

FHA DISCLOSURE GUIDE

FOR ALL FHA LOANS

HUD Settlement Costs Booklet

This booklet is required, by RESPA, to be given to the borrower at the time of loan application for ALL types of loans, not just FHA. The booklet is available for purchase from VMP Mortgage Forms (1-800-521-7291) and is item VMP-18 for the English version or VMP-18S for Spanish language.

For Your Protection: Get a Home Inspection

This form, also known as HUD-92564-CN is required to be given at the time of loan application for all purchase transactions. It must be signed and dated by the borrower and the date must be the same date as the sales contract, otherwise, the sales contract. This form is available on Calyx POINT in the FHA Forms section and is known as "Home Inspection (HUD-92564-CN)". Reference: HUD Mortgagee Letter 99-32 (11/12/99).

FHA Informed Consumer Choice Disclosure Notice

The Informed Consumer Choice Disclosure notice is required to be given at or prior to the time of loan application for all FHA loans. The form is available on Calyx POINT, but before printing the form, you must input information. The input screen is located under "Forms" on the toolbar. Select "FHA/VA" then select "FHA Consumer Choice Dis." You will need to fill in the right hand columns of this screen for a comparative conventional loan. Reference: HUD Mortgagee Letters 99-23 (7/22/99) and 00-46 (12/20/00)

Important Notice to Homebuyers

This Notice must be given to all FHA loan applicants at the time of loan application. The Notice is available on Calyx POINT under the name of "Notice to Buyers (HUD-92900-B)". There are two pages to this Notice, so you will have to print the second page as well (in POINT, the second page is called "Notice to Buyers – Pg 2.") Reference: HUD Mortgagee Letter 97-27 (7/14/97).

HUD/VA Addendum to Uniform Residential Loan Application

Also known as the form HUD-92900-A, this Application Addendum (pages 1 & 2) contain certain statutory and regulatory information and certifications. Pages 3-4 contain the Direct Endorsement lender's approval/certifications and the borrower(s) certification. Page 5 contains the VA Commitment for Guaranty and is not to be submitted for HUD applications. It is not necessary that the Uniform Residential Loan Application and the Addendum be executed on the same date, but it is recommended. It is possible that a borrower would start a case as a conventional mortgage and convert the application to a HUD case by signing the addendum. Obviously, in that situation, these documents would bear different dates. However, the lender's certification (Page 1, Part II of the Addendum) MUST be the same date or AFTER the date of the borrower's certification (Page 2, Part IV of the addendum.). A copy of the Addendum must be provided to the borrower. The HUD/VA Addendum is available in Calyx POINT and is listed as "FHA/VA Addendum Page 1" and so forth. Reference: HUD Mortgagee Letter 92-7 (3/2/92).

HUD Appraised Value Disclosure

Although HUD instructions require the Direct Endorsement lender to notify the borrower of the property's appraised value BEFORE it underwrites the borrower's credit, simultaneous review of the appraisal and mortgage credit application is permissible if the Direct Endorsement lender disclosed to the borrower that the appraised value may be

adjusted by the lender's DE underwriter. This disclosure becomes part of the official file submitted to HUD and must be signed by the borrower(s). Technically, this form should not be completed and signed by the borrower after the appraisal has been completed, but before submission for underwriting. Although not condoned by FHA, it is a common practice to have this document signed by the borrower prior to the appraisal (at application), then fill in the appraised value after the appraisal is complete and forward a copy to the borrower at the same time the loan is being underwritten. This form is available in Calyx POINT under the name "HUD Appraised Value Disclosure." Reference: HUD Mortgagee Letter 92-15 (5/12/92).

FHA AS NEEDED

Notice to Homebuyer

This disclosure is also known as a form HUD-92564-HS. It was promulgated for use with FHA loans after September 10, 1999 and is to be used if there are any Valuation Conditions (VC) on the FHA appraisal. This form must be signed by the appraiser and must be given to the borrower at least 5 days PRIOR to closing. THIS IS VERY IMPORTANT as it becomes part of the permanent FHA loan file. The borrower is required to sign this form. The form is available in Calyx Point under the name "Homebuyer Sum (HUD-92564-HS.)". Reference: HUD Mortgagee Letter 99-32

HUD Amendatory Clause

An 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-92900.5B, Conditional Commitment/DE Statement of Appraised value or VA-CRV BEFORE signing the sales contract. Many State Real Estate Commissions promulgate property sales contracts that either contain the amendatory clause language in the contract itself or in an FHA financing addendum. If the sales contract contains the required language (which essentially gives the borrower an "escape" clause if the property does not appraise for at least the sales price), this disclosure is not necessary. This Clause is in Calyx POINT and is named "FHA Amendatory Clause." References: HUD Handbook 4155.1 Rev-5, Chg 1, ¶ 3-4; HUD Mortgagee Letter 96-37 (7/16/96).

FHA Real Estate Certification

The borrower, seller, and the selling real estate agent or broker involved in the sales transaction must certify that the terms and conditions of the sales contract are true to the best of their knowledge and belief and that any other agreement entered into by any of the parties in connection with the real estate transaction is part of, or attached to the sales agreement. If the sales contract contains a provision that there are no other agreements between the parties and that the terms of the sales contract constitute the entire agreement between the parties, then a separate certification is not needed if all parties are signatories to the sales contract submitted at the time of underwriting. This Certification is not available in Calyx POINT, but is available in the FHA forms package of NovaStar. Reference: HUD Handbook 4155.1 Rev-4, Chg-1, ¶ 3-3.

HUD Counseling Certification – Lender Certification of Completion

Lower Up Front MIP is available to first time homebuyers (as defined in Mortgagee Letter 96-48) who have completed an approved housing counseling course. The course must be completed before closing the loan and the certification is made by the lender on the HUD Counseling Certification-Lender Certification of Completion form. This form is

available in Calyx Point and is named "Counseling Certification." References: HUD Mortgagee Letters 96-48 (8/28/96) and 97-37 (8/13/97).

Gift Letter

Gift letters, as always, must specify the dollar amount given, be signed by the donor and the borrower, state that no repayment is required, and show the donor's name, address, telephone number, and relationship to the borrower. It must also contain language asserting that the funds given to the homebuyer came from the donor's own funds and, thus, were not provided directly or indirectly by the seller, real estate agent, builder, or any other entity with an interest in the sales transaction. The reference, HUD Mortgagee Letter 00-28 (8/08/00) amplifies and adds to the requirements contained in HUD Handbook 4155.1 Rev-4, Chg 1 relative to the verification of gift funds that must be followed exactly. Currently, Calyx POINT (ver 3.7a) does have a "FHA Gift Letter," but there is no form behind that selection. An FHA Gift Letter may be found in the NovaStar FHA forms packet.

FHA ARM Disclosure

The FHA ARM Disclosure must be given at the time of loan application for all FHA ARM loans. Calyx POINT does not have an FHA ARM Disclosure available. That disclosure may be found in the NovaStar FHA forms packet. References are numerous, however HUD Handbook 4000.2 Rev-2, ¶ 6-20 and Mortgagee Letter 89-24 (9/29/89) appear to be the predominant ones.

Consumer Handbook on Adjustable Rate Mortgages (CHARM Booklet)

This booklet must be given to every applicant for an ARM loan no later than the date of application. The CHARM Booklet is available for purchase from VMP Mortgage Forms by calling 1-900-521-7291. The VMP Item number is VMP 20 for English language and VMP 20S for Spanish language.

Request for Veteran Status

This form is to be used for all FHA loans where a Veteran preference is being used. Calyx POINT contains this form, but it is located in the VA section of the forms list and is named "VA Req Vet Status (VA 26-8261-A)." Reference is HUD Handbook 4000.2 Rev-2, ¶ 6-2A3(b).