



CAL-VET HOME IMPROVEMENT LOAN PACKAGE

This package contains forms and instructions for obtaining a Cal-Vet home improvement loan. We have included all of the forms you will need. Important note: In order to qualify for a Cal-Vet Home Improvement Loan, you must already have an active Cal-Vet Home Loan for the property. There are other restrictions that are explained in the forms in this package.

Before you begin:

Carefully read the Cal-Vet Home Improvement Loan Program program description available on-line. If you have questions, feel free to send us e-mail or contact the nearest Cal-Vet District Office.*

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

Contents of this package:

Form ILE-I: Home Improvement Loan Eligibility

Read this form first to determine your eligibility for a Cal-Vet Home Improvement Loan.

Form IL11C-I: Home Improvement Loan Required Attachments List

This list describes the documents which must accompany your Cal-Vet Home Improvement Loan application.

Form ILIN-I: Home Improvement Loan Information Sheet

This form provides a detailed description of the Cal-Vet Home Improvement Loan program and qualifications for applying.

Form IL11-I: Home Improvement Loan Application

This is the actual application form for obtaining a Cal-Vet Home Improvement Loan.

* A list of Cal-Vet District Offices and the areas they cover is available on CDVA's WWW site.

CAL-VET HOME IMPROVEMENT LOAN PACKAGE

Contents of this package (continued):

Form L-28-I: Modification Agreement

This form is an agreement between you and Cal-Vet to adjust the installment you pay Cal-Vet to cover both your current Cal-Vet Home Loan and your new home improvement loan.

Commonly Asked Questions Regarding The PM Group Life and Disability Plan

Questions and answers concerning the Cal-Vet Life and Disability program offered through the PM Group.

Form 25-19843-01: Application for Life and Disability Insurance

If you already have a Cal-Vet loan, chances are that you also have Life and Disability coverage for your current loan. This application will provide additional coverage for your new home improvement loan.

Form 25-30068-00: Important Insurance Information Regarding Your Cal-Vet Loan

More information concerning your Life and Disability coverage.

Form M-52-I: Request for Verification of Employment

Submit this form to verify your current employment and wages.

Form ILAP-I: Veteran Purchaser's Affidavit

This form contains information that you must provide Cal-Vet as the applicant for a Cal-Vet home improvement loan.

HOME IMPROVEMENT LOAN ELIGIBILITY

The Department sells federally tax exempt bonds to raise the funds needed to make Cal-Vet loans, which include Home Improvement Loans. Federal legislation places restrictions on the use of these bond funds. The two types of bond funds, General Obligation Bonds and Revenue Bonds, have different restrictions. Therefore, it is important that you determine your eligibility for funds, prior to making the application. The following questions will assist you in this determination:

- 1) Is the property a single family residence, condo/PUD or a mobile home on land owned by the borrower?

If “**No**”, you are not eligible for a Home Improvement Loan.

If “**Yes**”, please proceed to the next question.

- 2) Did the veteran have active military service prior to 1/1/77, and was released from active service less than 30 years ago?

If “**Yes**”, you are eligible for General Obligation bond funds.

If “**No**”, please proceed to the next question.

- 3) Is the total income for veteran and spouse less than the income limits for non-target areas? (**See next page for income limit information**)

If **under** the income limit, you are eligible for Revenue bond funds.

If **over** the income limit, we are presently not able to fund a Home Improvement Loan.

Note: Unremarried spouses of veterans who died from injuries incurred in the line of duty, either while on active duty or after discharge from active duty, or designated as POW or MIA, would be defined as the “veteran” for eligibility purposes.

Note: The main dwellings on farm properties would be an eligible property for a Home Improvement Loan.

If you have any questions on your eligibility, please contact your Cal-Vet district office.

FAMILY INCOME LIMITATIONS

<u>STATISTICAL AREA</u>	<u>INCOME LIMIT</u>	<u>STATISTICAL AREA</u>	<u>INCOME LIMIT</u>
Los Angeles - Long Beach PMSA (Los Angeles County)	\$58,995	Santa Barbara-Santa Maria-Lompoc MSA (Santa Barbara County)	\$56,925
Oakland PMSA (Alameda & Contra Costa Counties)	\$67,160	Santa Cruz-Watsonville PMSA (Santa Cruz County)	\$64,400
Orange County PMSA	\$70,495	Santa Rosa PMSA (Sonoma County)	\$56,580
San Francisco PMSA (San Francisco, San Mateo & Marin Counties)	\$70,495	Vallejo-Fairfield-Napa PMSA (Napa & Solano Counties)	\$56,580
San Jose PMSA (Santa Clara County)	\$77,510	Ventura PMSA (Ventura County)	\$67,965
		ALL OTHER AREAS	\$55,660

CAL-VET DISTRICT OFFICES

1100 Mohawk Street, Suite 260
BAKERSFIELD, CA 93309
 (805) 395-2869
 (805) 395-2993 FAX

25884 Business Center Drive, Suite F
REDLANDS, CA 92374
 (909) 478-7513
 (909) 478-7529 FAX

2520 Stanwell Drive, Suite 160
CONCORD, CA 94520
 (510) 602-5070
 (510) 602-5086 FAX

2710 Gateway Oaks Dr., Ste 190 North Bldg.
SACRAMENTO, CA 95833
 (916) 263-4010
 (916) 263-3515 FAX

1752 E. Bullard Avenue, Suite 102
FRESNO, CA 93710
 (209) 445-5466
 (209) 445-5494 FAX

5095 Murphy Canyon Road, Suite 340
SAN DIEGO, CA 92123
 (619) 627-3966
 (619) 627-3969 FAX

1000 South Hill Road, Suite 112
VENTURA, CA 93003
 (805) 654-6901
 (805) 654-6906 FAX

12070 Telegraph Road, Suite 210
SANTA FE SPRINGS, CA 90670
 L.A. Co.: (562) 944-3585
 (818) 575-4838
 Orange Co.: (714) 761-0109
 (310) 941-2915 FAX

2115 Churn Creek Road
REDDING, CA 96002
 (916) 224-4955
 (916) 224-4959 FAX

**For additional information, contact any of the Cal-Vet
 District Offices listed above, or call 1-800-952-5626
 Internet address: <http://www.cdva.ca.gov>**

State of California
DEPARTMENT OF VETERANS AFFAIRS
Farm and Home Purchases Division

HOME IMPROVEMENT LOAN **REQUIRED ATTACHMENTS LIST**

Please attach the following to your Home Improvement Loan application. Submittal of these documents will expedite the processing of your request:

1. A \$25 non-refundable application fee made payable to Cal-Vet.
2. The completed Modification Agreement forms (L-28-I), in duplicate.
3. The person who is insured for Life and/or Disability Insurance on your basic Cal-Vet Home Loan should complete and return the enclosed PM Group Life and Disability Insurance application. If you do not have this insurance on the basic loan and desire to apply, you may apply at this time by completing the enclosed application. Be advised that if approved by PM Group, this coverage will apply to both the basic Cal-Vet Home Loan and the Home Improvement Loan.
4. If self-employed, submit a complete copy of last year's Federal Income Tax Return (1040).

If not self-employed, complete Part I of the Verification of Employment form (M-52-I) for each person that appears on the Cal-Vet contract. Have your employer complete Part II and return the form(s) to Cal-Vet.

5. The completed Veteran Purchaser's Affidavit form (ILAP-I).
6. A cost estimate for the proposed improvements in the form of a contractor's bid, listing repair/replacement/supplier's estimates.

Submit one bid or cost estimate prepared by the licensed contractor chosen to perform the work. It is highly recommended that for improvements costing \$2,500 or more that additional bids be obtained and the costs of the proposed supplies and services be compared.

7. A sketch or plan of the improvements. If major alterations are proposed, Cal-Vet will require complete plans and specifications.

Thank you for helping us to serve you!

PUTTING VETERANS FIRST

CAL-VET HOME IMPROVEMENT LOAN INFORMATION SHEET

Home improvement loans are currently available to active Cal-Vet contract holders. The owner of the property must be a veteran (which includes unremarried spouses of veterans who were killed or died of injuries incurred while on active duty, or who were designated POWs and MIAs). The home improvement loan program will be limited to homes, farm and mobile homes located on land owned by the veteran purchaser.

The home improvement loans are funded with proceeds from general obligation or veterans revenue bonds. These funding sources have separate requirements for maximum loan amounts and loan terms. The following information is provided to assist applicants in determining the source of bond funds for which they qualify.

1. **General Obligation Bonds:** Loan amounts: \$500 to \$50,000
Maximum loan term: 15 years

Requirements: 1. Released from active duty less than 30 years and had service prior to 1-1-77

2. **Revenue Bonds:** Loan amounts: \$500 to \$15,000
Maximum loan term: 10 years

Requirements: 1. Meet the income limits for **non-target** area (refer to attached)
(Note: Unremarried spouses must be funded with revenue bond funds)

Acceptable Improvements: Improvements must improve the basic livability or energy efficiency of the home/property. Maintenance items such as painting, re-roofing, and general repairs; addition of living space. This would include the renovation of baths, kitchens, plumbing and electrical systems; installation of heating or air-conditioning systems, including solar energy systems; and installation of insulation, weather stripping and thermal windows; earthquake retrofitting, including, but not limited to, water heater strapping, foundation strapping/bolting, truss reinforcements. It also includes improvements to the main dwelling on farm properties, such as wells for domestic water use.

Additional acceptable improvements that would increase the basic livability of the property include carports, garages, driveways, entry walks, patios, landscaping, including fences, retaining walls, sprinkler systems, garden planters, decorative walls and curbing.

Unacceptable Improvements: The only unsuitable improvements include items for recreation and entertainment, such as swimming pools, saunas, hot tubs, pool houses, cabanas or dressing rooms, tennis courts. Unacceptable improvements include improvements to farm property for the purpose of increasing agricultural production.

3. **A good payment record** on the basic Cal-Vet loan is a requirement for the granting of a home improvement loan. Applications from veterans who have received a "Notice of Intent to Cancel Contract" within the last 12 months will routinely be denied. The department may deny the requested home improvement loan amount if it is determined that the additional payment would jeopardize the veteran purchaser's financial stability.
4. In **no** event will the **total repayment term extend beyond forty (40) years** from the date of the original loan contract.
5. The combined total of the Cal-Vet loan, the home improvement loan and any secondary financing shall not exceed 90% of the enhanced market value of the subject property, as determined by the department.
6. Fire insurance coverage shall be increased in accordance with the completed improvements.
7. If the basic Cal-Vet loan is paid in full prior to the pay off of the improvement loan, the improvement loan installment shall be increased to include the amount of the fire and hazard insurance and tax portion (if applicable) of the former basic installment.

HOME IMPROVEMENT LOAN INFORMATION SHEET

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8. A non-refundable \$25 application fee **must accompany** the home improvement loan application. There will also be an origination fee **due at loan approval** which will be equal to 1.5% of the amount of the home improvement loan (rounded to the nearest dollar, i.e. \$11,000 loan = \$165 fee).
9. The interest rate charged will be the variable rate charged on new Cal-Vet loans under the 1974 Act (**currently 8%**).
10. Three progress payments may be made for improvement loans of \$5,000 to \$15,000. A maximum of five progress payments for improvement loans of \$15,000 to \$50,000 with 25% withheld until a notice of completion has been filed and the mechanics' lien time has expired.
11. There will be no prepayment service charge in connection with the home improvement loan.
12. Improvement loan funds cannot be used to refinance existing debts or costs incurred for repair/improvement work in progress or previously completed.
13. When the veteran purchaser has a junior lienholder, the department will send the "Approval to Make Home Improvement Loan Advance" letter to the junior lienholder(s). A copy of this letter will be sent to the veteran purchaser. The department will require written approval from the veteran purchaser's junior lienholder(s) **before** the home improvement loan approval will be granted.
14. The current Cal-Vet loan **must not** be paid in full before the first advance on the home improvement loan is made.
15. A second home improvement loan will not be allowed until the first improvement loan is paid in full. If the veteran purchaser has a Home Purchase Assistance (HPA) or Cal-Vet Housing Assistance program (CHAP) loan, a home improvement loan will not be allowed until the HPA or CHAP loan is paid in full.
16. All work carried out under the home improvement loan program must conform to the appropriate local building codes. Work requiring a construction permit will be done under the inspection of the local building department.
17. The department can only pay licensed contractors for home improvements. If the veteran purchaser (or member of the immediate family) completes any or all of the improvements, the department can reimburse the veteran purchaser for receipted material costs only. If the proposed improvements require the filing of a Notice of Completion, the final improvement loan payment cannot be disbursed until a minimum lien period of 30 days has expired and the department is provided with written evidence from a title company that no liens are outstanding.
18. The veteran purchaser must submit one bid or cost estimate prepared by the licensed contractor chosen to do the work. It is highly recommended that the applicant obtain additional bids and compare the costs of proposed supplies and services. The department will review the bids for all proposed improvements to assure that costs quoted on these bids are reasonable for the type of improvement work to be completed. When the total cost of all improvements exceeds the maximum home improvement loan, the difference must be paid **before** the department will release any payments.
19. Improvements must be completed within 180 days of district manager's approval.

For more information please
call 1-800-952-5626

Internet:
<http://www.cdva.ca.gov>

State of California
DEPARTMENT OF VETERANS AFFAIRS

HOME IMPROVEMENT LOAN APPLICATION

NAME OF APPLICANT: _____ CAL-VET CONTRACT NO. _____

ADDRESS OF HOME: _____

HOME PHONE: _____ BUSINESS PHONE: _____

APPLICANT'S SOCIAL SECURITY NO. _____

ESTIMATED IMPROVEMENT COST:\$ _____ AMOUNT REQUESTED:\$ _____

DESCRIBE PROPOSED IMPROVEMENTS: _____

SPOUSE'S NAME: _____ NO. OF DEPENDENTS: _____
AGES: _____

SPOUSE'S SOCIAL SECURITY NO. _____

	<u>OCCUPATION</u>	<u>EMPLOYER</u>	<u>MONTHLY GROSS SALARY</u>
VETERAN:	_____	_____	\$ _____
SPOUSE:	_____	_____	\$ _____
OTHER INCOME: SOURCE	_____	AMOUNT:	\$ _____
TOTAL INCOME:			\$ _____

CAL-VET PAYMENT: \$ _____ CURRENT LOAN BALANCE: \$ _____

TOTAL OF ALL OTHER LOAN PAYMENTS: \$ _____

EXISTING CAL-VET HOME IMPROVEMENT LOAN? YES _____ NO _____

PLEASE INCREASE MY FIRE INSURANCE TO: \$ _____

I (We) agree than any amount loaned to me (us) by the Department shall be secured by a separate loan contract. The interest rate thereon and repayment thereof shall be made as prescribed by the California Department of Veterans Affairs. I (We) authorize the Department to obtain information from and provide information to credit agencies and others pertaining to my (our) credit and financial condition. This authorization shall remain in effect for 120 days from the date below.

VETERAN PURCHASER'S SIGNATURE Date: _____

SPOUSE'S SIGNATURE Date: _____

**MODIFICATION AGREEMENT
HOME IMPROVEMENT LOAN**

It is hereby mutually agreed by and between the parties hereto that the installment payment amount on Contract Number _____ is hereby amended as follows:

The monthly installment shall be adjusted from time to time as required by the Department to include an amount with which real property taxes may be paid and to provide for amortization of the principal balance of the loan with the original term.

Except as herein specifically amended by mutual consent of the parties hereto, the contract shall remain in full force and effect.

Executed in duplicate this _____ day of _____
Date Month/Year

PURCHASER

AUTHORIZED OFFICER
Department of Veterans Affairs
of the State of California

COMMONLY ASKED QUESTIONS REGARDING THE PM GROUP LIFE AND DISABILITY PLAN

We've provided answers to commonly asked questions regarding the Life and Disability Plan. If you have additional questions please call the PM Group Customer Service Unit at 1-800-454-5112 between 8:00 a.m. and 4:30 p.m. P.S.T., Monday through Friday.

Q. Who must apply?

A. All borrowers age 61 or under must apply for life and disability insurance.

Q. Can I insure my spouse?

A. No. This coverage is only available to veterans whose home loans are funded through the CDVA Home and Farm Loan Protection Program.

Q. How do I apply?

A. Complete the enclosed application and return it to your CDVA District Office along with your other loan papers. To estimate your premiums, refer to the enclosed Rate Chart and Worksheet. The actual cost will be based on your loan balance if you're covered for life insurance, and monthly installment if you're covered for disability insurance. Remember, in order to be eligible for life insurance, you must be age 61 or younger. To be eligible for disability insurance, you must be age 61 or younger and be actively at work at least 30 hours per week.

Q. When do disability benefits begin?

A. Disability benefits begin following 90 consecutive days of total disability, and are based on your monthly loan installment as of the date you became disabled. Benefits are payable for up to two years per disability, or up to 12 months per disability due to a psychiatric condition.

Q. How are my costs determined?

A. Your Life *premiums* are based on an *insurance rate* for individuals in your age bracket and the *balance of your home loan*. The life insurance rate per \$1,000 of coverage is guaranteed until June 1, 1999. Until you reach age 55, your premium will be recalculated annually based on your loan balance and your attained age. Thereafter, your premium will change *only if there is a change in the insurance rate* per \$1,000 of coverage.

Your Disability *premiums* are determined based on an *insurance rate* for individuals in your age bracket and your *monthly loan installment*. The disability insurance rate per \$100 of coverage is guaranteed until June 1, 1998. For purposes of determining your premium, your monthly loan installment includes principal, interest, and if applicable, property taxes, fire insurance premium and your new monthly life insurance premium under the PM Group plan. Your disability premium will be recalculated annually based on your monthly loan installment and your attained age. Coverage will terminate at the end of the month once you reach age 62.

Q. How do I pay for my protection?

A. The CDVA will bill your premium with your monthly loan installment. Do not send a check to PM Group.

Q. What if I decide I don't want the coverage later on?

A. Since these coverages are a standard part of your Cal-Vet Loan, you cannot terminate your insurance without terminating your loan.

APPLICATION FOR LIFE AND DISABILITY INSURANCE

**UNDER THE PROVISIONS OF THE
HOME PROTECTION PLAN
DEPARTMENT OF VETERANS AFFAIRS
STATE OF CALIFORNIA**

**UNDERWRITTEN AND INSURED BY
PM GROUP LIFE INSURANCE COMPANY**

Life and Disability coverage is not effective until the processing of this application is completed and approved by PM Group Life Insurance Company.

To be eligible for Life coverage, an applicant must be age 61 or younger. To be eligible for Disability coverage, an applicant must be age 61 or younger and be actively working at least 30 hours per week.

Please note: As a requirement of your Cal-Vet loan you must apply for Life and Disability insurance. You cannot terminate your coverage other than by payment in full, contract cancellation by voluntary or involuntary termination of your interest in the property or by operation of law.

You will be notified in writing of your acceptance or declination for coverage. If accepted, the premiums for this insurance will appear on your monthly Cal-Vet billing statement.

For any questions regarding this coverage, please call the PM Group Cal-Vet Unit at 1-800-454-5112.

FOR OFFICE USE ONLY	
Contract No.	_____
Loan Amount \$	_____
Monthly Installation \$	_____
SIGNATURE	DATE

APPLICATION FOR LIFE & DISABILITY COVERAGE

1. ANSWER ALL QUESTIONS FULLY.
2. PROVIDE COMPLETE DETAILS FOR ALL "YES" ANSWERS. (IF ADDITIONAL SPACE IS REQUIRED, ATTACH A SEPARATE SHEET OF PAPER.)
3. SIGN AND DATE THE APPLICATION AND AUTHORIZATION.

SECTION I - GENERAL INFORMATION

LAST NAME		FIRST NAME		M.I.	SOCIAL SECURITY #
ADDRESS			CITY, STATE, ZIP		
CURRENT RESIDENCE TELEPHONE # () -		CURRENT BUSINESS TELEPHONE # () -		PLACE OF BIRTH	
BIRTHDAY (MM/DD/YY) / /	AGE	<input type="checkbox"/> MALE <input type="checkbox"/> FEMALE	<input type="checkbox"/> MARRIED <input type="checkbox"/> SINGLE	<input type="checkbox"/> DIVORCED <input type="checkbox"/> WIDOWED	HEIGHT _____ WEIGHT _____

SECTION II - EMPLOYMENT INFORMATION

Present occupation: _____	How long? _____
Business address: _____	
Are you reporting to your normal place of employment and actively and regularly performing all of the normal duties of your occupation for at least 30 hours a week and daily leaving your home in pursuit thereof?	
<input type="checkbox"/> Yes	<input type="checkbox"/> No

SECTION III - MEDICAL INFORMATION

1. Have you, in the last 5 years, had, been medically advised of having, been treated for or been referred for treatment, advice or hospitalization for any of the following conditions:		
A. Any disorder/disease of the heart or lungs, diabetes or high blood pressure?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
B. Any disorder/disease of the immune system including AIDS or ARC?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
C. Any disorder/disease of the liver, pancreas, colon or gastrointestinal tract?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
D. Any neurological disorder/disease, stroke, paralysis, seizure disorder, birth defect, history of depression or other psychiatric disorder or any nervous system or behavioral disorder?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
E. Any tumors, cancer, leukemia or other blood disorders/diseases?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
F. Any disorder/disease of the bones, muscles, joints, back or skin?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
G. Any disorder/disease of the kidneys, urinary tract, bladder or reproductive system?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
H. Any 1) alcohol abuse or chemical addiction, or 2) treatment for or disability due to alcohol or chemical addiction?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
2. Have you, in the last five years, been advised to have or considered having diagnostic tests, treatment(s) (including medications), counseling or hospitalization for any condition not already mentioned, or are you totally or partially disabled?		
	<input type="checkbox"/> Yes	<input type="checkbox"/> No

DISCLOSURE NOTICE TO APPLICANTS FOR INSURANCE

This description of our underwriting process and information practices is designed to help you to understand how an application for insurance is handled, the types and sources of information we may collect about you, the circumstances under which we may disclose that information to others and your right to learn the nature and substance of that information upon written request. The purpose of the underwriting process is to make sure you qualify for insurance under Pacific Mutual / PM Group's rules. To determine your insurability, we must consider such factors as your medical history, physical condition, occupation and hazardous hobbies. We get this information from various sources.

SOURCES OF INFORMATION

Application and Medical Records - Your application, including the medical history, is the primary source of information in the evaluation process. In addition, we may ask you to take a physical examination or other special test such as an electrocardiogram, at your expense. We may also ask you for a report from your doctor or hospital, another insurance company or the Medical Information Bureau. When we do so, we use the authorization form you signed with your application.

MIB, Inc., (Medical Information Bureau) - MIB, Inc., is a non-profit corporation which operates an information exchange on behalf of member life companies. As a member company, we will ask the MIB if it has a record concerning you. If you previously applied to a member company for insurance, MIB may have information about you in its file. The purpose of the MIB is to protect member companies and their policyholders from those who would conceal significant facts relevant to their insurability. The information which is obtained from MIB may be used only as an alert to the possible need for further independent investigation. It cannot be used as a basis in making a final underwriting decision.

Information regarding your insurability will be treated as confidential. Pacific Mutual / PM Group or its reinsurer(s) may, however, make a brief report to the MIB. If you later apply to another Bureau member company for life or health insurance coverage, or a claim for benefits is submitted to such a company, the Bureau, upon request, will supply the company with the information it may have about you in its file. Pacific Mutual / PM Group or its reinsurer(s) may also release information in its file to other life insurance companies to whom you may apply for life or health insurance coverage, or to whom a claim for benefits may be submitted.

At your request, the MIB will arrange disclosure of any information it may have about you in its file. If you question the accuracy of information on file, you may contact the MIB and seek a correction in accordance with the procedures set forth in the federal Fair Credit Reporting Act. The address of the information office of MIB, Inc. is Post Office Box 105, Essex Station, Boston, Massachusetts 02112, telephone number (617) 426-3660.

Investigative Consumer Report - As part of our underwriting procedure, we may request an investigative consumer report from a consumer reporting agency. Because you may want to know more about the nature and scope of such a report, we are providing the following information.

A consumer report confirms and supplements the information on your application pertaining to employment and residence verification, smoking habits, marital status, occupation, hazardous avocations and general health. This report may also cover information concerning your general reputation, personal characteristics and mode of living, including drug and alcohol use, motor vehicle driving record and any criminal activity. This information may be obtained through personal interviews with you, your family, friends, neighbors and business associates. If a report is required and you wish to be personally interviewed please let us know and we will notify the consumer reporting agency.

The information contained in the report may be retained by the consumer reporting agency and subsequently disclosed to other companies to the extent permitted by the Fair Credit Reporting Act.

Investigative consumer reports are held in strict confidence and used only to evaluate your application on a fair and equitable basis. You have a right to inspect and obtain a copy of the report from the consumer reporting agency. These reports rarely have an adverse affect on an individual's eligibility for insurance. If it should, however, we will notify you in writing and identify the reporting agency.

DISCLOSURE NOTICE TO APPLICANTS FOR INSURANCE (Continued)

DISCLOSURE TO OTHERS

Personal information obtained about you during the underwriting process is confidential and will not be disclosed to other persons or organizations without your written authorization except to the extent necessary for the conduct of our business. Examples of situations where we may share information about you are as follows:

1. To persons or organizations which perform business, professional or insurance functions for us.
2. To persons or organizations, for the purpose of detecting or preventing criminal activity, fraud, misrepresentation or non-disclosure.
3. To other insurance companies to whom you have applied for life or health insurance coverage, if you have authorized them to obtain such information.
4. As stated earlier, to the Medical Information Bureau.
5. To an insurance regulatory authority, law enforcement agencies and others where required by law.

DISCLOSURE TO YOU

In general, you have a right to learn the nature and substance of any personal information about you in our file upon written request. Whenever an adverse underwriting decision is made, we will notify you of the reason(s) for the decision and the source of the information upon which our action is based. Medical record information, however, will be given only to a licensed physician of your choice. Please refer to the section on MIB, Inc., for the organization's disclosure procedure.

Should you feel that any information we have is inaccurate or incomplete, please write to the Manager, Group Benefits Department, Pacific Mutual / PM Group Life Insurance Co., P.O. Box 2890, Newport Beach, California 92658-9010. Your comments will be carefully considered and corrections made where justified.

We hope this notice will help you to understand how we obtain and use personal information in the underwriting process, and the ways you can learn about this information. Pacific Mutual / PM Group is concerned with ensuring privacy, and the collection, use and disclosure of personal information is limited to those specified in this Notice.



IMPORTANT INSURANCE INFORMATION REGARDING YOUR CAL-VET LOAN

No one likes to think about misfortune.

But the reality is, if you should become disabled or die, you or your family could be faced with a huge financial burden. That's why your Cal-Vet Loan includes a Life and Disability Plan — to help guard against financial disaster in the event of a tragedy.

Your Cal-Vet Life and Disability Plan pays 1) 100% of your home loan balance if you should die and 2) your monthly loan installment for up to two years if you become totally disabled. The Plan is underwritten by PM Group Life Insurance Company, a wholly owned subsidiary of Pacific Mutual, California's largest life and health insurer and one of the country's leading financial institutions.

A word about life insurance...

Like most people, you probably purchased life insurance as part of a plan to replace income lost by your family in the event of your death. Under your PM Group Life Plan, the life insurance proceeds are earmarked specifically for your Cal-Vet loan balance. This would allow your family to use any other life insurance proceeds for their daily living expenses, education and other important needs.

What you may not know about disability insurance

Contrary to what most people believe, *disability is not a rare occurrence*. Statistics show that one out of four individuals in their prime working years will incur a disability lasting one year or longer. (Source: Crawford and Company). If a serious disability were to stop your income for three months or longer, your Disability Plan would pay your monthly loan installment for up to two years, per disability. For disabilities due to psychiatric conditions, your loan installment would be paid for up to 12 months per disability.

How to apply

Since the PM Group Life and Disability Plan is a standard part of your Cal-Vet Loan, ***you must apply for Life Coverage if you are 61 or under, and you must apply for Disability Coverage if you are age 61 or under and are working full-time at least 30 hours per week.*** The attached application applies to both coverages. Coverage is subject to approval by PM Group Life Insurance Company. You cannot be turned down for life insurance solely on the basis of a military service-connected disability.

After your application has been approved, your monthly premium will appear on your next Cal-Vet monthly billing statement. (Please do not send a check directly to PM Group.) Coverage begins the first of the month following the approval of your application. You will receive a Certificate Booklet containing complete details about the Plan along with a letter notifying you that coverage has been approved.

This pamphlet includes a list of common questions and answers about the Life and Disability Plan as well as a worksheet to help you estimate your monthly premiums. If you have any additional questions about the Plan, please call PM Group's Customer Service Unit at 1-800-454-5112 between 8:00 a.m. and 4:30 p.m. P.S.T., Monday through Friday.

LIFE AND DISABILITY INSURANCE
 Underwritten by PM Group Life Insurance Company
 (Rates Effective June 1, 1996)

(A) Your Age	(B) Life Coverage	Insurance Rate (C) Disability Coverage
Under 25	\$.12*	\$1.26*
25-29	\$.12	\$1.26
30-34	\$.12	\$1.26
35-39	\$.20	\$1.47
40-44	\$.35	\$1.75
45-49	\$.55	\$2.13
50-54	\$.61	\$2.60
55-59	\$.86	\$3.48
60-61	\$.86	\$3.48
62+	not issued *per \$1000	not issued *per \$100

How to Estimate Your Monthly Premium

STEP 1 - Determine your age bracket under Column A, based on your current age. Going across the table, use the Life rate from Column B to calculate your Life insurance premium.

$$\frac{\text{Loan amount}}{1,000} \times \text{(B) Life rate} = \text{Monthly Life insurance premium (D)}$$

STEP 2 - Again, determine your age bracket under Column A, based on your current age. Going across the table, use the Disability rate from Column C to calculate your Disability insurance premium.

$$\frac{\text{Monthly loan installment}^*}{100} \times \text{(C) Disability rate} = \text{Monthly Disability insurance premium (E)}$$

*includes life insurance premium as determined in Step 1

STEP 3 - Add your Life insurance premium (D) and your Disability insurance premium (E) to determine your total monthly premium (F).

$$\text{(D) Life insurance premium} + \text{(E) Disability insurance premium} = \text{Total monthly premium (F)}$$

(Please refer to the next page for an example)

EXAMPLE

Steve is a 32-year old former Marine who has qualified for a Cal-Vet home loan of \$125,000. Steve’s monthly loan installment (including principal, interest, property taxes and fire insurance premium) equals \$1,200.00.

Using the table below, Steve estimates his monthly premiums to be \$30.31.

(A) Your Age	Insurance Rate	
	(B) Life Coverage	(C) Disability Coverage
Under 25	\$.12*	\$1.26*
25-29	\$.12	\$1.26
30-34	\$.12	\$1.26
35-39	\$.20	\$1.47
40-44	\$.35	\$1.75
45-49	\$.55	\$2.13
50-54	\$.61	\$2.60
55-59	\$.86	\$3.48
60-61	\$.86	\$3.48
62+	not issued *per \$1000	not issued *per \$100

How to Estimate Your Monthly Premium

STEP 1 - Determine your age bracket under Column A, based on your current age. Going across the table, use the Life rate from Column B to calculate your Life insurance premium.

$$\frac{\$125,000.00}{\text{Loan amount}} \div 1,000 \quad \times \quad \frac{\$.12}{\text{Life rate}} \quad (\text{B}) = \frac{\$15.00}{\text{Monthly Life insurance premium}} \quad (\text{D})$$

STEP 2 - Again, determine your age bracket under Column A, based on your current age. Going across the table, use the Disability rate from Column C to calculate your Disability insurance premium.

$$\frac{\$1,215.00}{\text{Monthly loan installment*}} \div 100 \quad \times \quad \frac{\$1.26}{\text{Disability rate}} \quad (\text{C}) = \frac{\$15.31}{\text{Monthly Disability insurance premium}} \quad (\text{E})$$

*includes life insurance premium as determined in Step 1

STEP 3 - Add your Life insurance premium (D) and your Disability insurance premium (E) to determine your total monthly premium (F).

$$\frac{\$15.00}{\text{Life insurance premium}} \quad (\text{D}) + \frac{\$15.31}{\text{Disability insurance premium}} \quad (\text{E}) = \frac{\$30.31}{\text{Total monthly premium}} \quad (\text{F})$$

HOME IMPROVEMENT LOAN
CALIFORNIA DEPARTMENT OF VETERANS AFFAIRS
 Division of Farm and Home Purchases

REQUEST FOR VERIFICATION OF EMPLOYMENT

INSTRUCTIONS: Employee - Complete PART I and give this request to your employer.
 Employer - Complete PART II and mail directly to the District Office indicated in Part I, Item 2.

Part I - REQUEST

1. Name and Address of Employer	2. Address of District Office
3. Name and Address of Employee	I have applied for a Cal-Vet loan and stated I am employed by you. My signature authorizes the release of the information requested in PART II of this form.
4. Employee's Social Security Number	
Signature of Employee _____	

Part II - VERIFICATION

TO EMPLOYER: The above named employee has given this office authorization to verify employment and earnings. Your cooperation in completing PART II will aid the Department in processing a home loan for your employee. It is understood that this information will be regarded as confidential and does not imply a guarantee as to continued employment or rate of earning.

EMPLOYMENT DATA	PAY DATA		
5A. Is the applicant employed by you? <input type="checkbox"/> Yes <input type="checkbox"/> No	6A. Current Base \$		6C. For Military Personnel Only
5B. Date Hired:	<input type="checkbox"/> Monthly <input type="checkbox"/> Hourly <input type="checkbox"/> Twice a Month <input type="checkbox"/> Annual <input type="checkbox"/> Weekly <input type="checkbox"/> Other (Specify in remarks) <input type="checkbox"/> Every Two Weeks		Pay Grade
5C. Position or Job Title:			Monthly Amount
5D. Probability of Continued Employment:	6B. Earnings		Base Pay: \$
5E. Number of Hours Normally Worked Per Week:	Year to Date Past 12 Months		Rations: \$
5F. If overtime or bonus is applicable, is its continuance likely? Overtime <input type="checkbox"/> Yes <input type="checkbox"/> No Bonus <input type="checkbox"/> Yes <input type="checkbox"/> No	Base Pay: \$ \$		Flight or Hazard: \$
	Overtime: \$ \$		Clothing: \$
	Commissions \$ \$		Quarters: \$
	Bonus: \$ \$		Pro Pay: \$
7. Remarks			Overseas or Combat: \$
8. Signature of Employer:	9. Title of Employer:	10. Date:	
_____	_____	_____	

STATE OF CALIFORNIA
DEPARTMENT OF VETERANS AFFAIRS

VETERAN PURCHASER'S AFFIDAVIT
(Cal-Vet Home Improvement Loan Contract)

—As applicant(s) for a Cal-Vet Home Improvement Loan, you must read this Affidavit carefully, including the Instructions, fill it in (print in ink or type), and sign it under oath before a Notary Public. By doing so, you promise that all the statements in it are true.

As required by the Tax Reform Act of 1986 (1986 Tax Act), revenue bond proceeds can be used for “qualified” home improvement loans. The veteran purchaser applying for the home improvement loan must meet the specified income limits in order to qualify for use of the revenue bond proceeds.

State of California)
) ss.
County of _____)

YOU PROMISE THAT:

1. You intend to use the home as your principal residence until the Cal-Vet loan is paid in full.
2. You haven't rented or sold the home to someone else and you don't intend to do so.
3. 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.
4. You won't use the home in a business or trade, or for any other commercial purpose, or as an investment property, or as a recreational property, or as a vacation or “weekend” home.
5. 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.
6. Your name is _____ . Your spouse's name is _____ .
The home is located at _____ .
7. Your “annualized gross income” is \$ _____ (See Instructions below).

Instructions for Purchaser's Affidavit:

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 United States Department of Veterans Affairs 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).

Signed: _____

Subscribed and sworn before me

Signed: _____

this _____ day of _____ ,

Notary Public in and for said State
and County

(SEAL)