



VA REQUIRED DISCLOSURE STATEMENT

Reservation Loan Number: _____

Your home is being financed with a mortgage made available with the assistance of the Montana Board of Housing. This mortgage is made at an interest rate below what is usually being charged. Because of this, you cannot sell your home to a person ineligible for assistance from the Board of Housing, unless you pay your loan in full. If you sell your home to a party ineligible for the Board of Housing's assistance and allow the buyer to make your payments for you (assume your loan), the Board may refuse to allow the sale and demand immediate full repayment of the loan. This could result in foreclosure or repossession of the property. If the lender takes your home through a foreclosure of the mortgage because of this, VA may have to pay a claim to the Board of Housing for any loss incurred on your loan. You may then be obligated to the VA for any claim paid by the VA to the Board of Housing.

You may avoid such actions by paying your loan in full when you sell your home or by making certain that any person who purchases your home and takes over your payments meets the necessary qualifications established by the Board of Housing. Those requirements are:

1. The federal tax law requires the residence to be used as the borrower's principal residence.
2. The federal tax law prohibits Mortgage Loans to borrower(s) who owned a principal residence in the three-year period preceding the execution date of the mortgage loan, unless the residence is located in a "targeted area" designated by the Board of Housing.
3. The maximum purchase price of the residence is subject to the most recent purchase price limitation, published by the IRS from time to time and adopted by the Board of Housing. The Mortgage Lender or Veteran may inquire at the Board's office for current purchase price limitations.
4. The gross family income of the purchaser may not exceed the applicable percentage of applicable median family income, as provided in Section 143(f) and (i)(2) of the Internal Revenue Code.
5. No assumptions will be permitted unless the above requirements are met and prior approval of the Board is obtained.

Dated