



VA ASSUMABILITY DISCLOSURE NOTICE

You are advised, per a VA regulation, that any VA Loan approved on or after March 1, 1998, will contain a provision incorporated into the VA Deed of Trust (Security Instrument) requiring that any subsequent purchaser of the property must be found to be creditworthy. You are also advised that:

The loan may be accelerated if the property securing it is sold without the loan being paid in full, unless (1) the loan is current and (2) the prospective purchaser will assume full liability for repayment of the loan, including the indemnity liability to the VA, and qualifies from a credit standpoint. Failure to satisfy these conditions will be grounds for acceleration of the mortgage.

CS MORTGAGE, LTD. will incorporate this provision into the Deed of Trust via a Rider. This provision will read as follows:

“This loan is immediately due and payable upon transfer of the property securing such loan to any transferee, unless the acceptability of the assumption of the loan is established pursuant to Section 1817A of Chapter 37, Title 38, United States Code”.

“A fee equal to one-half of one 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 assumer fails to pay this fee at the time of transfer, the fee shall constitute an additional 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 be immediately due and payable. This fee is automatically waived if the assumer is exempt under the provision of 38 U.S.C. 1829(b).”

“Upon application for approval to allow assumption of this loan, a processing fee may be charged by the loan holder or its authorized agent for determining the creditworthiness of the assumer and subsequently revision 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 States Code applies.”

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

A face to face interview with the proposed purchaser is required. Once a complete investigation of the proposed purchaser has been completed (verification of employment, verification of deposit, credit report, etc.), the loan must be submitted for prior approval to VA or to the Automatic Underwriting Lender. Creditworthiness of the purchaser will be determined in accordance with VA credit analysis requirements. Thus, the VA requirements applicable to origination of the new mortgagees will be used.

Approval from VA or the Automatic Lender must be obtained prior to the transfer of the property. The seller will not be released unless the proposed purchaser executes a formal assumption and agreement to pay and a formal release of the seller is executed by the Veterans Administration or its authorized agent.

It is anticipated that inclusion in the Deed of Trust of the new provision will cause a seller to apply for prior credit approval of the proposed purchasers. If the transfer is completed before approval is requested, or before processing is completed, the mortgage is subject to acceleration.

You are also advised that a reasonable and customary fee, in no event exceeding \$500.00, will be charged for the processing of purchaser credit approvals required by those provisions.

Please acknowledge receipt and understanding of this notice by signing below.

Borrower/Co-Borrower

Date

Borrower/Co-Borrower

Date