTHORITY

## Single Family Mortgage Revenue Bond Program

### Program Disclosure and Affidavit of Borrower

**Note: This document must be notarized and may not be executed by Power of Attorney**

Borrower(s): \_\_\_\_\_

Date of Application: \_\_\_\_\_ Loan Amount: \$ \_\_\_\_\_

VHDA Loan Program: \_\_\_\_\_ Date Prepared: \_\_\_\_\_

Address of Property Being Purchased: \_\_\_\_\_  
Street and # or Legal Address

\_\_\_\_\_  
City Zip

County: \_\_\_\_\_

Originating Lender: \_\_\_\_\_  
Company Name

\_\_\_\_\_  
Company Representative Name Phone #

The Virginia Housing Development Authority (VHDA) issues tax-exempt bonds, the proceeds of which are used to finance mortgage loans. Many of the requirements and certifications in this document are for the purpose of satisfying the requirements of the Federal Mortgage Subsidy Bond Tax Act of 1980 and Section 143 of the Internal Revenue Code of 1986 as amended, and regulations promulgated pursuant thereto by the U.S. Department of the Treasury.

**Borrower Certification Re: Maximum Income Requirements:**

**Maximum Annual Gross Income for a Household of \_\_\_\_\_ number of people for the area of property to be purchased is \$ \_\_\_\_\_ .**

The annual gross household income may not exceed the income limit established for the area in which the home is located. Annual gross household income includes all income (including gross pay, overtime, part-time employment, bonuses, dividends, interest, royalties, pensions, VA compensation, net rental income, alimony, child support, public assistance, sick pay, social security benefits, unemployment compensation, income received from trust, income from other business activities/investments and any other source of income), you, and any co-borrower AND all persons residing or intending to reside in the dwelling receive, from whatever source derived and before taxes and withholdings. **Indicate below the amount, source and recipient of any income received by you, a co-borrower or a household member which has not been disclosed on the Residential Loan Application. All household member's names must be disclosed, even if they are not a borrower. If no income is earned indicate \$0.00 in annual amount. (Do not leave blank)**

Household member name	\$	Annual amount	Source of Income
Household member name	\$	Annual amount	Source of Income

**Borrower Certification Re: Previous VHDA Loan Application and Prior Commitment:**

Applicants certify that they have not previously made a VHDA loan application or previously received a VHDA loan commitment and that they have not received a commitment from any mortgage lender to finance the purchase of this property unless stated below:

\_\_\_\_\_

**Recapture Notification:**

You have applied for a Virginia Housing Development Authority mortgage which is being financed with tax-exempt funds. Current federal tax law may require a payment by you to the federal government of a "recapture tax" of up to 6.25% of your loan amount if you sell or, in most cases, otherwise transfer your house to someone else within nine (9) years of your loan. The recapture tax may not, in any event, exceed 50% of the gain realized on the sale or transfer. Because the U.S. Congress may at

any time enact legislation amending the current federal tax law, the requirements affecting your loan at the time of closing may be different from those described above. There is no way to predict if you will be subject to this recapture tax and, if so, the amount of the tax liability, since it is based on your income and family size at the time of the sale of your home, the year in which you sell your home and the amount of profit, if any, that you realize from the sale. The maximum tax liability for which you may be liable and a table disclosing the limits which your income may not exceed at the time of the sale of your house, to avoid any tax liability, will be disclosed to you at loan closing. You may request a copy of the current federal income limits in advance.

**Loan Servicing Disclosure:**

You are applying for a mortgage loan covered by the Real Estate Settlement Procedures Act (RESPA) (12 U.S.C. 2601 *et seq.*). RESPA gives you certain rights under Federal law. This statement describes whether the servicing for this loan may be transferred to a different loan servicer. "Servicing" refers to collecting your principal, interest and escrow payments, if any, as well as sending any monthly or annual statements, tracking account balances, and handling other aspects of your loan. You will be given advance notice before a transfer of servicing, if any, occurs.

The loan for which you have applied will be serviced at VHDA and VHDA does not intend to sell, transfer, or assign the servicing of the loan.

**FHA Loans Only:**

**FHA Loan Only / Notice To Buyers**

Your home purchase is being financed with a mortgage made available through VHDA at an interest rate below what is usually being charged. Because of this, your mortgage provides that you cannot sell your home to a person ineligible for assistance from VHDA, unless you pay your loan in full. If you sell your home to a party ineligible for VHDA assistance, VHDA may demand immediate full repayment of the loan. This could result in foreclosure of your mortgage and repossession of the property. In addition, if you rent the property or committed fraud or intentionally misrepresented yourself when you applied for the loan, the lender may foreclose your mortgage and repossess the property. If the lender takes your home through a foreclosure of the mortgage because of these reasons, HUD will not be able to help you.

If the money received from the foreclosure sale is not enough to pay the remaining amount of money you owe on the loan, the Authority may obtain a deficiency judgment against you (a court ruling that you must pay whatever money is still owed on the loan after the foreclosure sale). Such judgment will be taken over by HUD if VHDA files an insurance claim against HUD because of the foreclosure. HUD may then bring an action against you to collect the judgment.

**FHA Plus Program Disclosure and Application**

(check here if applicable)

The FHA Plus Program is designed to reduce the amount of cash needed by first time homebuyers. Eligible applicants must meet all loan qualification requirements and demonstrate the ability to repay the proposed mortgage payments.

FHA Plus provides financing through two loans. One loan (the first mortgage) is a standard FHA maximum loan. The second loan will provide downpayment and closing costs assistance. Both loans will have the same interest rate, 30 year term and will be repayable to the same lender on the same due date. Applicants should consider their long term housing needs before purchasing a home with FHA Plus financing. The additional debt incurred by borrowing the downpayment and closing costs may restrict the homebuyer's ability to sell the property for several years. Should you decide to refinance your first mortgage at a later date, you may be required to pay off the first and second mortgages.

The borrower must have not less than 1% of the sales price verified as their own liquid funds, available to use towards closing costs, pre-paid items or have as cash reserves after closing. The remainder of the required funds may be from borrower's funds, seller paid funds or a gift.

Maximum FHA Plus Loan: The maximum second mortgage loan may not exceed 3.5% or 5% of the lesser of the sales price or appraised value of the property being financed: The maximum second mortgage will be based on borrower(s) credit score.

Lesser of Sales Price or appraised value: \$ \_\_\_\_\_ X 3.5% or 5% = \$ \_\_\_\_\_  
Maximum loan amount

Loan Terms Applied for: Loan amount of \$ \_\_\_\_\_ for a term of 360 months  
Interest rate: \_\_\_\_\_ % Principal & Interest Payments \$ \_\_\_\_\_

Either (a) all information contained in your application and supporting documentation which is considered in issuing loan approval including the Affidavit of Borrower, must be true on the date of closing (b) if any such information changes, each change must be disclosed to and approved by VHDA or the Originating Lender before closing. Such change may include but is not limited to: marital status, income, purchase price, property description, intent to occupy the property as your principal residence, intent not to use the property for business or as rental property, ownership of another home, employment status, etc.

If prior to closing you file any federal tax return or amend a previous return, a true and complete copy of the same must be submitted to VHDA or the Originating Lender.

Loans must meet all requirements of the applicable insurer (FHA, VA, Rural Development or conventional mortgage insurer).

**Lock-In Disclosure:**

**Lock-in period**

You have applied to VHDA or the Originating Lender for a loan to finance the property described above. You may choose to have your interest rate float or locked-in, however, your rate must be locked-in prior to loan approval. Upon Lock-In, an amount equal to the loan amount shown above will be reserved for a period of 60 days at the interest rate available at the time of lock-in. (If you choose to have your interest rate float funds will not be reserved until you lock-in your interest rate).

**Loan Commitment:**

If your application is completed and approved within the reservation period you will receive a Commitment from VHDA or its Originating Lender to make you a loan at an amount not to exceed the loan amount shown above and at the interest rate locked-in. You will have 90 days for an existing property and 120 days for new construction in which to satisfy all conditions necessary to close your loan. Your interest rate will remain at the previously locked-in rate during the commitment period. If your commitment expires on a Saturday, Sunday or holiday, the last day of your lock-in period shall be the following business day.

**Fees:**

A **non-refundable** reservation fee of **\$120.00** must be paid to VHDA or its Originating Lender prior to the lock-in of the interest rate. The \$120.00 fee will be credited to fees to be paid to the Originating Lender at closing or will be refunded to you by the Originating Lender after closing. If for any reason your loan does not close this fee will be forwarded to VHDA.

**Lock-In Terms:**

All loan terms not legally locked in are subject to change until closing. The locked-in interest rate is applicable only for a loan made to you through the Originating Lender to finance the property described above. **No substitution of property, applicants or Originating Lenders is permitted without prior approval.** The interest rate locked-in and set forth in the commitment will not be reduced if VHDA’s rates are reduced, even if the period of the lock-in or the commitment period expire. If you withdraw your loan application, the lock-in agreement expires or if the commitment period expires within 12 months of the date of your reservation and you re-apply for a loan from VHDA, the interest rate available to you will not be less than that which is set forth in the original lock-in or the then current rate. In no event may your loan close if you do not meet all program eligibility requirements at the time of closing. Estimated Processing Time: VHDA estimates that it will take approximately 90 days to process and, if approved, close your loan. The actual time necessary to process and close the loan may vary from the estimate due to delays in VHDA or its Originating Lender receiving required information from you or from others such as property appraisals, governmental inspection reports, credit reports, surveys, verification statements, title and other insurance commitments or policies or due to the failure of the closing agent to close the loan in a timely manner. Therefore VHDA is unable to guarantee that your requested loan will be approved or closed within the estimated time or prior to the expiration of any applicable lock-in period.

Applicant(s) Request to allow Interest Rate to Float: \_\_\_\_\_  
Initials      Initials      Date

Applicant(s) Request to Lock-In Interest Rate: \_\_\_\_\_%  
Initials      Initials      Rate      Date

Origination Fee/Discount Point(s)      \_\_\_\_\_%      \_\_\_\_\_

**Mortgage Revenue Bond Disclosure:**

The Code requires the Authority to make the following statement: neither you, the Originating Lender, nor any person (or any related person, as defined in the Code) from whom the Authority may acquire mortgage loans shall purchase any obligations of the Authority issued to carry out the purposes of the single-family program in an amount related to the amount of mortgage loans to be acquired from such persons by the Authority under the single-family program.

This means that the Authority may not require you or the Originating Lender (or any person related to you or the Originating Lender) to purchase the Authority’s bonds as a condition of making your mortgage loan. Any Commitment issued to you by the Authority will not contain such a requirement to purchase the Authority’s bonds.

**Fair and Accurate Credit Transactions Act (“FACTA”) Disclosure:**

We may report information about your account to credit bureaus. Late payments, missed payments, or other defaults on your account may be reflected in your credit report.

Your Originating Lender is responsible for providing a copy of the “Disclosure of Credit Score Information” to you as required by the Fair and Accurate Credit Transactions Act.

**Property Inspections:**

VHDA requires property inspections only if required by the applicable mortgage insurer, if required based upon the appraisal or if VHDA determines the inspection is necessary to adequately evaluate the security for its mortgage loan. VHDA will require a termite inspection or a well or septic inspection as a condition for loan approval only if required by the mortgage insurer or if the appraisal indicates that there is evidence of the insects, dampness, settlement or evidence of a problem with the well or septic system.

It is recommended that borrowers protect their investment by requiring that a termite inspection and a whole house inspection be performed by a qualified inspector to identify any potential problems that may exist in the house being purchased. The completion of those inspections should be included in your purchase contract as a condition of the closing.

# Affidavit of Borrower

THIS AFFIDAVIT IS MADE FOR THE PURPOSE OF SATISFYING THE REQUIREMENTS SET FORTH IN THE INTERNAL REVENUE CODE OF 1986, AS AMENDED, AND THE RULES AND REGULATIONS PROMULGATED PURSUANT THERETO BY THE U.S. DEPARTMENT OF THE TREASURY. IT IS A FEDERAL OFFENSE PUNISHABLE BY A MAXIMUM OF A \$5,000 FINE, TWO YEARS IMPRISONMENT, OR BOTH, TO KNOWINGLY MAKE A FALSE STATEMENT IN THIS AFFIDAVIT (TITLE 18, UNITED STATES CODE, SECTION 1014). IN ADDITION, IT IS A CRIME UNDER VIRGINIA LAW TO KNOWINGLY MAKE A FALSE STATEMENT IN THIS AFFIDAVIT. READ IT CAREFULLY TO BE SURE THAT THE INFORMATION IS TRUE AND COMPLETE BEFORE SIGNING THIS FORM. THE SIGNATURES BELOW WILL GRANT PERMISSION TO VIRGINIA HOUSING DEVELOPMENT AUTHORITY AND ITS LENDERS OR DESIGNEES TO VERIFY THE STATEMENTS MADE HEREIN.

State of Virginia  
City/County of

I/We, the undersigned, being duly sworn, depose and say as follows:

1. (a) The residence (the "Residence") to be financed with the proceeds of the mortgage loan from the Virginia Housing Development Authority (the "Authority") is located in the \_\_\_\_\_, Virginia, at the following address:  
  
(b) The Residence will be occupied by one household and is either a single family detached house, a townhouse or a condominium unit.
2. The undersigned intend to occupy the Residence exclusively as their principal residence within 60 days (90 days in case of a mortgage loan for the purchase and rehabilitation of a residence) after the mortgage loan financing is provided, and thereafter, to maintain the Residence exclusively as their principal residence.
3. The undersigned do not intend to use all or any portion of the total area of the Residence in a manner which would permit any portion of the costs of the residence to be deducted as a trade or business expense for federal income tax purposes or under circumstances where more than 15% of the total living area is to be used primarily in a trade or business, nor to rent the Residence or any part thereof or any of the land on which the Residence is located, nor to commercially farm the land, nor in any other way to derive income from the Residence or the land;
4. The Residence is permanently fixed to the real property on a solid masonry foundation.
5. The land on which the Residence is located does not exceed the amount of land needed to maintain the basic livability of the Residence and does not exceed the customary and usual lot size in the area. In addition, the undersigned do not intend to subdivide the land.
6. With respect to the three most recent tax years preceding the date hereof, the undersigned:
  - (a) were not required by federal law to file federal income tax returns for the tax years \_\_\_\_\_ (if not applicable, insert "NA");
  - (b) have delivered a copy of a letter from the Internal Revenue Service stating that Form 1040A or 1040EZ was filed by the undersigned for tax years \_\_\_\_\_ (if not applicable, insert "NA"); and/or
  - (c) have delivered copies of their signed federal income tax returns which the undersigned have filed for tax years \_\_\_\_\_ (if not applicable, insert "NA").Any tax returns so delivered are complete and accurate.
7. If prior to the execution of the deed of trust at closing, the undersigned shall file a federal income tax return or shall file an amendment to a federal tax return filed within the preceding three years, then the undersigned shall immediately deliver true and complete copies of such signed tax returns or amendments to the Authority or its Lender for their review.

**DELETE ITEM 8 BELOW IF ORIGINATING LENDER (THE LENDER THROUGH WHICH YOU ARE APPLYING FOR THE AUTHORITY LOAN) HAS ADVISED YOU THAT THE RESIDENCE IS LOCATED IN A "TARGETED AREA."**

8. None of the undersigned have had an ownership interest in a principal residence (including a mobile home affixed to land) at any time during the three year period prior to the date hereof. (NOTE: There are different types of "ownership interests." Please discuss this question with the Originating Lender to be sure you have not had such an interest.)
9. There are no other persons who are expected to have a present ownership interest in the Residence who have not signed this Affidavit.
10. The Acquisition cost of the land and residence to be acquired by the Borrower from the Seller listed above is computed as follows:
  - (1) Amount paid, in cash or in kind, by the Borrower to or for the benefit of the Seller (or related party) for the land and residence (excluding any personal property which is not a fixture) \_\_\_\_\_ \$ \_\_\_\_\_
  - (2) Amount paid, in cash or in kind, by any other person to or for the benefit of Seller (or a related party) for the land and residence (excluding any personal property which is not a fixture) \_\_\_\_\_ \$ \_\_\_\_\_

- (3) Amount paid for fixtures (if not part of price of the land and residence included in 1 and 2 above) \_\_\_\_\_ \$ \_\_\_\_\_
  - (4) If the residence is incomplete or unfinished or is to be rehabilitated, additional costs of completing or rehabilitating the residence not to be paid to the Seller \_\_\_\_\_ \$ \_\_\_\_\_
  - (5) Cost of land owned by Borrower less than 2 years prior to commencement of construction of the residence thereon \_\_\_\_\_ \$ \_\_\_\_\_
- Total Acquisition Cost \_\_\_\_\_ \$ \_\_\_\_\_

**Note:** The Authority approved sales price and the total acquisition cost need not be the same amount. The acquisition cost of a residence does not include (1) usual and reasonable settlement and financing costs or (2) the imputed value of services performed by the Borrower or members of his family (which include only the Borrower's brothers and sisters (whether by whole or half blood), spouse, ancestors lineal descendants) in completing or rehabilitating the residence. "Settlement costs" include title and recording fees, title insurance, survey fees and other similar costs; and "financing costs" include credit reference fees, legal fees, appraisal expenses, points which are paid by the Borrower, or other costs of financing the residence. If such settlement and financing costs exceed the usual and reasonable costs which otherwise would be paid, such excess must be included in the acquisition cost. The acquisition cost does not include the cost of land owned by the Borrower for at least two years prior to the date on which construction of the residence begins. VHDA has information available concerning what constitutes a fixture or personal property under state law.

- 11. Based on information provided to the undersigned by the Originating Lender, the annual gross income of the undersigned and all other persons expected to occupy the residence as calculated by the Originating Lender based on the application is correct and does not exceed the applicable federal income limit, if any.
- 12. Has this Residence ever been occupied?  Yes  No  
(If Yes, please answer questions below.)  
Has it been occupied by the undersigned?  Yes  No
- 13. The loan proceeds are not being used in whole or in part to replace or repay an existing mortgage or debt for which the undersigned are liable or which was incurred on behalf of the undersigned, other than construction period loans, bridge loans or similar temporary financing which had a term of twenty-four months or less. The undersigned have not previously had a mortgage loan on the residence other than temporary financing described above. The term "mortgage" as used herein includes deeds of trust, conditional sales contracts, pledges, agreements to hold title in escrow and leases with option to purchase which are treated as installment sales for federal income tax purposes and any other form of owner financing.
- 14. The undersigned further understand and agree that the Authority or its Lender may wish to investigate and verify the matters set out herein. The undersigned have and do hereby agree to permit such investigation and verification including, without limitation, inspections of the Residence, whether before or after settlement on reasonable notice and the execution of an instrument which will permit the Authority or its Lender to secure copies of federal income tax returns directly from the Internal Revenue Service. The undersigned hereby release the Virginia Housing Development Authority, its attorneys and Lenders from any claims that the undersigned may have which arise out of or relate to any such investigation or verification.
- 15. This Affidavit shall be deemed to be a part of the undersigned's application for a mortgage loan from the Authority, and it is understood that the Virginia Housing Development Authority shall rely upon this Affidavit in determining whether to make such mortgage loan to the undersigned.
- 16. The fair market value of any personal property (such as refrigerator, washer/dryer, free standing stove and unattached storage shed) transferring with the residence does not exceed the sum of (i) my/our down payment; (ii) any non-VHDA financing I/we are obtaining to purchase the residence; and (iii) closing costs (such as origination fee and discount point, survey fee, title insurance premium, attorney's fees, and recording fees) which I/we reasonably expect to pay, or expect the seller to pay on my/our behalf, at loan closing.

**WARNING:** If any statement in the foregoing Affidavit is incorrect or incomplete, the Authority may terminate any obligation on its part to make the mortgage loan and, if the closing of the mortgage loan has occurred, may exercise its right under the deed of trust to make the mortgage loan immediately due and payable and to cause the Residence to be sold by the trustees pursuant thereto.

**NOTE:** This Affidavit of Borrower may not be executed using a power of attorney.

DATE: \_\_\_\_\_ Borrower

DATE: \_\_\_\_\_ Borrower

STATE OF VIRGINIA  
CITY/COUNTY OF \_\_\_\_\_,

Subscribed and sworn before me this \_\_\_\_\_ day of \_\_\_\_\_,  
My Commission Expires: \_\_\_\_\_

\_\_\_\_\_  
Notary Public