



U. S. DEPARTMENT OF VETERANS AFFAIRS
Regional Office
210 Franklin Road S.W.
Roanoke, VA 24011

October 11, 2001

Mortgagor's Name
Address
Address

314-261
Compromise Sale
VA Loan #XX-X-XXXXXXX

Dear Mortgagor's Name:

This is in response to your request for more information regarding a possible compromise sale. When borrowers are unable to maintain their mortgage payments, they are encouraged to sell their homes in order to avoid foreclosure. Whenever a borrower selling his or her property receives a purchase offer which is not sufficient to pay off or assume the existing balance on a GI loan, a compromise agreement may allow the VA to pay the difference between the sales proceeds and the mortgage balance, thereby avoiding a foreclosure.

The mortgagor must find a buyer willing to purchase the property for its fair market value. You may be required to repay the Government for the amount of any claim paid in order to complete this transaction. If so, you would be required to execute a promissory note to this effect at the time of closing. This amount should be less than the claim payment if foreclosure were to occur.

Any compromise agreement must be approved in advance by the VA. We must be able to determine that the sales price represents the fair market value of the property, therefore, an appraisal of the property must be done by an approved appraiser. If the purchaser is assuming a reduced balance on the original GI loan, then the purchaser must be qualified as an acceptable credit risk to VA. You should first contact your lender and obtain their cooperation in cases where the loan is being assumed.

To facilitate timely processing of compromise requests, the following should be submitted:

1. A letter requesting consideration for a compromise agreement sale, any efforts, on your part to dispose of your property, a financial statement, and a statement that you are willing to execute a promissory note to the Government to repay any shortage.
2. A copy of the sales contract on the property.
3. In cases of assumption, your lender must approve the transaction and a release of liability package must be requested.

October 11, 2001

LH XX-X-XXXXXXX

The mortgage company will be responsible for obtaining the appraisal, submitting a payoff statement as of the projected closing date itemizing costs or expenses to be paid by the Government (realtor's worksheet), pre-qualifying the assumer in applicable cases, and providing a breakdown of the payoff balance on your loan.

The mortgagor should notify his lender of the compromise agreement offer, and submit the information to the mortgage company to begin processing of his request.

If you have questions, please contact our office for further information.

Sincerely yours,

J. David Cooley,
Chief, Loan Service & Claims

261/02/ cs



FINANCIAL STATUS REPORT

(Type or print all entries. If more space is needed for any item, continue under Section VII, Additional Data, or attach separate sheet)

1. SOCIAL SECURITY NO.	2. FILE NO.
3. LOAN NO.	

PRIVACY ACT INFORMATION: The responses you submit are considered confidential, (38 U.S.C. 5701), formerly 3301. They may be disclosed outside The Department of Veterans Affairs (VA) only if the disclosure is authorized under the Privacy Act, including the routine uses identified in the VA system of records, 58VA21/22/28, Compensation, Pension, Education and Rehabilitation Records - VA, published in the Federal Register. The requested information is considered relevant and necessary to determine maximum benefits under the law. Information submitted is subject to verification through computer matching programs with other agencies. Income and employment information furnished by you will be compared with information obtained by VA from the Secretary of Health and Human Services or the Secretary of the Treasury under clause (viii) of section 6103 (1) (7) (D) of the Internal Revenue Code of 1986. Any information provided by you including your Social Security Number, may be used in matching programs conducted in connection with any proceeding for the collection of an amount owed the United States by virtue of your participation in any benefit program administered by VA.

RESPONDENT BURDEN: Public reporting burden for this collection of information is estimated to average 1 hour per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to the Clearance Officer (045A4), 810 Vermont Ave., Washington, DC 20420, SEND COMMENTS ONLY. DO NOT SEND THIS FORM OR REQUEST FOR BENEFITS TO THIS ADDRESS.

SECTION I - PERSONAL DATA

4. FIRST-MIDDLE-LAST NAME OF PERSON		5. ADDRESS (Number and street or rural route, City or P.O., State, and Zip Code)	
6. TELEPHONE NO. (Include Area Code)	7. DATE OF BIRTH	8. MARTIAL STATUS <input type="checkbox"/> MARRIED <input type="checkbox"/> NOT MARRIED	
9. NAME OF SPOUSE		10. AGE(S) OF OTHER DEPENDENTS	

COMPLETE RECORD OF EMPLOYMENT FOR YOURSELF AND SPOUSE DURING PAST 2 YEARS

KIND OF JOB	DATES (Month, year)		NAME AND ADDRESS OF EMPLOYER
	FROM	TO	

11. YOUR EMPLOYMENT EXPERIENCE

		PRESENT TIME	

12. YOUR SPOUSE'S EMPLOYMENT

		PRESENT TIME	

SECTION II - INCOME

SECTION III - EXPENSES

AVERAGE MONTHLY INCOME	SELF	SPOUSE	AVERAGE MONTHLY EXPENSES	AMOUNT
13. MONTHLY GROSS SALARY (Before payroll deductions)	\$	\$	18. RENT OR MORTGAGE PAYMENT	\$
14. DEDUCTIONS			19. FOOD	
A. FEDERAL STATE AND LOCAL INCOME TAXES			20. UTILITIES AND HEAT	
B. RETIREMENT			21. OTHER LIVING EXPENSES	
C. SOCIAL SECURITY				
D. OTHER (Specify)				
E. TOTAL DEDUCTIONS (Items 14A through 14D)			22. MONTHLY PAYMENTS ON INSTALLMENT CONTRACTS AND OTHER DEBTS	
15. NET TAKE HOME PAY (Subtract Items 14E from 13)				
16. PENSION, COMPENSATION, OR OTHER INCOME (Specify)				
17. TOTAL MONTHLY NET INCOME (Item 15 plus Item 16)	\$	\$	23. TOTAL MONTHLY EXPENSES	\$

SECTION IV - DISCRETIONARY INCOME

24A. NET MONTHLY INCOME LESS EXPENSES (Item 17 less Item 23)	24B. AMOUNT YOU CAN PAY ON A MONTHLY BASIS TOWARD YOUR DEBT
\$	\$

SECTION V - ASSETS

25. CASH IN BANK (Checking and savings accounts, building and loan accounts, etc.)			\$	29. U.S. SAVINGS BONDS (Cash Value)	\$
26. CASH ON HAND				30. STOCKS AND OTHER BONDS (Current Value)	
27. AUTOMOBILES (Resale value)				30. REAL ESTATE OWNED (Resale Value)	
MAKE	MODEL	YEAR		30. OTHER ASSETS	
28. TRAILERS, BOATS, CAMPERS (Resale value)				33. TOTAL ASSETS	\$

SECTION VI - INSTALLMENT CONTRACTS AND OTHER DEBTS

NOTE: Show below ALL debts which you are required to pay in regular monthly installments, such as car, television, washing machine, payments to dealers, banks, finance companies, repayment of money borrowed for any purpose, doctor bills, hospital bills, etc. Do not include living expenses.

NAME AND ADDRESS OF CREDITOR (A)	DATE AND PURPOSE OF DEBT (B)	ORIGINAL AMOUNT OF DEBT (C)	UNPAID BALANCE (D)	AMOUNT DUE MONTHLY (E)	AMOUNT PAST DUE (If any) (F)
34A.		\$	\$	\$	\$
34B.					
34C.					
34D.					
34E.					
34F.					
34G.					
34H.					
34I. TOTAL		\$	\$	\$	\$

NOTE - If repayment of a debt is not on a monthly basis, write "0" in column E and describe arrangements to repay in Item 36.

SECTION VII - ADDITIONAL DATA

35A. HAVE YOU EVER BEEN ADJUDICATED BANKRUPT? IF SO AND VA OR A MORTGAGE COMPANY WAS INVOLVED, PLEASE SEND ALL PERTINENT DOCUMENTATION <input type="checkbox"/> YES <input type="checkbox"/> NO (If "Yes," complete 35B through 35D)		
35B. DATE DISCHARGED FROM BANKRUPTCY	35C. LOCATION OF COURT	35D. DOCKET NO., IF KNOWN
36. USE THIS SPACE AND ADDITIONAL SHEETS, IF NECESSARY, TO SUPPLY ANY OTHER PERTINENT INFORMATION AND TO CONTINUE YOUR ANSWER TO PREVIOUS ITEM NUMBER(S) TO WHICH YOUR COMMENTS APPLY		

SECTION VIII - CERTIFICATIONS

I(WE) AFFIRM that the information contained herein is true, correct, and complete to the best of my(our) knowledge and belief.

37A. YOUR SIGNATURE	37B. DATE	38A. SIGNATURE OF SPOUSE	38B. DATE
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PENALTY - The law provides severe penalties which include fine or imprisonment, or both, for the willful submission of any statement or evidence of a material fact, knowing to be false.

COMPROMISE AGREEMENT SALE APPLICATION

LH: _

NAME(S) OF THE CURRENT OWNERS OF THE PROPERTY:

-
-

PROPERTY ADDRESS:

-
-

NAME(S) OF THE NEW PURCHASERS OF THE PROPERTY:

-
-

METHOD OF PURCHASE OF PROPERTY: Assumption of existing loan
 Payoff of existing loan

IF THE NEW LOAN IS A VA LOAN, WHAT IS THE NEW VA LOAN NUMBER LH: _

PLEASE COMPLETE THE ENCLOSED FINANCIAL STATEMENT.

COMPROMISE AGREEMENT SALE APPLICATION

LH: _

NAME(S) OF THE CURRENT OWNERS OF THE PROPERTY:

—
—

PROPERTY ADDRESS:

—
—

NAME(S) OF THE NEW PURCHASERS OF THE PROPERTY:

—
—

METHODS OF PURCHASE OF PROPERTY: Assumption of existing loan
Payoff of existing loan

IF THE NEW LOAN IS A VA LOAN, WHAT IS THE NEW VA LOAN NUMBER LH: _

If completion of the compromise sale will require repayment of the shortage paid by VA, please complete the statement below, or include a similar statement in your letter of request:

I am requesting a VA Compromise Agreement Sale on my above mentioned property. I understand that I will be liable to repay VA for their claim payment if the compromise is approved, and I am willing to execute a promissory note in order to complete the compromise.
My financial statement is attached.

Signed,

—
Mortgagor

Date

—
Co-mortgagor

Date