

## Explanation of Form

### *Form Instructions:*

- Item 1: The amount of the Deed-of-Trust Note, which usually equals the total of the base, exceptions and demolition contracts.
- Item 2: Unless a Finance Charge is enumerated in the CDBG Housing Program Design or the IPR Project Management Plan, there is no charge.
- Item 3: Item 1 + Item 2 = Item 3.
- Item 4: Unless a Percentage Rate is enumerated in the CDBG Housing Program Design or the IPR Project Management Plan, the percentage rate is zero.
- Item 5: The amounts to be inserted are taken from the Loan Repayment Worksheet.
- Item 6: The payment due date can be changed if another date is specified in the loan servicing section of the CDBG Housing Program Design or the IPR Project Management Plan.
- Item 7: Self-explanatory.
- Item 8: The closing costs can be customized as specified in the loan servicing section of the CDBG Housing Program Design or the IPR Project Management Plan. The Deed-of-Trust and Deed-of-Trust Note language **must** be consistent with the statement.
- Items 9-10: The Deed-of-Trust and Deed-of-Trust Note language regarding late and deferred (missed) payments **must** be consistent with the statement.
- Item 11: Self-explanatory.
- Item 12: See DHCD's policy memo, dated October 2, 2006, for additional information regarding DHCD's Occupancy and Security of Public Investment requirements.
- Item 13: If an amount is specified in the construction contract, it cannot be greater than the amount listed in Item 3. If desired, a clause can also be added regarding VDH's required annual septic maintenance agreement.
- Item 14: Self-explanatory.
- Item 15: Insert the anticipated date the Deed-of-Trust will be recorded. Make sure to take into account the Right-to-Cancel period.

# Truth-in-Lending Disclosure Statement

Borrower: \_\_\_\_\_

Lender: \_\_\_\_\_

(Subrecipient's Name)

(Subrecipient's Address)

1. Amount Financed (the amount of credit provided to you or on your behalf) \$ \_\_\_\_\_
2. FINANCE CHARGE (the total dollar amount your credit will cost you): \$ \_\_\_\_\_
3. Total of Payments (amount you will have paid after you have made all scheduled payments) \$ \_\_\_\_\_
4. ANNUAL PERCENTAGE RATE (the cost of your credit as a yearly rate) \$ \_\_\_\_\_
5. The loan is to be repaid in 120 equal consecutive monthly installments. Each monthly statement of Ability-to-Pay \$ \_\_\_\_\_ and Forgiven \$ \_\_\_\_\_ shall be in the amount of \$ \_\_\_\_\_
6. Payment of monthly installments shall begin on the 1st day of \_\_\_\_\_, 20\_\_\_\_, and thereafter on the 1st day of each and every month until the loan is repaid in full.
7. THE FINANCE CHARGE BEGINS TO ACCRUE ON \_\_\_\_/\_\_\_\_/\_\_\_\_ (the date)
8. The following must be paid at closing:  
Recording cost (Estimate) \$ \_\_\_\_\_  
Other \$ \_\_\_\_\_
9. **Late Payments.** If a payment is late, the following selected option(s) will be applicable:
  - a. You will be charged \_\_\_\_\_ percent (\_\_\_\_ %) of the payment.
  - b. You will be charged a \$ \_\_\_\_\_ late fee.
  - c. All amounts secured by the Deed of Trust Note may become due and payable immediately.
10. **Deferred Payments.** If your payment is due but is not paid in a given month, both the payment and forgiven amounts will be added onto the end of the loan period, adjusting the maturity date. If your loan is in default, all amounts secured by the Deed of Trust may become due and payable immediately.
11. **Prepayment Provisions.** If you pay off early, you will have to pay off the entire outstanding amount of the loan, including the forgiven amount. You will not have to pay a penalty and you will not be entitled to a refund of part of any finance charges.
12. **Assumption.** A low-to-moderate income heir may, with the approval of the lender, be allowed to assume the remainder of the loan on the original terms.
13. **Insurance.** Property insurance is required for the entire duration of the loan. You may obtain property insurance from anyone you want that is acceptable to the Lender. The Lender must be listed as a loss payee.
14. **Additional Information.** See your contract documents for additional information about insurance, security interests, nonpayment, default, and any required repayment in full before the scheduled date and prepayment refunds and penalties.
15. **Security interest.** This loan will be secured by a Deed of Trust on \_\_\_\_\_ / \_\_\_\_\_ / \_\_\_\_\_ for the Property at \_\_\_\_\_.

**I acknowledge receipt of a copy of the foregoing Truth-in-Lending Disclosure Statement**

\_\_\_\_\_  
Signature of Borrower

\_\_\_\_\_  
Date

\_\_\_\_\_  
Signature of Borrower

\_\_\_\_\_  
Date