

Homeownership Loan Programs Disclosure and Borrower Affidavit

Borrower(s): _____ Virginia Housing Loan Program: _____

Address of residence to be purchased (the "Residence"): _____

Street Address

_____, _____

City State Zip

Part I – Virginia Housing Programs

You are getting this Disclosure and Borrower Affidavit because you applied for a mortgage loan that is to be sold to Virginia Housing Development Authority after closing ("Virginia Housing"). Ask your Lender Representative about your eligibility for Virginia Housing programs.

Virginia Housing Tax-Exempt Bond Loan Programs:

Your mortgage loan may be financed with the proceeds of tax-exempt bonds if you are a first-time homebuyer, and all household member income is considered in maximum gross income. Virginia Housing 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.

Other Virginia Housing Loan Programs:

Eligibility requirements are different if your mortgage loan not financed with the proceeds of tax-exempt bonds. Borrowers are not required to be first time homebuyers and only the qualifying income of borrowers is considered in maximum gross income. Refinance options are also available, restrictions apply so discuss with your Lender Representative. Borrowers who are applying for a mortgage loan that is not financed with the proceeds of tax-exempt bonds are not required to execute the Borrower Affidavit on the following pages (pages 3-4).

Virginia Housing Grant Programs:

If you are eligible, a grant from Virginia Housing for a portion of your required downpayment and/or closing costs may be available depending on funding at the time you apply. To receive a Virginia Housing Grant, you must both apply for it and meet all eligibility requirements which include an annual household gross income maximum which is lower than the maximum income limits for other Virginia Housing programs and you must be a first-time homebuyer. Ask your Originating Lender about the Virginia Housing Grants to see if you are eligible. **Please initial next to your election:**

Borrower

Co-Borrower

--- Yes, I would like to receive the Virginia Housing Grant if I am eligible.

Borrower

Co-Borrower

--- No, I do not want to receive the Virginia Housing Grant, or I am aware that I am not eligible.

Virginia Housing Plus Second Mortgage Program:

The Virginia Housing Plus Second Mortgage Program provides a second mortgage loan to apply to your downpayment and in some circumstances closing costs. To qualify, you must have verified funds equal to at least 1% of the sales price, which is available to use towards closing costs, prepaid items or to have as cash reserves after closing. When used with an FHA first mortgage, the maximum Virginia Housing Plus Second Mortgage loan may not exceed 5%, of the lesser of the sales price or appraised value of the property being financed. When used with a Conventional first mortgage, the maximum Virginia Housing Plus Second Mortgage loan may not exceed 4.5%, of the lesser of the sales price or appraised value of the property being financed.

Part II – Virginia Housing Program Disclosures

Virginia Housing Tax-Exempt Bond Loan Recapture Notification: If your mortgage loan is funded with the proceeds of tax-exempt bonds, then current federal tax law may require a payment by you of a "recapture tax" of up to 6.25% of your loan amount (not to exceed 50% of the gain you realize) if you sell or, in most cases, otherwise transfer the residence being purchased to someone else within nine (9) years of closing. Whether or not you will be subject to this recapture tax is based on your income and family size at the time of the sale of the residence, the year in which you sell it, and the amount of gain, if any, that you realize from the sale. At this time there is no way to predict any of those factors so there is no way to predict if you will be subject to this recapture tax and, if so, the amount of the recapture tax you will owe. The maximum recapture tax liability for which you may be liable and a table showing the limits which your income may not exceed at the time you sell the residence to avoid recapture tax liability will be provided to you at closing. You may request a copy of the current federal income limits in advance. Because the current federal tax law could be amended, the recapture tax rules affecting your loan at the time of closing may be different from those described in this paragraph so you should refer to the final version of the recapture tax disclosure that you will receive at closing, and which will also be mailed to you within 90 days after closing. You will be required to file IRS Form 8828 with your federal income tax return for the year in which the residence is sold or otherwise disposed of.

Virginia Housing Mortgage Loans Lock-In Policy Disclosure: For all Virginia Housing mortgage loans, a rate lock period for a maximum of sixty (60) days will be available. Your loan must close no later than the rate lock-in expiration date. If the loan does not close by the lock-in expiration date, all of the loan terms are subject to change. Extensions to the lock-in period may be approved by Virginia Housing upon agreement for an adjustment in fees. You must authorize the Originating Lender to lock-in the interest rate. Virginia Housing is not responsible for a failure of the Originating Lender to lock-in the Interest rate. All loan terms not locked in are subject to change. The locked-in interest rate is applicable only on a loan made to you through Virginia Housing or the Originating Lender to finance the property described herein. No substitution of property, applicant(s) or Originating Lenders is permitted, and locked-in interest rates are not transferrable. The lock-in

is also specific to the loan program for which you have applied. A change in loan programs may require the loan to be re-locked at different terms. If the rate lock-in term expires or is cancelled, a second rate lock may be requested; however, if the second rate lock is requested on the same property within thirty (30) days of the expiration or cancellation, Virginia Housing reserves the right to lock the rate at the greater of (a) the previously locked rate or (b) the then current rate offered by Virginia Housing at the time of the second rate lock.

Changes in Information Prior to Closing Disclosure: For all Virginia Housing mortgage loans, all information contained in your application and supporting documentation (including this Disclosure and the attached Borrower Affidavit, if applicable) which is considered in issuing loan approval must be true on the date of closing. If any such information changes, then each change must be disclosed to and approved by Virginia Housing or the Originating Lender before closing.

Virginia Housing Mortgage Loan Servicing Disclosure: If you are applying for a Virginia Housing mortgage loan the following disclosure applies: The loan for which you have applied will be serviced at Virginia Housing and Virginia Housing does not intend to sell, transfer, or assign the servicing of the loan. 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.

Please acknowledge all of the information noted in all sections of Part I and Part II above:

Borrower Signature

Co – Borrower Signature