



VETERANS LAND BOARD

SERVING TEXAS VETERANS

Type I Forfeited Land Sale Handbook

BIDDING PERIOD

OPENS December 4, 2017

CLOSES January 23, 2018 @ 5:00 p.m.

BID ONLINE

To start bidding go to <http://www.glo.texas.gov/vlb/veterans-benefits/forfeited-land-sales/index.html>. Please allow seven days when first creating a profile to provide sufficient time in submitting a bid.

Attention

An eligible veteran submitting an offer to purchase a Type I tract may request a loan from the VLB. Any request for a loan will be processed as a mortgage loan, with a note and deed of trust. **All veteran applicants requesting VLB financing are subject to VLB credit approval.** A down payment of not less than 5% of the minimum amount, as listed on our website, will be required at closing. As a condition of financing the VLB may require an additional down payment. All costs of purchasing the land and obtaining a loan, including all closing costs, will be the responsibility of the buyer at closing. **Any amount offered over the minimum must be paid at closing if you decide to use VLB financing.** All loans will require an owner's title insurance policy in the name of the buyer and a mortgagee's title policy in the name of the VLB paid by the buyer. Closing will be at a Title Insurance Company. VLB financing requires a \$75.00 contract fee that must be paid by the buyer.

Example:

Minimum Price Listed:	\$40,000.00
Your Offer:	\$41,250.00
Maximum Loan Amount:	\$38,000.00
Amount Due at Closing	\$3,250.00

VLB Will Finance 95% of the listed price; a down payment of 5% is required at closing.
 $\$40,000.00 \times 5\% = \$2,000.00$

Amount offered over and above the listed price:
 $\$41,250.00 - \$40,000.00 = \$1,250.00$

Amount over listed price + 5% of the minimum offer amount = Amount Due at Closing
 $\$1,250.00 + \$2,000.00 = \$3,250.00$ is required at closing

Bidding Frequently Asked Questions

How much should I bid?

You must bid at least the minimum bid amount; bids less than the minimum amount are not accepted.

Do not base your bid on a nonpermanent improvement, such as a mobile home. By the time you take possession of the property, the improvement may have been removed.

Bid a single, specific amount.

To lessen the chances of a tie bid, do not bid in round numbers.

May I purchase in cash instead of financing a loan with the VLB?

Yes. When you receive the winning award letter, call and let us know if you prefer a cash sale. You will be instructed to send in the full amount of your bid. We will prepare a deed conveying the property to you. We will collect a deed preparation fee in the amount of \$75.00.

How does the VLB set the minimum bid?

The minimum bid is based on current appraised value.

May I bid on more than one tract?

Yes, up to a total of six tracts. You will only be awarded one tract of land. In the event, you are the highest bidder on more than one tract, we will award one tract to you based on your bid preference.

What if there is tie?

In the event of tie bids, the earliest time stamp of the bid will be awarded the tract.

If I am awarded a tract, may I change my mind?

Yes, but the contract fee is non-refundable.

Terms and Conditions

- By submitting a bid, you agree to comply with the provisions of the Veterans Land Act and the rules and regulations of the VLB.
- By submitting a bid, you agree to execute a Note and Deed of Trust with the VLB, if obtaining VLB financing. If you refuse to execute the required documents, you will forfeit the \$75.00 contract fee. The VLB offers no warranties on these tracts. The tracts are being sold "as is." The VLB makes no representation as to the condition, value, or habitability of the tracts. You must satisfy yourself as to the shape, location, and suitability of the tract(s) on which you bid.
- The VLB makes no representation as to the value, permanence, or condition of improvements on the tracts.
- If, during your research, you identify a possible title defect, you must notify the VLB before you sign your closing documents. The VLB is the sole judge as to whether or not the defect will release you from your obligation to purchase the tract.
- The rules that govern the VLB, information on these tracts, and tract availability are subject to change without warning.
- The information in this handbook or from our office should not be considered as a substitute for the advice of your own attorney.

Tract Suitability

Do I have to inspect the tract myself?

Yes. It is important that you inspect the tract prior to making a bid to make sure the tract is suitable to your needs.

What if I have trouble locating a tract?

- Call us to make sure you have the most up-to-date tract information.
- If you cannot find the tract using our instructions, obtain a copy of the Warranty Deed and the plat (if available) from the county clerk's office. Take them to the county appraisal district (CAD) office. A CAD employee familiar with surveying, field notes, and plats may be able to help you locate the tract on a county map.
- Note: There should be a VLB "For Sale" sign on the property that lists the Forfeited Land Sale tract number and our phone number. Occasionally signs are taken down, moved, or damaged by severe weather conditions. If in doubt, call us

How do I determine if the tract is suitable for me?

Below is a partial list of issues to consider. You must satisfy yourself as to whether or not the tract is suitable to your needs. (You may want to hire a real estate agent to help you with your questions. The VLB cannot recommend a real estate agent and does not set or pay agents' fees.)

- Are the shape and terrain of the tract suitable to your needs?
- Is the tract in a Floodplain
- Does the tract already have the utilities and services (telephone, sewer, electricity, etc.) you will need? If not, will you be able to get them?
- If you plan to build a home on the tract, your lender may require you to obtain clear title (a partial release) from the VLB for the acreage where the house will sit. For information about our partial release procedure, call us or check online at:
www.glo.texas.gov/vlb/veterans-benefits/veteran-loans/land-loans/current-account-holders/pre-2007.html
- Are there restrictive covenants or other regulations that will affect your plans? For example, are mobile homes allowed? Are partial releases allowed?
- Who maintains access to the tract? Is it the state? The county? A subdivision? The landowners who use the easement?
- Will you have to pay homeowners' association or property maintenance fees?

Research County Records

Where do I find county records?

In the county courthouse where the land is located.

County records are indexed by legal description and/or by grantor or grantee name, so take our tract description with you. It includes information from our Warranty Deed.

The county appraisal district (CAD) office

The CAD is an excellent source for information on the tract, including subdivision, utility, school district, and property tax information.

For a fee, a title company will locate all records affecting the tract. Though you should review title prior to bidding, a title policy is required if you are the successful bidder. During the processing of your loan a title commitment will be ordered. At that time the title commitment will reveal any title problems.

What am I looking for in the county records?

Records of transactions that may affect your purchase or use of the tract. For instance, recorded easements (rights of way) or potential title defects, such as a recorded lien. Contact your attorney or a real estate agent for help assessing the validity of potential title defects. Our Loan Servicing Division may also be able to help you.

What are mineral rights and reservations?

Some properties owe part of their value to natural resources, such as oil, water, minerals, timber, etc. A tract may currently be subject to active leases for the mining or harvesting of its natural resources. The leases may have been granted prior to or after the VLB purchased the tract.

The VLB does not reserve any mineral interests for itself; however, prior owners may have reserved part or whole interests for themselves. Before you bid on a tract, you should be familiar with the current ownership of the mineral rights and reservations, since they may affect your enjoyment of the property. For example, if an oil company currently has a lease to drill on the tract; it has the right to come onto the property to drill, per the conditions of the lease.

What are property maintenance fees and homeowner dues?

The tract may be subject to fees for the upkeep of common areas, roads, etc. Typically, these fees are assessed and collected by a subdivision developer, a local property owners' association, or a homeowners' association.

You will be responsible for any past due or future fees.

After the Land Sale

Two days after the bidding period closes, the members of the Texas Veterans Land Board will convene to certify the results of the sale. Be aware that the Board members will vote at this meeting to certify or reject bids. A tract may be removed from the sale process at any point up to and including this meeting.

After the meeting, we will begin awarding the tracts. Initially, each tract is awarded to the highest bidder. However, if a bidder is high bidder on more than one tract, we will consider the bid preference. No bidder will be awarded more than one tract.

All bidders will receive an email regarding their bid.

Award Email - Letter

In your award email-letter, you will be given a deadline to send in:

- the contract fee of \$75.00;
- proof of your Texas Veteran eligibility. Typically, a copy of your DD214 will suffice. If it does not, however, you must be able to provide information that does. If you cannot prove eligibility in the time given, you will forfeit the award and any money you have sent.
- Note: If your name has changed since your DD214 was issued, you will need to provide documentation (marriage certificate, court order, etc.) so that your VLB contract will accurately reflect your name;
- the Texas Veterans Land Board Purchase Contract and a credit application (Fannie Mae Form 1003);
- other documents as required.

Monthly Payments

The principal balance on your loan will be the minimum bid amount less any required down payment. Payments will be due on the first day of each month after the effective date of your loan.

We encourage you to set up your payments on Automatic Bank Withdrawal (ABW), which will allow us to deduct your monthly VLB payment directly from your checking or savings account or from a government allotment.

After I Close on the Property

Will I be able to sell the property?

Yes, under certain conditions:

Pay-in-Full (PIF)	If you find a buyer who will pay the loan in full, you may sell the tract at any time.
Simultaneous Pay-in-Full (SimPIF)	If you find a qualified Texas veteran who wants to apply to the VLB for a new loan on this tract, you may sell the tract at any time.
Loan Assignment	You must hold the loan for three years before assigning it to a new (veteran or nonveteran) buyer. The new buyer must meet VLB credit requirements.