

(9) **WELLS AND SEPTIC SYSTEMS.** If the property the applicant wishes to purchase, construct, improve or refinance involves a well, community water supply (not municipally operated) or a private septic disposal system, then a well agreement, safe water report (from a laboratory certified by the State of Wisconsin), percolation tests if a construction loan is involved or documentation evidencing an adequate sewage disposal system (not municipally operated) must be submitted to the department with the application. Housing loans will not be approved for the purchase of or construction of housing accommodations on properties where the septic disposal systems are gas fired, chemical toilets or mound type septic systems and such housing loans will not be approved on properties where the septic disposal systems rely upon a holding tank with regular pumping and removal on a contract basis unless evidence is submitted showing that public sanitary service will become available within 2 years after the loan closing and the applicants can submit contracts covering emptying of such tanks during the 2 year period or until the public sanitary service installation will take place.

(10) **SEPARATE DWELLINGS.** The department shall not approve a housing loan to an applicant and co-applicant for a duplex or a multiple unit housing accommodation where the applicant and co-applicant are occupying or intend to occupy separate dwelling units therein even though both are veterans.

(11) **TERM.** The amortization period of a housing loan must be at least 5 years less than the remaining economic life of the housing accommodation as set forth in the appraisal, not to exceed 30 years.

History: Cr. Register, October, 1974, No. 226, eff. 11-1-74; emerg. am. (5), eff. 2-21-74; emerg. am. (3), eff. 5-1-75; emerg. am. (3), eff. 1-30-76; am. (2), Register, July, 1976, No. 247, eff. 8-1-76; r. and recr. Register, September, 1978, No. 273, eff. 10-1-78.

VA 4.04 Cost of housing accommodation and garage. The following bases will be used to determine the cost of housing accommodation and garage for the purposes of section 45.74 (5), Wis. Stats.

(1) **CURRENT APPRAISAL.** In construction loan applications where the cost of the land and improvements are integral parts of the total property cost and in purchase loan applications, the cost of the housing accommodation and garage shall be based upon a current appraisal thereof. If the appraised value of the entire property exceeds its cost, the percentage of the total appraised value attributable to the housing accommodation and garage multiplied by the total cost of the property will be the cost of the housing accommodation and garage.

(2) **COST OF CONSTRUCTION.** In construction loan applications where the lot is purchased separately, the cost of the housing accommodation and garage shall be the cost of construction thereof which shall not include the cost of laterals to the lot line, grading, backfilling, fill, landscaping, septic tank, dry well, well, driveway, street, sidewalk, curb and gutter, assessments for sewer and water mains or other ancillary improvements to the land.

(3) **ORIGINAL COST OR VALUE.** In improvement and refinance loan applications the original cost of the housing accommodation and garage shall be the cost of construction thereof if constructed by the veteran. If purchased by the veteran the original cost of the housing accommodation and garage shall be based upon either the assessed or appraised value thereof at the time of acquisition of the property by the veteran

and shall be the product of the percentage of the total appraised or assessed value attributable to the housing accommodation and garage multiplied by the cost of the entire property.

History: Cr. Register, October, 1974, No. 226, eff. 11-1-74.

VA 4.05 Financial requirements. (Subch. II of ch. 45, Stats.) (1) **FUNDS.** (a) Includes cash on hand liquid investments, and except as provided in paragraph (b), any asset the conversion of which to cash would not result in substantial loss. Stocks and bonds, including U.S. Savings Bonds, are valued at market price as of the date of application and therefore no loss shall be considered upon sale. The funds of an applicant shall include all funds owned individually and jointly by the applicant and co-applicant. An applicant's vendor's interest in a land contract shall be considered funds unless the department determines that the conversion of such interest to cash would result in substantial loss to the applicant.

(b) Funds shall not include cash value of automobiles, household furnishings and appliances, personal effects, life insurance policies, retirement investment plans, stock or interest in an employer's business required as a condition of current employment, irrevocable trusts of which the applicant or co-applicant is the settler but not the beneficiary or the proceeds of loans, except proceeds from loans against life insurance policies shall be considered funds.

(c) Business assets of a self-employed applicant shall not be included as funds unless working capital is determined to be in excess of normal business requirements in which case the excess shall be considered funds.

(2) **VETERAN'S CONTRIBUTION.** If the applicant's contribution required under s. 45.74 (5) and 45.77, Stats., or such closing costs and moving expenses as the applicant may be required to pay have been or are to be acquired by borrowing, the application will not be approved. The applicant must be financially able with the aid of the housing loan applied for to complete the contemplated purchase, construction, improvement or refinancing and to pay all required closing and moving expenses. Work credits, rent credits or other reductions of the price of the property being acquired by an applicant may be allowed but only after the applicant evidences that a 5% down payment has been made from such applicant's own funds. Mortgage funds shall not be utilized to pay closing costs. Applicants shall submit verifications of all deposits in excess of \$100 which will constitute a portion of their contribution.

(3) **OTHER OWNED NON-RESIDENTIAL REAL ESTATE.** (a) The applicant shall sell such real estate or provide the department with a copy of the warranty deed, previous year's tax bill and list of encumbrances against the other owned real estate. The legal description of the other owned real estate will then be included in the mortgage executed to the department as parcel II and prefaced by the following statement: "This mortgage encumbers only such interest as the mortgagor may have in the following described real estate." The value of other owned real estate so mortgaged as additional security shall not be considered funds. The mortgage must then be recorded in the county where such other owned real estate is located.