



CAL-VET BASIC HOME LOAN PACKAGE

This package contains forms and instructions for obtaining a Cal-Vet loan to purchase a home. If you are planning on purchasing an existing home, you will need these forms, plus you will need to download the Cal-Vet Loan Application Forms Package and the Cal-Vet Loan Life and Disability Coverage Package. If you are planning to build a new home, you will also need to download the Construction Loan Supplemental Package of forms and instructions. This supplemental package also contains instructions on which forms from which package you will need.

Before you begin:

Choose the home you wish to purchase. Carefully read the material on the Cal-Vet Home Loan Program on our web site. If you have questions, feel free to send us e-mail at info@reloans.net.

Optional, but highly recommended: Download and fill out our Prequalification Form, a FREE service of Cal-Vet. This information will allow us to estimate whether you meet the eligibility qualifications for a loan. Fax the completed form to our office at (888) 645-6435.

Please read all of the forms and instructions before submitting your application.

Contents of this package (starred documents must be submitted with your Cal-Vet Home Loan application) :

✿ Form C-13: Thank You for Choosing Cal-Vet

This pamphlet summarizes the features of the Cal-Vet Home Loan Program.

✿ Form C-3: Getting Started

This document explains the financial information you will need to assemble and submit with your Cal-Vet Loan Application.

CAL-VET BASIC HOME LOAN PACKAGE

Contents of this package (continued):

- ❁ **Form C-4: Important Notice**

This document provides information about recent changes in the Cal-Vet Home Loan program concerning Loan Guaranties and Loan Processing.
- ❁ **Form L-8: Special Notice Regarding your Cal-Vet Home Loan Application**

This notice explains Internal Revenue Service limitations placed on funds used for Cal-Vet loans for refinancing a home loan. It also contains the notice required by the California Information Practices Act of 1977 concerning how Cal-Vet may use the information that you supply to us. This notice should be read before you apply for a Cal-Vet Home Loan.
- ❁ **Form L-9: Fair Lending Notice**

This notice explains your rights under the Housing Financial Discrimination Act of 1977. You will be asked to sign this form to show that you have read and understood it and return it with your loan application.
- ❁ **Form A-1T: Cal-Vet Home Loan Application Instruction Sheet**

These instructions explain how to submit the application forms in this package, and what other information you will need to send to Cal-Vet.
- ❁ **Form A-2: Cal-Vet Home Loan Processing Cycle**

This chart explains how Cal-Vet processes a home loan application. You should read and understand this chart before applying for a Cal-Vet Home Loan.
- ❁ **Form L-10: Cal-Vet Home Loan Funding Sources on front, Safe Harbor Limitations on back**

State and federal law place restrictions on the use of tax exempt bonds. This form explains how these restrictions affect Cal-Vet's ability to make home loans to veterans. This form should be read before you apply for a Cal-Vet Home Loan.

CAL-VET BASIC HOME LOAN PACKAGE

Contents of this package (continued):

- ✿ **Form V-11: Verification of Borrower(s) Name(s)**
This form is used to verify the exact legal name(s) of the loan applicant or applicants.
- ✿ **Form C-11-3: Borrower's Authorization**
This form is used to authorize Cal-Vet to verify the financial information provided by the borrower.
- ✿ **Form C-14: Cal-Vet Loan Origination Fee/Funding Fee**
This form allows the applicant to notify Cal-Vet concerning their choices for payment of the Loan Origination Fee and CDVA/USDVA Funding Fee.
- ✿ **Form AP-2: Purchaser's Affidavit**
This form contains information that you must provide Cal-Vet as the purchaser of a home. (Includes separate instructions page)
- ✿ **Form AP-3: Seller's Affidavit**
This form contains information that you must provide Cal-Vet from the person(s) selling a home to you. (Includes separate instructions page)
- ✿ **Form A-6: Sample Statement of Service**
If you are an active duty service member in the U. S. military, you must submit the information requested on this form to help verify your eligibility for a Cal-Vet Home Loan.
- ✿ **Form A-3: Designation of Agent and General Release**
You may designate another person to act as your agent in connection with the processing of your Cal-Vet Home Loan application.

THANK YOU FOR CHOOSING CAL-VET



THE VETERANS' LOAN OF CHOICE!

You will be pleased with your selection of Cal-Vet financing for the purchase of your home. You will find that Cal-Vet has many features and benefits that will save you money and provide protections for you and your investment. The Cal-Vet district offices are ready to assist you in the processing of your loan; they are listed on the reverse side of this letter. The application package has information on the left side of the folder, and on the right side are forms that you need to submit to start the processing. If you have a real estate agent, we encourage you to have him/her be active in the processing of your loan. A form is enclosed to designate the agent to act on your behalf, however this is optional. Your loan may also be processed through a mortgage broker. If you have any questions, please discuss them with your real estate agent or mortgage broker.

The Cal-Vet Loan

Cal-Vet is an authorized V.A. lender, so your loan will be processed under V.A. standards and using V.A. forms. However, you will receive a Cal-Vet loan and the loan will be retained by Cal-Vet until it is paid in full. Veterans who are eligible under Cal-Vet requirements may still be granted a loan, even if they are not eligible for a VA guaranty. Your Cal-Vet loan offers the following features:

Flexible interest rate of 7.95% (6.95% for loans funded with revenue bonds which are available to first time home buyers or for properties located in "target areas").

Maximum loan up to \$250,000 for houses, condominiums and manufactured homes on land; up to \$70,000 for mobilehomes in rental parks.

1% Loan Origination Fee, which must be paid at close of escrow by either buyer or seller. (If your loan is being submitted through a Mortgage Broker, the LOF can be applied to the Broker's fee.) A loan guaranty fee will be charged for all loans when the loan to value ratio exceeds 80%, which may be paid by the seller or buyer, or financed with the loan.

A minimum down payment of 2 to 3% is required. The loan term is 30 years.

Cal-Vet will do a free prequalification; call or visit any of our field offices to discuss your eligibility and financial qualifications.

Eligibility

Recent changes in the Military & Veterans Code have made nearly all veterans eligible under state law, including those whose entire active service was during peacetime (peacetime era veterans must meet the criteria for Revenue Bonds). Applicants who were released or discharged from active duty under honorable conditions are eligible, as are applicants currently serving on active duty. (Active duty solely for training does not qualify.) Applicants must have served at least 90 days on active duty, unless:

- discharged sooner due to service-connected disability, or
- eligible to receive a U.S. campaign or expeditionary medal, or
- called to active duty from the Reserve or National Guard due to Presidential Order.

You will be required to submit your V.A. Certificate of Eligibility (Form 26-8320). If you do not have the Certificate, there is a form in this package for you to request it. If you are unable to obtain the Certificate from the V.A., but are still eligible for a Cal-Vet loan, we may still be able to make a loan to you.

Federal law places restrictions on the bond funds used to make Cal-Vet loans. Please review the information sheet *Cal-Vet Funding Sources* (L-10). For funding purposes, active service during a “war period” is defined as serving at least one day of your active service during one of the following “war periods,” **or** receipt of a campaign or expeditionary medal authorized by the government of the United States:

Persian Gulf War: August 2, 1990 through a date yet to be determined.
Vietnam Era: August 5, 1964 through May 7, 1975.
Korean Period: June 27, 1950 through January 31, 1955.
World War II: December 7, 1941 through December 31, 1946.

For other eligibility questions, please call your local district sales office:

Bakersfield:	661.395.2869	Concord:	925.602.5070
Fresno:	559.445.5466	Redding:	530.224.4955
Redlands:	909.478.7513	Sacramento:	916.263.4010
Santa Clara:	408.277.1282	San Diego:	619.641.5840
Santa Fe Springs:	800.700.2127	Ventura:	805.654.6901

You may also reach the California Department of Veterans Affairs at:

Toll Free Information Number:	800.952.5626
Internet Web Site:	www.ns.net/cadva
E-Mail:	loanserv@cdva.ca.gov

Cal-Vet Home Loans



GETTING STARTED

The following list is provided to assist you in providing documentation that will enable us to start processing of your loan.

1. Your last two (2) years W-2 forms
2. Your most recent paystub(s) covering a full month (originals*)
3. Bank statements for the last three months (originals*) for all accounts which hold funds to be used for the down payment and/or closing costs.

* Originals will be copied and returned to you

With these items, and your Loan Application form, we can start immediately in qualifying you for the loan, while you are gathering the other required application documents (see *Application Instruction Sheet*).

If your application is not submitted in person, you will be contacted by a Cal-Vet representative to review your application to ensure that we have all the information necessary to proceed.



IMPORTANT NOTICE

Loan Guaranty: In order to insure that the Cal-Vet loan continues to offer the best possible value to the veterans of our state, the California Department of Veterans Affairs has chosen to use the loan guaranty provided by the United States Department of Veterans Affairs (USDVA) to protect the program from losses should any loan go into default. The USDVA loan guaranty was designed to protect lenders so that they could reach out to more veterans and help them obtain homes. Adding this protection to the Cal-Vet Loan made it possible for us to reduce the cost of the funds that we use, and thereby reduce the interest rate that we charge.

The cost of the guaranty, 1.25 to 2% of the amount of the loan (3% for subsequent loans), may be paid by the seller or the veteran applicant at close of escrow, or it may be financed as part of the loan (Note: veterans receiving or eligible to receive VA disability compensation are not charged this fee). Other forms of mortgage protection are considerably more expensive for the borrower. This fee will be charged on all loans when the loan to value ratio is greater than 80% (down payment less than 20%). If you meet the Cal-Vet eligibility requirements but are not eligible for a VA loan guaranty, we can still complete your loan. Cal-Vet will provide the loan guaranty for the same cost.

Loan Servicing: Cal-Vet services all of the loans (contracts) throughout the life of the loan. Cal-Vet loans are not "sold" on the secondary market. The Department has a newly installed Mortgage Information Tracking & Accounting System that will help staff to provide timely and accurate service to loan holders. The loans use impound (escrow) accounts to hold funds collected for payment of property taxes and insurance premiums. Loan holders will receive coupon billing books to make monthly payments (new loan holders will receive monthly billings until coupon books are issued each June). Loan Servicing includes inquiries on payments, billings or accounts; insurance or tax matters; changes to title or property description; mortgage verifications; consent to encumber; request for payoffs -- or any matter affecting the loan. The Customer Service Unit can be reached by telephone (1-800-952-5626), e-mail (loanserv@cdva.ca.gov) or by writing Cal-Vet, P.O. Box 942895, Sacramento CA 94295-0001.

CALIFORNIA DEPARTMENT OF VETERANS AFFAIRS
Farm and Home Purchases Division

SPECIAL NOTICE REGARDING YOUR CAL-VET LOAN APPLICATION

Cal-Vet loans are funded with proceeds from the sales of both state and federal tax-exempt bonds, at no cost to California taxpayers. Since we finance the program with these bonds, both state and federal laws govern the Cal-Vet loan program.

Except in certain limited circumstances, Cal-Vet is prohibited from refinancing existing loans on real property. Internal Revenue Service regulations prohibit refinancing except for "construction period loans, bridge loans, or similar temporary initial financing." The regulations define temporary initial financing as "any financing which has a term of twenty-four months or less." The 24 months commences with the date stated on the note and deed of trust and ends with the date the loan is due and payable in full. There must be no provisions for extension or renewal. A construction loan should have as short a term as possible which is reasonably consistent with the anticipated construction period, and should not be converted to an interim loan with a term in excess of 24 months.

YOU MUST FILE YOUR CAL-VET LOAN APPLICATION BEFORE OBTAINING AN INTEREST OF RECORD IN THE PROPERTY YOU WISH TO PURCHASE, UNLESS THE APPLICATION IS FOR AID IN THE CONSTRUCTION OF A HOME FOR WHICH A CERTIFICATE OF OCCUPANCY HAS NOT BEEN ISSUED.

IF YOU INTEND TO OBTAIN TEMPORARY FINANCING, SHOW THIS NOTICE TO YOUR LENDER TO ASSURE THAT YOUR LOAN COMPLIES WITH ALL STATE AND FEDERAL REGULATIONS.

Cal-Vet cannot and will not refinance an existing loan which does not comply with these regulations.

INFORMATION

The California Information Practices Act of 1977 requires that all applicants be informed of the purposes and uses to be made of information solicited. The following is furnished to explain the reasons why information is requested and the general uses to which that information may be put.

AUTHORITY: The California Department of Veterans Affairs is authorized to request information under the authority of the Military and Veterans Code of the State of California, particularly Section 987.56.

PURPOSE: The information requested is considered relevant and necessary to determine entitlement to and qualification for the benefit for which you are applying.

USES: The information will be used in your best interest in determining eligibility for the maximum benefits allowable by law. There is no presently known or foreseeable interagency or intergovernmental transfer which may be made of the information. However, the information may be transferred to a governmental entity when required by state or federal law, and certain other disclosures or transfers may be made as permitted by Section 1798.24 of the California Civil Code.

EFFECTS OF NOT PROVIDING INFORMATION: Disclosure of the information is voluntary. No penalty will be imposed for failure to respond. However, your qualifications for the benefit requested must then be made on the basis of the available evidence of record. This may result in a delay in the processing of the application, receipt of less than the maximum benefit, or deferral or complete disallowance of your loan request. Failure to provide information in connection with the benefit currently being sought will have no detrimental effect on any other benefit to which you are entitled.

RIGHT OF REVIEW: Individuals have the right of access to records containing personal information on them at all times during regular office hours of the department.

DEPARTMENT OFFICIAL RESPONSIBLE FOR INFORMATION MAINTENANCE: Central Files Manager,
Sacramento

THE HOUSING FINANCIAL DISCRIMINATION ACT OF 1977

(Pursuant to Title 21, California Code of Regulations, Section 7114)

FAIR LENDING NOTICE

It is illegal to discriminate in the provision of or in the availability of financial assistance because of the consideration of:

1. Trends, characteristics or conditions in the neighborhood or geographic area surrounding a housing accommodation, unless the financial institution can demonstrate in the particular case that such consideration is required to avoid an unsafe and unsound business practice; or

2. Race, color, religion, sex, marital status, national origin or ancestry.

It is illegal to consider the racial, ethnic, religious or national origin composition of a neighborhood or geographic area surrounding a housing accommodation or whether or not such composition is undergoing change, or is expected to undergo change, in appraising a housing accommodation or in determining whether or not, or under what terms and conditions, to provide financial assistance.

These provisions govern financial assistance for the purpose of the purchase, construction, rehabilitation or refinancing of one-to four-unit family residences occupied by the owner and for the purpose of the home improvement of any one-to-four-unit family residence.

If you have questions about your rights, or if you wish to file a complaint, contact the management of this financial institution or the:

Office of the Secretary
Business, Transportation and Housing Agency
1120 N Street
Sacramento, CA 95814

Acknowledgment of receipt

I (we) received a copy of this notice.

Signature of Veteran Applicant Date

Signature of Spouse Date

WORD OF CAUTION

The processing of your home loan is a detailed process and requires accurate information. Please keep in mind that this process may take longer than expected and requires final updating prior to the funding of your loan. Because of these last minute updates, it is imperative that the information you give us, and subsequently verified by our office, does not change appreciably. Therefore, please continue to make your mortgage payments and all other financial obligations as usual until the close of escrow.

Please notify us before you do any of the following, or please delay doing the following if at all possible:

- 1) Change employment.
- 2) Move any funds from one bank account to another or close an existing account.
- 3) Make any large purchases such as an automobile, furniture, or high cost items.

All of the above situations can be dealt with appropriately if we know about the changes prior to their occurrence. Failure to notify us about any significant changes to your original loan file, or any material fact regarding your financial condition could seriously affect the outcome of your loan transaction. **YOUR LOAN FILE MAY BE UPDATED PRIOR TO THE CLOSE OF ESCROW!**

Signature of Veteran Applicant Date

Signature of Spouse Date

CALIFORNIA DEPARTMENT OF VETERANS AFFAIRS
Farm and Home Purchases Division

CAL-VET LOAN APPLICATION INSTRUCTION SHEET

Thank you for your interest in the Cal-Vet Loan Program. These instructions will assist you in completing your application. Staff in the local district office will be pleased to assist you further. Please feel free to contact us if you have questions.

1. Fees

- a) Submit your non-refundable **\$50 APPLICATION FEE** in the form of a guaranteed or personal check made payable to the "Department of Veterans Affairs." This fee will be credited as part of your Loan Origination Fee at close of escrow.
- b) Submit a second personal check or guaranteed payment for the **appraisal fee**. For existing properties, \$350; for condominiums/planned unit developments, \$375 / \$425; for new houses, never occupied and less than 1 year old, \$400. (If your application is canceled prior to ordering the appraisal, the fee will be refunded.)
- c) **A Loan Origination Fee of 1% of the basic loan amount will be charged and collected at close of escrow.** Complete **CAL-VET LOAN ORIGATION / FUNDING FEE (Form C-14)** indicating the payment source for this fee.

2. Submit your completed **UNIFORM RESIDENTIAL LOAN APPLICATION (Form 1003)**. Note: PLEASE TYPE OR COMPLETE IN INK . Answer all questions completely. Mark questions that are not applicable "N/A." IF YOU ARE MARRIED, YOUR SPOUSE MUST ALSO SIGN THE LOAN APPLICATION.

3. Submit verification of all income sources listed on your application.

- a) Submit your most recent pay stub(s) covering at least one full month (**originals**), plus your **W-2s** for the past two years, **OR**, if self employed, submit current year-to-date financial statements including a profit and loss statement and balance sheet, and copies of your federal income tax returns (**1040 and Schedule C**) for the past two years.
- b) Submit verification of other types of income; for example: a *current* copy of your **Award Letter** for retirement, VA compensation or Social Security, or *current* verification of alimony, child support, interest, or dividends.

4. Submit **original statements for the past three months** for all accounts holding funds for the down payment or closing costs.

5. Submit a legible copy of your **NOTICE OF SEPARATION FROM ARMED FORCES (form "DD214")**. If this form does not verify your Cal-Vet eligibility, we will request additional military documentation. Original documents will be returned to you after copies have been made. If you are still on active duty and have never received a "DD214," submit a Statement of Service completed by your commanding officer.

6. Submit your original **VA Certificate of Eligibility (Form 26-8320)**. If you do not have a Certificate of Eligibility issued by the United States Department of Veterans Affairs please complete the **REQUEST FOR DETERMINATION OF ELIGIBILITY** (VA Form 26-1880) included in this application package and submit it with your application. Note: Some veterans are not eligible for both Cal-Vet Loans and VA Loan Guaranties. In order to obtain a Cal-Vet Loan you must meet California veteran eligibility requirements. If you are eligible for Cal-Vet and not for a VA Loan Guaranty, Cal-Vet can still fund your loan.

7. Complete and return the **PURCHASER'S AFFIDAVIT (AP-2)**, and have the seller complete and return the **SELLER'S AFFIDAVIT (AP-3)**.

8. Property Requirements

- a) Submit copies of the signed **ESCROW INSTRUCTIONS AND SALES AGREEMENT**, together with the **REAL ESTATE TRANSFER DISCLOSURE STATEMENT** covering the proposed transaction, executed by all parties. Include any addendums or counter offers.
- b) Submit two copies of a **PRELIMINARY REPORT OF TITLE** *not more than three months old*, with a plat map covering the property.

9. **DESIGNATION OF AGENT AND GENERAL RELEASE (Form A-3)**. This form is OPTIONAL. Submit it when you wish to have an agent act on your behalf and receive all loan correspondence during the processing of your Cal-Vet loan.

10. Sign and return one copy of the **FAIR LENDING NOTICE and WORD OF CAUTION (L-9)**, and the **BORROWER'S AUTHORIZATION (C-11-3)** and **VERIFICATION OF BORROWER'S NAME (V-11)** Forms.

11. Complete the **APPLICATION FOR LIFE & DISABILITY INSURANCE**. Your spouse may apply for optional life insurance by requesting and completing the **APPLICATION FOR SPOUSE LIFE** Insurance.

THE FOLLOWING ITEMS MAY BE REQUESTED AFTER LOAN APPROVAL:

12. **TERMITE REPORT**. If the dwelling you are purchasing is more than *one year old or ever occupied*, the Department will require a termite report and clearance. The report must not be over *four months old*.
13. **OTHER REPAIRS**. Repairs may be required to correct conditions impairing the safety, sanitation or structural soundness of the dwelling.
14. **WELL/SEPTIC SYSTEM**. If the dwelling you are purchasing has private water and/or sewage disposal, you may be required to obtain an inspection verifying the adequacy of the systems.
15. **PERMITS/BUILDING CODE COMPLIANCE INSPECTION**. If the dwelling you are purchasing has had additions or substantial remodeling, the department may require copies of building permits or, in some cases, a code compliance inspection and clearance.
16. **SECONDARY FINANCING DOCUMENTS**. If the maximum Cal-Vet loan is not adequate, secondary financing may be used to assist in the purchase of the property. The combined Cal-Vet loan and secondary financing may not exceed 98% of the appraised value or sales price of the property, whichever is less. If secondary financing is used, you will be required to submit the original signed Deed of Trust, a certified copy of the signed Note, and Cal-Vet's Subordination Agreement, signed by the secondary lender.

NOTE: Cal-Vet will participate with most Community Housing down payment assistance programs. The 98% financing limit noted above is waived when these programs are used.

17. **CONDOMINIUM/PLANNED UNIT DEVELOPMENT**. If you are purchasing this type of property and the Homeowners' Association of the condominium or planned unit development has not been previously approved by Cal-Vet, you will be required to submit documents governing the development.
18. **MOBILE HOME ON YOUR LAND**. If you are purchasing this type of property, you must place the mobile home on a permanent foundation and furnish copies of the recorded HCD Form 433 and HCD Form 513 as evidence that this requirement has been completed. You must also obtain your own fire insurance coverage. You will be advised of the required amount of coverage after completion of the appraisal.
19. **MOBILE HOME IN A RENTAL PARK**. If you are purchasing this type of property, you will also be asked to:
 - a) Submit, in writing, the name of the rental park, and the name and phone number of park manager.
 - b) Submit a copy of the proposed rental agreement, space number/address, amount of monthly space rental, and map of the park.
 - c) Advise whether the mobile home is used and whether the mobile home is already in place on the space. If the mobile home is new, advise when mobile home will be installed on the space.
 - d) Submit a copy of the Sales Agreement (if a used mobile home), or a copy of the Purchase Order (if new).
 - e) If a used mobile home, submit a Formal Title Search from the Department of Housing and Community Development (HCD).
 - f) When the appraisal has been completed, submit a Certificate of Coverage which verifies that the mobile home will be insured for the required amount. Also submit verification that a Loss Payable Endorsement, which names the Department of Veterans Affairs as the insured, will be provided in escrow when the loan is funded.
 - g) If the mobile home you wish to purchase is more than *one year old* or has structural modification, obtain a mobile home health and safety inspection from HCD (request HCD form 415). Please order this inspection when your escrow is opened.
 - h) Provide the name, address, and escrow number of the company handling your escrow. If the escrow company you have chosen is not approved to handle Cal-Vet transactions, your local Cal-Vet district office will advise you.

APPEALS

Persons who disagree or are dissatisfied with actions taken or decisions made regarding their application may appeal to the Division Chief, Farm and Home Purchases Division, P. O. Box 942895, Sacramento, 94295-0001. If the problem is not resolved satisfactorily at that level, it may qualify for an appeal to the California Veterans Board. Further information regarding the appeal procedure is available upon request.

Cal-Vet Loan Processing Cycle

Step 1 Loan application (URLA Form 1003) is received in Platinum office and is reviewed for completeness. (See Loan Application Instruction Sheet for required documents)

Step 2 After an initial review of your eligibility, credit, and income qualification, you will be advised of any additional items or documentation needed. An appointment may be made with you for an interview to complete your application.

Step 3 When your Cal-Vet eligibility, credit worthiness, and financial qualification have been established, the appraisal will be ordered. You will receive a commitment letter when the loan has been approved, subject to receipt and review of the appraisal. If any additional information is needed, you will be contacted by letter and/or telephone.

Step 4 Upon receipt of the appraisal you will receive a loan approval letter listing any property requirements that must be completed before the loan can be funded. In some cases items will be required prior to issuing loan documents to your escrow holder. Whenever possible requirements will be collected at closing.

Step 5 You will be contacted by your escrow holder to sign the Cal-Vet Contract and complete any final purchase requirements.

Step 6 The escrow holder will return the completed loan documents to Cal-Vet and funds will be issued to close the loan.

Step 7 Cal-Vet will order the loan guaranty from USDVA, and your file will be set up for loan servicing.

Step 8 Your first Cal-Vet Loan payment will be due on the first of the month occurring 30 days after closing; for example, if your loan closes on May 15, your first payment would be due on July 1.

CAL-VET LOAN FUNDING SOURCES

Cal-Vet loans are funded through the sales of tax-exempt bonds. From the program's beginning in 1921 until 1980, only general obligation bonds were sold to support the program. General obligation bonds are backed by the full faith and credit of the State of California and must be authorized by a vote of the people at a general, statewide election. All general obligation bonds sold to support the Cal-Vet loan program are repaid by Cal-Vet loan holders through the payment of principal and interest on their loans.

Even though the Cal-Vet program has been totally self-supporting and no taxpayer funds have been used to repay its bonds, there are state and federal limitations on the amounts of general obligation bonds which may be sold for the program. Because demand for Cal-Vet loans was exceeding Cal-Vet's ability to fund with general obligation bonds, legislation was passed which enabled Cal-Vet to sell revenue bonds to supplement general obligation bonds. The first Cal-Vet revenue bonds were sold in 1980. These bonds are also repaid by Cal-Vet loan holders.

Federal laws and regulations resulting from the Mortgage Subsidy Bond Tax Act of 1980, the Deficit Reduction Act of 1984, the Tax Reform Act of 1986, and subsequent amendments, have affected the ways in which all Cal-Vet bond funds may be used. The following paragraphs explain how general obligation bond funds and revenue bond funds may be used to make Cal-Vet loans.

GENERAL OBLIGATION BONDS

Under federal law, general obligation veterans bonds may be used to fund loans only to veterans who served on active duty prior to January 1, 1977, and who have been released from active duty for less than thirty years. Under state law, set forth in the California Military and Veterans Code, the veteran must have served during a qualifying war period or received an armed forces expeditionary medal or campaign medal awarded by the federal government for the period served. Although unremarried spouses of veterans may qualify for Cal-Vet loans under state laws, federal laws prohibit them from being funded with general obligation bond proceeds.

General obligation bond funds may be used to purchase homes (which include condominiums and planned unit developments), farms, mobile homes on land owned by the applicant and mobile homes in mobile home parks. There are no purchase price restrictions on the properties which can be purchased with general obligation bond funds, nor are there income limitations on the veteran borrower.

REVENUE BONDS

If an applicant is an eligible veteran or unremarried spouse of a veteran under provisions of the California Military and Veterans Code, he or she may qualify to receive a loan from revenue bond funds if qualified under one of the following two categories:

1. "First-time home buyer." A first-time home buyer is defined by the federal government as one who has not owned an interest of record in his/her principal place of residence during the three years prior to closing escrow on the revenue bond funded loan. Both the applicant and spouse, if applicable, must qualify as first-time home buyers.
2. "Targeted area" purchaser. A targeted area is defined by the federal government as an area of low income or chronic economic distress. Each Cal-Vet district office maintains a list and/or map of targeted areas within its service area.

If an applicant is purchasing in a non-targeted area, the property being purchased must qualify under purchase price limitations, issued from time to time by the Internal Revenue Service. The applicant must also qualify under income limitations, issued from time to time by the U. S. Department of Housing and Urban Development.

If an applicant is purchasing in a targeted area, the property being purchased must qualify under purchase price limitations, which are higher than those in non-targeted areas.

Revenue bond loans are available only on single-family residences and mobile homes on land owned by the applicant. Single family residences includes individual units in condominium and planned unit developments.

Purchasers whose loans are funded with revenue bonds may be liable for a federally-imposed Recapture Tax if the property being purchased is disposed of (sold) within the first full 9 years following the funding date. This tax is intended to repay the federal government for the benefit of using tax-exempt bonds. There is no Recapture Tax due if the disposition of the property is by reason of the death of the veteran.

The foregoing provisions governing the uses of revenue bonds are all dictated by federal laws contained in the Internal Revenue Code.

UNRESTRICTED FUNDS

Cal-Vet has a limited amount of funds which can be used to fund veterans who do not qualify for General Obligation or Revenue Bonds. Check with your nearest Cal-Vet office for availability of these funds.

This chart sets forth the current purchase price limitations in both non-targeted and targeted areas in various areas of the state and the current income limitations in various areas of the state. Only loans made with revenue bond proceeds are subject to these limitations which are set forth by the federal government. Those administering the Cal-Vet loan program have no discretion regarding these limitations.

**AVERAGE AREA PURCHASE PRICE SAFE HARBOR LIMITATIONS
SINGLE-FAMILY RESIDENCES**

★ REVENUE BOND FUNDED LOANS ONLY ★

<u>STATISTICAL AREA</u>	<u>NON-TARGETED AREAS</u>		<u>TARGETED AREAS</u>	
	<u>New Residence</u>	<u>Existing Residence</u>	<u>New Residence</u>	<u>Existing Residence</u>
Anaheim-Santa Ana (Orange Co. PMSA)	\$229,883	\$204,837	\$280,968	\$250,356
Bakersfield MSA (Kern Co.)	169,109	98,521	206,688	120,414
Chico - Paradise (Butte Co.)	169,109	96,309	206,688	117,712
Fresno (Fresno & Madera Cos.)	169,109	115,112	206,688	140,693
Los Angeles-Long Beach PMSA (Los Angeles Co.)	230,563	196,198	281,800	239,797
Modesto (Stanislaus Co.)	169,109	112,411	206,688	137,392
Oakland PMSA (Alameda & Contra Costa Cos.)	199,929	187,972	244,358	229,743
Redding MSA (Shasta Co.)	169,109	111,113	206,688	135,804
Riverside-San Bernardino PMSA (Riverside & San Bernardino Cos.)	149,598	160,248	182,843	195,859
Sacramento PMSA (Sacramento, El Dorado & Placer Cos.)	153,708	134,256	187,865	164,091
Salinas (Monterey Co.)	169,109	178,555	206,688	218,234
San Diego (San Diego Co.)	149,932	167,231	183,251	204,394
San Francisco PMSA (San Francisco, San Mateo & Marin Cos.)	224,072	256,509	273,865	313,512
San Jose PMSA (Santa Clara Co.)	237,705	228,411	290,528	279,169
San Luis Obispo-Atascadero-Paso Robles (San Luis Obispo Co.)	169,109	178,860	206,688	218,607
Santa Barbara-Santa Maria-Lompoc (Santa Barbara Co.)	169,109	183,443	206,688	224,209
Santa Cruz-Watsonville PMSA (Santa Cruz Co.)	169,109	215,278	206,688	263,117
Santa Rosa PMSA (Sonoma Co.)	169,109	188,589	206,688	230,498
Stockton-Lodi (San Joaquin Co.)	169,109	120,511	206,688	147,292
Vallejo-Fairfield-Napa PMSA (Napa & Solano Cos.)	173,303	174,219	211,814	212,934
Ventura PMSA (Ventura Co.)	169,109	190,349	206,688	232,648
Visalia-Tulare-Porterville (Tulare Co.)	169,109	88,266	206,688	107,881
All Other Areas	169,109	143,914	206,688	175,895



FAMILY INCOME LIMITATIONS

<u>STATISTICAL AREA</u>	<u>INCOME LIMIT</u>		<u>STATISTICAL AREA</u>	<u>INCOME LIMIT</u>	
	<u>NON-TARGETED</u>	<u>TARGETED</u>		<u>NON-TARGETED</u>	<u>TARGETED</u>
Los Angeles-Long Beach PMSA (Los Angeles Co.)	\$62,215	\$75,740	Santa Cruz-Watsonville PMSA (Santa Cruz Co.)	\$70,150	\$85,400
Oakland PMSA (Alameda and Contra Costa Cos.)	\$75,555	\$91,930	Santa Rosa PMSA (Sonoma Co.)	\$64,285	\$78,260
Orange County PMSA	\$78,545	\$95,620	Vallejo-Fairfield-Napa PMSA (Napa & Solano Cos.)	\$62,215	\$75,740
San Francisco PMSA (San Mateo, San Francisco and Marin Cos.)	\$83,200	\$101,360	Ventura PMSA	\$75,095	\$91,420
San Jose PMSA (Santa Clara Co.)	\$94,990	\$115,640	All Other Areas	\$62,215	\$75,740

CAL-VET HOME LOANS



Verification of Borrower(s) Name(s)

I understand and agree that I will take title as my name is shown below, regardless of the way my name is shown or signed on my loan application. I am aware that all legal documents will carry my name exactly as shown below and understand that I will be required to sign exactly as it is shown below.

Print Name (Veteran)

Signature

Print Name (Spouse)

Signature

Cal-Vet Home Loans



BORROWER'S AUTHORIZATION

We hereby give our consent to Cal-Vet Home Loans, or any credit reporting bureau which it may designate, to obtain any and all information concerning our employment, checking and/or savings accounts, financial obligations, and/or all other credit matters, which they may require in connection with our application for a loan and any quality control review of such loan. This form may be reproduced and photocopied and a copy shall be as effective as the original which we have signed.

Privacy Act Notice: The information collected is to be used by the agency collecting it or its assignees in determining whether you qualify as a prospective borrower under its program. It will not be disclosed outside the agency except as required and permitted by law. You do not have to provide this information, but if you do not, your application for approval as a prospective borrower may be delayed or rejected. The information requested in this form is authorized by Title 38, USC, Chapter 37.

Signature of Veteran Applicant

Date

Signature of Spouse

Date

I hereby certify this to be a true and correct copy of the original.

Cal-Vet Home Loans

Date

**Cal-Vet
Loan Origination Fee / Funding Fee**

I understand that a 1% Loan Origination Fee will be charged, and that if my loan amount exceeds 80% of the sales price or market value, whichever is less, I will be charged a funding fee based on the loan guaranty fees charged by the United States Department of Veterans Affairs (USDVA) for VA loan guaranties. This funding fee will be charged regardless of whether or not the California Department of Veterans Affairs (CDVA) purchases a guaranty from USDVA or obtains mortgage protection from another source.

I intend to pay these fees as follows:

Application Fee - \$50 To be paid with application. This fee will be credited to the Loan Origination Fee at close of escrow.

Loan Origination Fee of 1% (of loan amount) to be: Paid in escrow by me
 Paid in escrow by seller

CDVA/USDVA Funding Fee (see table) to be: Paid in escrow by me
 Paid in escrow by seller
 Added to my loan

▼Down payment	Original VA Loan	Subsequent VA Loan
20% or more	N/A	N/A
Less than 20% to 10%	1.25%	1.25%
Less than 10% to 5%	1.5%	1.5%
Less than 5% to 2%	2%	3%

Fee is a percentage of the loan amount. These fees will be used by CDVA to purchase a loan guarantee from VA, or if for some reason you or the property are not eligible for VA loan benefits but still meet Cal-Vet's eligibility and underwriting criteria, they will be used to secure mortgage protection for your loan from a private mortgage insurance provider or placed in a CDVA administered self insured fund. **This is a one time charge and does not affect your interest rate or monthly payment (unless you choose to finance the fee with your loan.)**

Veteran Applicant: _____ **Date:** _____

CALIFORNIA DEPARTMENT OF VETERANS AFFAIRS
Division of Farm and Home Purchases

**PURCHASER'S AFFIDAVIT
(Cal-Vet Loan Contract)**

As applicant(s) for a Cal-Vet loan, you must read this affidavit carefully, including the INSTRUCTIONS FOR PURCHASER'S AFFIDAVIT printed on the reverse side. Complete (print in ink or type) this affidavit and sign it under penalty of perjury. By doing so, you certify and declare that all the statements in it are true.

YOU CERTIFY AND DECLARE THAT:

1. You intend to use the house you are purchasing as your principal residence within 60 days after the Cal-Vet loan is made.
2. You intend to use the house as your principal residence until the Cal-Vet loan is paid in full.
3. You haven't rented or sold the house to someone else and you don't intend to do so.
4. You won't allow the Cal-Vet loan to be assumed by someone else without the prior written consent of the Department of Veterans Affairs.
5. You won't use the house in a business or trade, or for any other commercial purpose.
6. You won't use the house as an investment property.
7. You won't use the house as a recreational property, or as a vacation or "weekend" home.
8. You don't have (and haven't had) existing financing for the house (whether paid in full or not), except for a construction loan or other temporary initial financing with a term of 24 months or less.
9. You haven't made and won't make an agreement to purchase the department's bonds, directly or indirectly, in an amount related to the amount of the Cal-Vet loan.
10. The lot being purchased reasonably maintains the basic liveability of the house, and will not provide a source of income to you.
11. The house is _____ is not _____ permanently attached to the lot.
12. You have _____ haven't _____ had a present ownership interest in a house used as your principal residence during the three years before the Cal-Vet loan is made. (See Instructions)
13. You have filed _____ have not filed and were not required to file _____ federal income tax returns for the last three years. (See Instructions)
14. Your name is _____. Your spouse's name is _____.
The house is located at _____.
15. The 'acquisition cost' of the house is \$ _____. (See Instructions)
16. Your "annualized gross income" is \$ _____. (See Instructions)

I (we) hereby certify and declare under penalty of perjury under the laws of the United States and the State of California that the foregoing is true and correct.

Executed this _____ day of _____, _____, in the City of _____,
County of _____ State of California.

Signed: _____
Loan Applicant

Signed: _____
Applicant's Spouse

INSTRUCTIONS FOR PURCHASER'S AFFIDAVIT

1. You need to determine whether you and/or your spouse had a “present ownership interest” in any house used as your principal residence during the three years before the Cal-Vet loan is made.

“Present ownership interest” includes outright ownership by you, and the following types of interests:

- a. Joint tenancy, tenancy in common, tenancy by the entirety, or community property.
- b. Interest of a tenant-shareholder in a stock cooperative or similar interest.
- c. A Life Estate.
- d. Interest under an installment land contract granting current possession of the house, with legal title to follow at a later date.
- e. A lease with an option to purchase for a nominal amount.
- f. Any of the above interests, including outright ownership, held in trust for you.

“Present ownership interest” does not include the following types of interests:

- a. A remainder interest (an interest you would have only upon the termination of an interest granted by someone else to another person).
- b. A lease without an option to purchase, or a lease with an option to purchase at fair market value.
- c. A mere expectancy to inherit an interest.
- d. The interest of a purchaser under a “marketing” contract (any interest you might have had upon the signing of a real estate deposit receipt or similar contract, where you did not complete the purchase).
- e. An interest in other than a principal residence during the previous three years.

2. You need to calculate and state the “acquisition cost” of the house to you.

“Acquisition cost” includes the following types of costs:

- a. All amounts paid, in cash or in any other way, as the purchase price of the house.
- b. If the house is incomplete, “acquisition cost” also includes the reasonable cost of completing the house.
- c. An additional amounts paid for fixtures, such as light fixtures, curtain rods, wall-to-wall carpeting and similar items.

“Acquisition cost” does not include these types of costs:

- a. Settlement costs, such as title and transfer costs, title insurance premiums, and survey fees.
- b. Financing costs, such as credit reference fees, legal fees, appraisal expenses and ‘points’ which are paid by you.
- c. The value of work done by you or your family in completing the house.
- d. The cost of the lot upon which you are building your house, if you have owned the lot for at least two years before construction begins.

3. You need to calculate and state your “annualized gross income,” which is your “gross monthly income” multiplied by 12.

Gross monthly income includes:

- a. Gross pay, overtime pay, bonuses, and income from part-time employment.
- b. Pension checks and U. S. Department of Veterans Affairs (formerly the Veterans Administration) compensation.
- c. Dividends, interest, net rental income and any additional income from business activities or investments.
- d. Other income (such as alimony, child support public assistance, sick pay, social security benefits, unemployment compensation and income received from trusts).

4. Sign the affidavit under penalty of perjury.

¹ *If you haven't had a present ownership interest in a house in the last three years, you must provide copies of your federal income tax returns for each of those years, or you must state that you haven't filed and were not required to file such returns.*

CALIFORNIA DEPARTMENT OF VETERANS AFFAIRS
Division of Farm and Home Purchases

**SELLER'S AFFIDAVIT
(Cal-Vet Loan Contract)**

The purpose of this affidavit is to determine the acquisition cost of the house being purchased with Cal-Vet financing. Please read this affidavit carefully, including the INSTRUCTIONS FOR SELLER'S AFFIDAVIT printed on the reverse side. Fill in (print in ink or type) the appropriate section of this affidavit (1, 2., or 3). Sign the affidavit under penalty of perjury. By doing so, you certify and declare that all the statements in it are true.

YOU CERTIFY AND DECLARE THAT:

(check appropriate box)

1. A. **You are the seller(s) of the house located at** _____, which is being purchased with Cal-Vet financing. Address
- B. You are selling the house to _____ and _____
Loan Applicant
Applicant's Spouse.
- C. The total "acquisition cost" of the house is \$_____. (See Instructions)

2. A. **You are the construction / interim lender for the house located at** _____, which is being purchased with Cal-Vet financing. Address
Address
- B. You have lent interim funds to purchase the above house to _____ and _____
Loan Applicant
Applicant's Spouse.
- C. The total "acquisition cost" of the house is \$_____. (See Instructions)

3. A. **You are the Loan Applicant (and spouse).** I (We), _____, _____, own the land located at _____
Loan Applicant
Applicant's Spouse
Address
_____, on which I (we) are building the house
Address
which is to be purchased with Cal-Vet financing upon completion.
- B. The total "acquisition cost" of the house is \$_____. (See Instructions)

I (we) hereby certify and declare under penalty of perjury under the laws of the United States and the State of California that the foregoing is true and correct.

Executed this _____ day of _____, _____, in the City of _____,
County of _____, State of California.

Signed: _____
Seller's Name

Title (if applicable)

Signed: _____
Seller's Name

Title (if applicable)

Name of Company (if applicable)

INSTRUCTIONS FOR SELLER'S AFFIDAVIT

- 1. Decide which situation best describes our role in this transaction. Check the appropriate box (either 1, 2, or 3). Fill in the blanks for your situation only.**
- 2. You need to calculate and state the "acquisition cost" of the house being sold to the loan applicant or being built by the loan applicant.**

"Acquisition cost" includes the following types of costs:

- a. All amounts paid, in cash or in any other way, as the purchase price of the house.
- b. If the house is incomplete, "acquisition cost" also includes the reasonable cost of completing the house.
- c. An additional amounts paid for fixtures, such as light fixtures, curtain rods, wall-to-wall carpeting and similar items.

"Acquisition cost" does not include these types of costs:

- a. Settlement costs, such as title and transfer costs, title insurance premiums, and survey fees.
- b. Financing costs, such as credit reference fees, legal fees, appraisal expenses and 'points' which are paid by the loan applicant.
- c. The value of work done by the loan applicant and family in completing the house.
- d. The cost of the lot upon which the loan applicant is building your house, if the loan applicant and/or spouse owned the lot for at least two years before construction.

- 3. Sign the affidavit under penalty of perjury.**

SAMPLE STATEMENT OF SERVICE

STATEMENT OF SERVICE

1. This is to certify the military service of _____
Veteran's Last Name, First Name, Middle Initial

Social Security Number Grade Service Number(s) Branch of Service

SERVICE ACTIVE OR INACTIVE:

FROM: _____ To: _____
(Date of Enlistment) (Date Enlistment Completed)

PERSONAL DATA

Date of Birth: _____ Prior Active Duty
If YES, list dates:
Place of Birth: _____ From: _____ To: _____
Place of Entry: _____ Probable Date of Retirement: _____
Home of Record: _____ Probable Retirement Pay: _____

2. Is ANY of the above listed duty solely for physical examination, training or schooling?
YES NO

3. Was the service member called to Active Duty from a Reserve or National Guard Unit due to Presidential Executive Order?
YES NO

4. Is the service member eligible for a Campaign or Expeditionary Medal? (specify campaign or expedition)

5. _____
Total Active Military Service (years/months/days)

6. _____
Total Inactive Military Service (years/months/days)

7. _____
Total Honorable Service (years/months/days)

The above information was obtained from documents contained in the individual's Unit Personnel Records.

Signature of Authorized Officer
(Must be Adjutant, Personnel Officer or Commanding Officer of the Unit)

California Department of Veterans Affairs
Division of Farm and Home Purchases (Cal-Vet Home Loans)

Instructions for Form A-6-I, Sample Statement of Service

1. The purpose of this form is to assist in establishing eligibility for the Cal-Vet Home Loan Program for active duty service members.
2. This form is only a sample showing the information requested. The information for this form must be placed on Command letterhead. Do not send the form itself.
3. The completed form must be signed by the adjutant, personnel officer or commanding officer of the individual's unit.

CALIFORNIA DEPARTMENT OF VETERANS AFFAIRS

Division of Farm and Home Purchases

**DESIGNATION OF AGENT
AND
GENERAL RELEASE**

I hereby appoint and designate _____ as my agent for all purposes in connection with the processing of my application for a Cal-Vet Loan to include, but not be limited to, working with the district office, the division, and the department to provide and obtain any and all information necessary to complete the processing of my loan and the purchase of my farm or home.

I understand that if the person or firm designated by me is licensed as a real estate agent or broker, they may be the agent or broker for the seller of the property. I also understand that the department assumes no responsibility for and makes no recommendations as to the acts, conduct, duties, qualifications, or status of the person or firm I have so designated. Nevertheless, I so designate said person or firm freely and voluntarily, on my own accord, with full knowledge of all necessary facts.

I authorize the department to obtain from and disclose or release to my designated agent any and all information, whether confidential, personal, or otherwise, which may be desirable or necessary in the processing and completion of my Cal-Vet loan, and this authorization and consent shall be effective from the date hereof to the date my Cal-Vet Loan is completed or made or is otherwise terminated. I understand that all communications and contacts concerning my Cal-Vet Loan processing will be made through or with my designated agent, and that it is the agent's responsibility to keep me informed and to provide me with copies of all correspondence and documents.

This authorization and designation may be revoked only by another writing signed by me, and such revocation shall be effective only when received by the department.

IN CONSIDERATION of the department's acceptance of this designation and the terms thereof, the undersigned hereby release the State of California, the Department of Veterans Affairs of the State of California, and their assigns, employees, officers, and successors, from any and all actions, claims, demands, liability, or suits of any kind, arising out of or by reason of this designation, the department's working with the designated agent pursuant hereto, and the obtaining or the disclosure or release of any and all information pursuant to this designation.

The undersigned agree, in further consideration hereof, that this Release shall apply to all unknown and unanticipated claims arising out of said matters, as well as to those now known, if any, and expressly waive the provisions of Section 1542 of the California Civil Code, which reads as follows: "A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release, which if known by him must have materially affected his settlement with the debtor."

The undersigned declare that the terms of this designation and release have been read completely by them, and that the terms are fully understood and freely and voluntarily accepted by them.

IN WITNESS WHEREOF, the undersigned have executed this Designation of Agent and General Release

this _____ day of _____, _____.

Veteran Applicant

Applicant's Spouse

ACCEPTANCE BY AGENT

I hereby accept the above designation as agent, and assume all responsibilities incident thereto

Dated: _____, 19 _____.

Signature of Agent

Name of Business

Name of Agent (Type or Print)

Business Address

Telephone Number

City

Zip