

U. S. Department of Housing and Urban Development

NOTICE TO PURCHASERS

THE IMPORTANCE OF A HOME INSPECTION

HUD DOES NOT WARRANT THE CONDITION OF A PROPERTY. It is important for you to have a home inspection performed on the property you wish to purchase in order to identify any possible defects. Up to \$200 of the cost to perform the inspection may be financed into your mortgage. Names of home inspection companies can be found in the yellow pages of your telephone directory under the heading "Home Inspection Services."

Date _____

Signature(s) _____

(Tear here)

WATCH OUT FOR LEAD-BASED PAINT POISONING!

If the home you intend to purchase was built before 1978, it may contain lead-based paint. About three out of every four pre-1978 buildings have lead-based paint.

WHAT IS LEAD POISONING?

Lead poisoning means having high concentrations of lead in the body. LEAD CAN:

- Cause major health problems, especially in children under 7 years old.
- Damage a child's brain, nervous system, kidneys, hearing, or coordination.
- Affect learning.
- Cause behavior problems, blindness, and even death.
- Cause problems in pregnancy and affect a baby's normal development.

WHO GETS LEAD POISONING?

Anyone can get it, but children under 7 are at the greatest risk, because their bodies are not fully grown and are easily damaged. The risk is worse if the child:

- Lives in an older home (built/constructed before 1978, and even more so before 1960).
- Does not eat regular meals (an empty stomach accepts lead more easily).
- Does not eat enough foods with iron or calcium.
- Has parents who work in lead-related jobs.
- Has played in the same places as brothers, sisters, and friends who have been lead poisoned. (Lead poison *cannot* be spread from person to person. It comes from contact with lead.)

Women of childbearing age are also at risk, because lead poisoning can cause miscarriages, premature births, and the poison can be passed onto their unborn babies.

WHERE DOES IT COME FROM?

The lead hazards that children most often touch are *lead dust*, *leaded soil*, loose chips and chewable surfaces painted with lead-based paint. A child may be harmed when it puts into its mouth toys, pacifiers, or hands that have leaded soil or lead dust on them. Lead also comes from:

- Moving parts of windows and doors that can make lead dust and chips.
- Lead-based paint on windows, doors, wood trim, walls and cabinets in kitchens and bathrooms, on porches, stairs, railings, fire escapes and lamp posts.
- Soil next to exterior of buildings that have been painted with lead-based paint and leaded gasoline dust in soil near busy streets.
- Drinking water. (pipes and solder)
- Parents who may bring lead dust home from work on skin, clothes, and hair.
- Colored newsprint and car batteries.
- Highly glazed pottery and cookware from other countries.
- Removing old paint when refinishing furniture.

In recent years some uses of lead in products that could cause lead poisoning have been reduced or banned. This is true for lead in gasoline, lead in solder used in water pipes, and lead in paint. Still, a great deal of lead remains in and around older homes, and lead-based paint and accompanying lead dust are seen as the major sources.

HOW DO I KNOW IF MY CHILD IS AFFECTED?

Is your child:

- cranky?
- vomiting?
- tired?
- unwilling to eat or play?
- complaining of stomach aches or headaches?
- unable to concentrate?
- hyperactive?
- playing with children who have these symptoms?

These *can* be signs of lead poisoning. However, your children might not show these signs and yet be poisoned; only your clinic or Doctor can test for sure.

WHAT CAN I DO ABOUT IT?

Your child should first be tested for lead in the blood between six months and one year old. Ask the clinic or your doctor to do it during a regular checkup. Your doctor will tell you how often you should have your child tested after that. A small amount of lead in the blood may not make your child seem very sick, but it can affect how well he or she can learn. If your child does have high amounts of lead in the blood, you should seek treatment and have your home tested for lead-based paint and lead dust.

HOW DO I KNOW IF MY HOME HAS LEAD-BASED PAINT?

The appraisal does not determine whether a home actually has lead-based paint. It only identifies whether there are defective paint surfaces in a home that *might* have lead-based paint. Therefore, the only way you can know for sure is to have the home tested by a qualified firm or laboratory. Both the interior and exterior should be tested. You should contact your local health or environmental office for help.

WHAT DO I DO IF MY HOME DOES HAVE LEAD?

Do not try to get rid of lead-based paint yourself, you could make things worse for you and your family. If your home contains lead-based paint, contact a company that specializes in lead-based paint abatement. Have professionals do the job correctly and safely. This may cost thousands of dollars, depending on the amount of lead-based paint and lead dust found in your home, but it will also protect you and your children from the effects of lead poisoning. In the meantime, there are things you can do *immediately* to protect your child:

- Keep your child away from paint chips and dust.
- Wet-mop floors and wipe down surfaces often, especially where the floors and walls meet. Be sure to clean the space where the window sash rests on the sill. Keeping the floor clear of paint chips, dust and dirt is easy and very important. *Do not sweep or vacuum lead-based paint chips or lead dust with an ordinary vacuum cleaner.* Lead dust is so fine it will pass through a vacuum cleaner bag and spread into the air you breathe.
- Make sure your children wash their hands frequently and always before eating.
- Wash toys, teething rings, and pacifiers frequently.

WILL HUD INSURE A MORTGAGE LOAN ON A HOME WITH LEAD-BASED PAINT?

HUD may insure a mortgage on a house even with lead-based paint if defective paint surfaces are treated. HUD *will not* remove it. You will have to pay for the cost of removal yourself.

ACKNOWLEDGEMENT

I acknowledge that I have received and read a copy of this Notice before signing the sales contract to purchase my property.

Date

Signature(s)

Important Notice to Homebuyers

U.S. Department of Housing and Urban Development
Office of Housing - Federal Housing Commissioner

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.

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. If you have a professional home inspection service perform an inspection of the property, you may include some of the cost of the inspection in your mortgage.

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.

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 documents in "blank."

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.

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.

Note: If you are a first-time homebuyer and you received approved homeownership counseling, you may be entitled to a reduced upfront mortgage insurance premium. Ask your lender for details.

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.

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.

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.

Claims: When a mortgage company submits a claim to HUD for insurance benefits, no refund is due the homeowner.

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. After 84 months (7 years) no refund is due the homeowner.

How are Refunds Processed?

1. Mortgage company notifies HUD of insurance termination.
2. If you are eligible for a refund, HUD will either request Treasury to issue you a check directly or will send you an Application for Premium Refund (form HUD-27050-B).

3. Read the application carefully, sign, have it notarized, and attach proof of ownership at insurance termination.
4. Return application to the address shown on the HUD-27050-B.
5. HUD will request Treasury to issue a check if no additional information is needed.

How to Follow-Up

If you do not receive an application within 45 days after you have paid off your loan, check with your mortgage company to confirm that they have sent HUD a request for termination. If they confirm that the correct termination information was sent, contact HUD.

If you do not receive a refund or any other documentation from HUD within 60 days from the date you mailed your application, contact HUD immediately.

How to Contact HUD

By Phone:

800 697-6967
8:30 AM to 8:30 PM (EST)
Monday through Friday

By Mail:

U.S. Department of Housing & Urban Development
PO Box 23699
Washington, DC 20026-3699

Note: All inquiries should include your name, 10-digit FHA case number, paid in full date, property address, and a daytime phone number. Record your FHA case number here for future reference.

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**.

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.

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.

Signature & Date:

Signature & Date:

X _____

X _____

Signature & Date:

Signature & Date:

X _____

X _____

For Your Protection: Get a Home Inspection

Name of Seller _____

Property Address _____

What the FHA Does for Buyers... and What We Don't Do

What we do: FHA helps people become homeowners by insuring mortgages for lenders. This allows lenders to offer mortgages to first-time buyers and others who may not qualify for conventional loans. Because the FHA insures the loan for the lender, the buyer pays only a very low down-payment.

What we don't do: FHA does not guarantee the value or condition of your potential new home. If you find problems with your new home after closing, we can not give or lend you money for repairs, and we can not buy the home back from you.

That's why it's so important for you, the buyer, to get an independent home inspection. Before you sign a contract, ask a qualified home inspector to inspect your potential new home and give you the information you need to make a wise decision.

Appraisals and Home Inspections are Different

As part of our job insuring the loan, we require that the lender conduct an FHA appraisal. An appraisal is different from a home inspection. Appraisals are for lenders; home inspections are for buyers. The lender does an appraisal for three reasons:

- to estimate the value of a house
- to make sure that the house meets FHA minimum property standards
- to make sure that the house is marketable

Appraisals are not home inspections.

Why a Buyer Needs a Home Inspection

A home inspection gives the buyer more detailed information than an appraisal--information you need to make a wise decision. 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
- estimate the remaining useful life of the major systems, equipment, structure, and finishes

What Goes into a Home Inspection

A home inspection gives the buyer an impartial, physical evaluation of the overall condition of the home and items that need to be repaired or replaced. The inspection gives a detailed report on the condition of the structural components, exterior, roofing, plumbing, electrical, heating, insulation and ventilation, air conditioning, and interiors.

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 should arrange to have a home inspection before you purchase your home. Make sure your contract states that the sale of the home depends on the inspection.

I understand the importance of getting an independent home inspection. I have thought about this before I signed a contract with the seller for a home.

X

Signature & Date

X

Signature & Date

HUD / VA Addendum to Uniform Residential Loan Application

OMB Approval Nos. VA: 2900-0144
 HUD: 2502-0058 (exp. 2/28)

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

VA: The veteran and the lender hereby apply to the Secretary of Veterans Affairs for Guaranty of the loan described here under Section 3710, Ch 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.

18. First Time Homebuyer? a. <input type="checkbox"/> Yes b. <input type="checkbox"/> No	19. VA Only: Title will be Vested in: <input type="checkbox"/> Veteran <input type="checkbox"/> Veteran & Spouse <input type="checkbox"/> Other (specify):	20. Purpose of Loan (blocks 9 - 12 are for VA loans only) 1) <input type="checkbox"/> Purchase Existing Home Previously Occupied 2) <input type="checkbox"/> Finance Improvements to Existing Property 3) <input type="checkbox"/> Refinance (Ref.) 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 constr 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 & 11) <input type="checkbox"/> Ref. Permanently Sited Manufactured Home to Buy 12) <input type="checkbox"/> Ref. Permanently Sited Manufactured Home/Lot Lo
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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 of 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 a full-time 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.
 - 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 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) not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from covered transactions by any Fed department or agency; (2) have not, within a three-year period preceding proposal, been convicted of or had a civil judgment rendered against them (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 anti-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 within a three-year period preceding this application/proposal, had one of a public transactions (Federal, State or local) terminated for cause or default.

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 on behalf of the lender any of the information or supporting credit data submitted are as follows:

Name & Address:	Function: (e.g., obtained information on the Uniform Residential Loan Application, ordered credit report, verifications of employment, deposits,
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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 function 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 & Title of Officer of Lender: _____ Date: _____

X

Part III - Notices to Borrowers Public Reporting Burden for this collection of information is estimated to average 0.10 hours 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. Send comments regarding burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to the Office of Information Policies and Systems, U.S. Department of Housing and Urban Development, Washington, D.C. 20410-3600; and to the Office of Information and Regulatory Affairs, Office of Management and Budget, Washington, D.C. 20503.

Privacy Act Information: The information requested on the Uniform Residential Loan Application and this Addendum is authorized by 38 U.S.C. 3710 (f) for (DVA) and U.S.C. 1701 et seq. (if for HUD/FHA), The Debt Collection Act of 1992, Pub. Law 97-365, and HUD's Housing and Community Development Act of 1987, 42 U.S.C. 3543, requires 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 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 of 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 institution 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 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 delinquency; (6) Refer your account to the Department of Justice for litigation in court; (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 tax 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.

22a. Do you own or have you sold other real estate within the past 60 months on which there was a HUD/FHA mortgage?	<input type="checkbox"/> Yes <input type="checkbox"/> No	Is it to be sold? <input type="checkbox"/> Yes <input type="checkbox"/> No	22b. Sales Price \$	22c. Original Mortgage Amount \$
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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 real 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 so: 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.

(4) 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 a 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, or the making of a bona fide offer, or refuse to negotiate for the sale or rental of 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

AMENDATORY/ESCAPE CLAUSE

This amendatory clause must be part of the sales contract when the borrower has not been informed of the appraised value by receiving a copy of the Form HUD-92800-5B, Conditional Commitment/ DE Statement of Appraised Value or VA - CRV before signing the sales contract. The amendatory clause must contain the paragraph (Itself) listed below:

ACTUAL PARAGRAPH

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 by the Federal Housing Commissioner, Veterans Administration, 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 the 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 nor the condition of the property. The purchaser should satisfy himself/herself that the price and condition of the property are acceptable"

Borrower's Signature(s)

Seller's Signature(s)

Date: _____

Date: _____

Note: The dollar amount to be inserted in the amendatory clause is the sales price as stated in the contract. If the borrower and seller agree to adjust the sales price in response to an appraised value that is less than the sales price, a new amendatory clause is not required. However, the loan application package must include the original sales contract with the same price as shown on the amendatory clause, along with the revised or amended contract. If this is not part of the contract then this amendatory clause must contain all borrower and seller signatures.

DREW
MORTGAGE
ASSOCIATES

Mass Lender ML0020
Mass Broker MB0050

**FHA REAL ESTATE CERTIFICATION
ADDENDUM TO SALES CONTRACT***

We, the undersigned Seller(s), Borrower(s), and Real Estate Broker(s)/Agent(s) involved in this transaction do certify that the terms of the Sales Contract are true to the best of our knowledge and belief. All agreements entered into by any of the following parties are fully disclosed and attached to the Sales Contract.

SELLER

DATE

BORROWER

DATE

SELLER

DATE

BORROWER

DATE

BROKER/AGENT

DATE

BROKER/AGENT

DATE

*This may already be preprinted in the Sales/Purchase Contract

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 [month and year].

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 underwriting¹⁾ analysis by your mortgage lender.

		FHA Financing 203(b) Fixed Rate	Conventional Financing 97% with Mortgage Insurance (MI)
1	Sales Price	\$100,000	\$100,000
2	Mortgage Amount	\$97,750 (\$99,460 w/ Upfront Mortgage Insurance Premium)	\$97,000
3	Closing Costs	\$2000	\$2000
4	Downpayment Needed	\$4250	\$5000
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)	\$661	\$645
7	Loan-to-Value	97.75%	97%
8	Monthly Mortgage Insurance Premium (first year)	\$40.73 ¹	\$76.63
9	Maximum Number of Years of Monthly Insurance Premium Payments	30 Years	Approx. 13 Years
10	Upfront Mortgage Insurance Premium (if applicable)	\$1710 ² (Included in Mortgage Amount, line 2)	N/A

¹Monthly 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.

²Based on an upfront mortgage insurance premium rate available for first-time homebuyers who obtain housing counseling.

FHA Mortgage Insurance Premium Information:

If you paid an upfront mortgage insurance premium, you will also be charged a monthly mortgage insurance premium for the period of time shown below, based on the initial loan-to-value and term of your mortgage. You are required to make these payments on your FHA-insured loan for the time shown 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.)

If the term of your mortgage will be greater than 15 years and with a loan-to-value ratio: Of 89.99 or Less Between 90.00 and 95.00 Of 95.01 and Greater	You will make mortgage insurance premium payments for: 7 Years 12 Years 30 Years
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If the term of your mortgage will be 15 years or less and with a loan-to-value ratio: Of 89.99 or Less Between 90.00 and 95.00 Of 95.01 and Greater	You will make mortgage insurance premium payments for: None Required 4 Years 8 Years
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BORROWER _____ DATE _____

BORROWER _____ DATE _____

LENDER

NOTICE REQUIRED UNDER THE FAIR CREDIT REPORTING ACT

In compliance with the Fair Credit Reporting Act, we are informing you that an investigative report will be made. We are also informing you that you have a right to make a written request, within a reasonable period of time after you receive this notice, for an additional disclosure of the nature and scope of the investigation requested. To save you the trouble of writing, we are furnishing this additional information as follows:

The nature and scope of the investigation requested may include information obtained through personal interviews concerning residence verification, number of dependents, employment, occupation, general health, habits, reputation and mode of living.

NOTICE UNDER THE EQUAL CREDIT OPPORTUNITY ACT

The Federal 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. The Federal agency that administers compliance with this law concerning a creditor is the Federal Trade Commission, Equal Credit Opportunity, Washington, D.C. (202) 724-1140.

You, as a borrower, have the following rights when answering questions:

You do not have to reveal any information regarding courtesy titles; i.e., you do not have to state whether you are Miss, Mr., or Ms. Your first name and surname (whether birth-given, obtained through marriage, or a combined surname) is sufficient.

You do not have to reveal any information regarding the receipt of alimony, child support, or separate maintenance income if you do not chose to have it considered as a basis for repaying this loan.

When answering questions pertaining to marriage, you need only reveal whether you are married, separated, or unmarried. (Unmarried includes single, divorced, or widowed.)

Certain information regarding your race / national origin and sex will be asked. This information is requested by the Federal Government in order to monitor compliance with Federal anti-discrimination statutes which prohibit creditors from discriminating against applicants for these reasons. You do not have to give this information; it is voluntary. If you chose not to furnish this information, you must initial the application in the space provided. Your decision will in on way affect the approval or rejection of your application.

NOTICE REQUIRED BY THE RIGHT TO FINANCIAL PRIVACY ACT

If you are applying for an FHA or VA loan, this is notice to you as required by the Right to Financial Privacy Act of 1978 that the Department of HUD or a VA Loan Guaranty Service or Division (whichever is appropriate) 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 the Department of HUD or to a VA Loan Guaranty Service or Division (whichever is appropriate) without further notice or authorization, but will not be disclosed or released to another government agency or department without your consent except as required or permitted by law.

ACKNOWLEDGEMENT

I do hereby certify that I have read and do understand the Notices set forth above, and that I have been notified of my rights by the Lender.

_____	_____	_____	_____
Applicant	Date	Applicant	Date
_____	_____	_____	_____
Applicant	Date	Applicant	Date

If it is determined necessary to order a credit report on your business, please complete the following:

Name of Company

Applicant Signature

Title

DATE:
 BORROWER:
 CASE #:
 LOAN #:
 PROPERTY ADDRESS:

ADJUSTABLE RATE MORTGAGE LOAN PROGRAM DISCLOSURE OVER 15 YRS TO 30 YRS FHA OR VA ARM

This disclosure describes the features of an Adjustable Rate Mortgage (ARM) program you are considering. Information about our other ARM programs will be provided upon request.

HOW YOUR INTEREST RATE AND PAYMENT ARE DETERMINED:

- * Your interest rate will be based on an index rate plus a margin. Please ask us for our current interest rate and margins.
- * The index is the weekly average yield on U.S. Treasury Securities adjusted to a constant maturity of one year. Index values are published by the Federal Reserve in Statistical Release H.15 (519).
- * Your initial interest rate is not based on the index used to make later adjustments. If the initial interest rate is below the sum of the then-current index plus margin (the "fully indexed rate"), then the initial interest rate will be a "discounted" interest rate. If the initial interest rate is above the fully indexed rate, then it will be a "premium" interest rate. Please ask us for our current interest rate discounts and premiums.
- * Your payment will be based on the interest rate, loan balance, and remaining loan term.

HOW YOUR INTEREST RATE AND PAYMENT CAN CHANGE:

- * Your interest rate can change for the first time between 12 and 18 months after your loan closes and every 12 months thereafter.
- * Each time your interest rate changes, the new interest rate will equal the sum of the index plus the margin, subject to the following limits:
 - Your interest rate will be rounded to the nearest 1/8 percent.
 - Your interest rate will not increase or decrease more than 1.0% per adjustment.
 - Your interest rate will not increase or decrease by more than 5.0% over the term of the loan.
- * Your payment can change each time the interest rate changes.
- * You will be notified in writing at least 25, but no more than 120, days before the due date of a payment at a new level. This notice will contain information about the index, your interest rates, payment amount, and loan balance.
- * For example:

On a new \$10,000, 30-year loan with an initial interest rate of 6.75% (the index shown below for 1995, plus a 2.00% margin, less a 0.875% discount, rounded to the nearest 1/8 percent), the maximum amount that the interest rate could rise would be 5.0%, to 11.75%, and the payment could rise from a beginning payment of \$64.88 to a maximum of \$88.97 (at payment 61).

On a new \$10,000, 30-year loan with an initial interest rate of 7.625% (the index shown below for 1995, plus a 2.00% margin, plus a 0.25% premium, rounded to the nearest 1/8 percent), the maximum amount that the interest rate could rise would be 5.0%, to 12.625%, and the payment could rise from a beginning payment of \$72.51 to a maximum of \$107.89 (at payment 61).

EXAMPLE OF A LOAN USING HISTORICAL INDEX VALUES

The example below shows how your payments would have changed under this ARM program based on actual changes in the index from 1981 to 1995. The index values shown are the values in effect during the last week ending in September for each year. This does not necessarily indicate how your index will change in the future.

This example is based on the following assumptions:

Loan Amount: \$10,000.00
 Term of Loan: 30 years
 Adjustments: Annually

Periodic Maximum Rate Adjustment: 1%
 Lifetime Maximum Rate Adjustment: 5%

Example of a loan with an initial interest rate discount of 0.875%*

Example of a loan with an initial interest rate premium of 0.25%

Year	Index Value	Margin	Interest Rate	Monthly Payment*	Loan Balance	Interest Rate	Monthly Payment	Loan Balance
1981	16.060%	2.000%***	17.125%	\$148.58	\$9988.68	16.250%	\$162.76	\$8991.28
1982	10.870%	2.000%	10.125%****	\$135.53	\$9971.78	17.250%****	\$144.83	\$8978.21
1983	9.890%	2.000%	15.125%****	\$127.58	\$9947.42	18.250%****	\$138.81	\$8968.05
1984	11.420%	2.000%	14.125%****	\$119.79	\$9912.83	15.250%****	\$126.71	\$8931.27
1985	7.880%	2.000%	13.125%****	\$112.19	\$9864.78	14.250%****	\$120.98	\$8892.22
1986	5.800%	2.000%	12.125%****	\$104.81	\$9799.82	13.250%****	\$113.43	\$8838.81
1987	7.700%	2.000%	11.125%****	\$97.70	\$9713.11	12.250%****	\$106.13	\$8768.32
1988	8.180%	2.000%	10.125%	\$90.90	\$9600.83	11.250%****	\$99.10	\$8671.02
1989	8.380%	2.000%	10.375%	\$92.54	\$9480.83	10.375%	\$93.22	\$8550.10
1990	7.790%	2.000%	9.750%	\$88.55	\$9330.06	9.750%	\$89.20	\$8404.45
1991	5.500%	2.000%	8.750%****	\$82.80	\$9155.84	8.750%****	\$83.11	\$8222.85
1992	9.150%	2.000%	7.750%****	\$76.84	\$8935.83	7.750%****	\$77.40	\$8001.05
1993	3.390%	2.000%	6.750%****	\$71.57	\$8671.87	8.750%****	\$72.10	\$8735.30
1994	5.850%	2.000%	7.750%****	\$76.81	\$8415.65	7.750%****	\$77.17	\$8477.22
1995	5.570%	2.000%	7.825%	\$76.00	\$8135.68	7.825%	\$76.55	\$8185.81

* This is a discount we have offered recently. Your discount may be different.

** This is a premium we have offered recently. Your premium may be different.

*** This is a margin we have used recently. Your margin may be different.

**** This interest rate reflects a 1% maximum interest rate adjustment.

To see what your payments would have been during that period, divide your mortgage amount by \$10,000; then multiply the loan payment by that amount. For example, in 1995 the loan payment for a mortgage amount of \$60,000, with an initial discount of 0.875%, taken out in 1981 would be: \$60,000 / \$10,000 = 6; 6 x \$76.00 = \$456.00.

Applicant _____ DATE _____

Applicant _____ DATE _____

Applicant _____ DATE _____

Applicant _____ DATE _____

**NOTICE TO HOMEOWNER
Assumption of HUD/FHA Insured Mortgages
Release of Personal Liability**

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 of 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 but 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 whose credit 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 creditworthy 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 an 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.

OCCUPANCY AGREEMENT

The terms of your loan require that you occupy the property as your principal residence. Occupancy must begin no later than 60 days after loan closing and must continue for at least one year thereafter. Failure to occupy the property as your principal residence, or misrepresentation about your intention to occupy the property, can result in severe penalties under Federal law, including foreclosure and loss of the property.

If extenuating circumstances arise, you should immediately notify your lender. Your lender can apply to the Department of Housing and Urban Development for a waiver of this requirement.

There are some instances (for example, purchase of duplexes, triplexes and fourplexes in certain parts of the country) where we require occupancy prior to loan closing. If indicated below, occupancy prior to closing is a condition of this transaction:

Applicant mortgagors must occupy the subject property prior to the closing of this transaction. If this condition is not checked by us, then occupancy must take place within a reasonable time subsequent to closing.

MIP DISCLOSURE

FHA mortgage insurance (MIP) has been placed on your loan and may not be cancelled at any time during the life of the loan.

Section 1010 of Title 18, U.S.C., "Federal Housing Administration transactions," provides: "Whoever, for the purpose of influencing in any way the action of such Administration - makes, passes, utters, or publishes any statement, knowing the same to be false - shall be fined not more than \$5,000 or imprisoned not more than two years, or both." Other Federal Statutes provide severe penalties for any fraud or intentional misrepresentation made for the purpose of influencing the issuance of any guaranty or insurance or the making of any loan by the Secretary for Veteran's Affairs.

My signature is acknowledgment that I understand the above certifications and have received a copy of this document for my records.

Borrower _____ Date _____

Borrower _____ Date _____

Borrower _____ Date _____

Borrower _____ Date _____