

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 may require repayment 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. As a result, 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 your area. In general, proper maintenance is the best way to protect your home and improve the chance that its value will increase.
3. Submitting a pre-discharge claim for VA disability compensation benefits does not guarantee that you will be exempt from the VA funding fee. You must obtain a proposed or memorandum rating from VA prior to the date your loan closes. Please notify your lender if you have submitted a pre-discharge disability claim. If a proposed or memorandum rating is not obtained and a closing takes place, a funding fee exemption does not apply, and you will not be entitled to a refund.
4. If you're serving on active duty and have been awarded the Purple Heart, you may be exempt from the VA funding fee if you notify your lender and provided documentation prior to loan closing.
5. 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.
6. "Letting the house go back" is **NOT** an acceptable option. A decision to "walk away" from the house and mortgage without seeking assistance from your loan servicer may be considered "bad faith." The subsequent foreclosure will result in a bad credit record, a possible debt you will owe the Government, a loss of VA loan entitlement, and difficulty in securing credit in the future. If unexpected circumstances lead to difficulty in making your payments, contact your loan servicer promptly. It will be easier to resolve any problems if you act quickly and are open and honest with your loan servicer.
7. **YOUR VA LOAN MAY NOT BE ASSUMED WITHOUT THE PRIOR APPROVAL OF VA OR YOUR LOAN SERVICER.** If an assumption is approved, your VA entitlement will not be restored unless the transferee (person assuming the loan) is an eligible Veteran AND substitutes your VA entitlement with their own.
8. **DO NOT BE MISLED!** VA does not guarantee the **CONDITION** of the house which you are buying, whether it is new or previously occupied. VA guarantees only the **LOAN**. Although a home may appear to be in excellent condition, hidden defects could exist. While not required by VA, it is highly recommended that you hire a qualified home inspector to carefully inspect the home before you purchase. In every case, ultimately, it is **your responsibility** to be an informed buyer and to assure yourself that what you are buying is satisfactory to you in all respects. Most sellers and agents are willing to negotiate with you concerning what repairs are to be included in the purchase agreement. Please note that a VA appraisal **IS NOT** the same as a home inspection. The VA appraiser's role is to provide an opinion of market value, while a professional home inspector is trained to identify real or potential defects in the property.
9. If you are buying a previously-owned house, you might consider making energy efficient improvements. You can add up to \$6,000 to your VA loan to have energy efficient improvements installed. Consult your lender or the local VA office.

I HEREBY CERTIFY THAT the lender has counseled me, and I fully understand the items set forth above.

(Borrower's Signature)

(Date)

I HEREBY CERTIFY THAT the borrower has been counseled regarding the items set forth above.

(Lender's Signature)

(Date)