

occupied as a business must be less than 50% of the total, and the business portion must be occupied by the veteran in carrying on his own business. All applications for buildings which are classified as commercial, having living quarters, or to be converted to living quarters, will be closely scrutinized by the department. Applications for dwellings which include farm land and farm buildings will be analyzed to ascertain that the dwelling is adequate for the veteran's family, that the appraisal of the home with reasonable sized lot is fairly valued, and that the loan is not primarily for the business of farming since the law does not cover business operations. Likewise, the department will scrutinize applications involving a dwelling with large parcels of land to determine that the purpose of the loan is to acquire a home rather than to invest in land for resale. Loan applications which involve land which will not be farmed because the veteran will continue his regular avocation will be considered where the veteran can satisfy the department of his need for such land acquisition.

(14) **NORMAL DWELLING.** If a dwelling unit is normal in the community, the fact that income from apartments in the building is in excess of the income which would be received from the portion occupied by the veteran will not bar favorable consideration of the loan application. Applications to purchase 2 bedroom homes by veterans who have 2 or more children of mixed sexes will be closely scrutinized and deemed inadequate unless to the satisfaction of the department the veteran can show the adequacy of such housing. All multiple unit homes to be converted to single family dwellings for adequacy purposes must be appraised as single family dwellings.

(15) **DEPENDENTS.** The department will recognize as dependents all persons who are normally members of the veteran's family group. The veteran must be the head of the family.

(16) **PAYMENT ON SALE.** The department will reserve the right to require that upon sale of the property by the veteran, its loan will be paid in full.

(17) **REFINANCING.** Loans for refinancing will be for the purpose of assisting a veteran when there is need for such action and the loan will aid him to establish a reasonable financial status concerning his housing needs. Need for such action is deemed to be present where the veteran is in danger of losing his home through legal action and documents have been served upon him.

(18) **APPLICATION BY A SINGLE VETERAN.** A loan application by a single veteran or a veteran without dependents will be considered at the time the veteran is married in order that loan papers are signed by both husband and wife.

(19) **DENIAL OF OUT-OF-STATE BONUS APPLICATIONS.** In view of the use which Wisconsin veterans are making of present available funds, and that there are not sufficient available funds to assist all Wisconsin veterans, all housing loan applications of veterans who have received a bonus from their former home state will be denied.

(20) **CONSTRUCTIVE RECEIPT OF OUT-OF-STATE BONUS.** The department will not consider favorably housing loan applications of veterans who have received a bonus from another state, including veterans who have applied for such bonus and have received notice that their applications have been approved, whether or not payment has as yet been received.

(21) NEED FOR LOAN. Since housing funds are limited, and to comply with the requirement of the statutes that the most necessitous cases shall be favored by establishing an order of preference:

(a) Loans shall be made only to veterans who show need for such housing and who have exhausted their primary financing from local agencies. Need for housing shall also infer that the dwelling is adequate for the veteran's family needs.

(b) Applications received from county veterans service officers shall contain such statements.

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(22) SECOND APPLICATIONS. Favorable consideration will be given to cases of second applications for housing loans where the applications are based upon legitimate reasons, such as removal of the veteran to another city by his employer, need for a larger home due to increase in his family, and so forth.

(23) INSURANCE. The amount of insurance carried by the veteran should equal or exceed the total of the encumbrances or mortgages on the property to insure the veteran's complete protection in case of a loss. All department loans made after September 1, 1958, are protected by mortgage cancellation life insurance.

(24) VETERAN CHARGED ON FAILURE TO FILE DOCUMENTS. Where the veteran fails to provide evidence of adequate insurance coverage or fails to forward the department's note and mortgage, an attorney's final opinion of title or title insurance on the property, the department shall procure the necessary insurance or attorney's opinion and charge the cost to the veteran. The department is authorized to withhold \$100 of the loan proceeds until the necessary papers are returned to the department.

(25) MAXIMUM LOCAL FINANCING. The veteran must obtain maximum local financing. Where maximum primary local financing is not obtained, the veteran will submit statements from three local lending agencies stating the reason for refusing to make the loan. Maximum local financing by a lending institution is the loan amount made in its ordinary and regular business transactions, and within their laws and regulations. A primary loan made by an individual will be considered maximum local financing when it equals or exceeds 50% of the cost of the property.

(26) SPLIT LOT LOANS. Loans on split lots will be scrutinized closely to ascertain that the need requirement of the law is fulfilled, that the property is in good repair and good condition, that it appears to have a reasonable resale value, and that it has proper access by means of easements or abuts on a street or lane or alley. The department recognizes that the value of such properties generally is doubtful security for a loan, and that the security decreases as the housing emergency diminishes.

(27) ACCELERATION UPON CHANGE OF TITLE OR POSSESSION. The intent of the law is to provide a home for the veteran and his family. The department will reserve the right to require that its loan be paid in full and will so provide in the note and mortgage. Transfer of possession of the property for any reason shall be interpreted to mean nonoccupancy of the mortgaged premises by the veteran or his family.

(28) ACCELERATION UPON FALSE STATEMENT. Whenever it is determined that an applicant has obtained a housing loan through fraud,

misrepresentation, concealment of a material fact in his application or other violation of law, the note will be accelerated and full payment demanded.

(29) **OUTSIDE APPLICATIONS TO CUT-OFF COUNTIES.** Applications in cut-off counties by residents of other counties will not be favorably considered without approval of the local county veterans service officer.

(30) **EXCHANGE OF HOUSING.** The department may make a loan to a veteran who has previously owned a home and sold it. Such veteran must submit a valid reason for the sale of such home and must show that his equity from the sale is used to acquire his new dwelling.

(31) **PARTIAL RELEASE OF MORTGAGE.** The department when called upon to release a portion of its mortgage security is authorized to issue such release if it is determined that such release will not seriously devalue the remainder of the property. The department will require that the funds obtained from such released property be applied to the mortgages in their original proportion but if there is no primary mortgage on the property or the primary lender waives claim to the funds then such funds shall be applied as a principal reduction of the department's loan. If all or part of the funds are to be used to improve the property the expenditure of the funds must be supervised.

(32) **VETERAN'S OUTSIDE DEBTS.** The amount of the veteran's outside debts and the monthly payment thereon may seriously hamper the veteran's ability to make his housing payments. The department will carefully consider the reasons for the veteran's outside debts, the monthly payments in relation to his income, and his ability to meet his financial obligations. If the department determines that the indebtedness shows financial instability or if the monthly payment will affect the veteran's ability to make his housing payments, the loan application may not be favorably considered.

(33) **GIFTS OF MONEY OR OTHER PROPERTY.** The department will determine the value of property which the veteran has received as a gift when it is part of his loan application. No gift of money, personal property or real estate shall be considered unless the donor submits a statement that the value of such gift will not be repaid. In determining the value of such real estate the assessed value and the appraised value shall be considered and the higher value may be used by the department in determining either the 5% equity required under the law or the total cost of the property. In cases involving a gift of either real or personal property to the veteran where the donor recently acquired such property, the actual cost to the donor shall determine the value of the gift.

(34) **INCREASE IN PRIMARY MORTGAGE LOAN.** Any increase in a primary mortgage loan over the amount indicated on the DVA form 318, unless approved by the department, shall be considered a third or subsequent lien on the property. The department may take whatever action it may deem advisable to protect its second mortgage interest and may request the return of its loan funds if necessary.

(35) **LOAN COLLECTIONS.** The department will maintain a strict policy to collect all loans. All loans in default and upon which the efforts of the department to collect have been of no avail, will be

referred to the attorney general's office for collection, except such loans as the director may refer to the loan advisory committee for advice.

**History:** Cr. Register, February, 1960, No. 50, eff. 3-1-60.

**VA 5.10 Veterans cooperatives and nonprofit corporations.** (1) **STOCKHOLDERS INTEREST.** The department will require proof in the application or otherwise that no member or stockholder of the corporation will have any financial interest therein other than as a purchaser of a home and that no member or stockholder of the corporation will make any profit in dealing with the corporation, either through the sale of real estate or through contracting with that corporation.

(2) **CONTRACTOR BOND.** The contractor will furnish a bond for completion running to the department, in addition to the corporation and the first mortgagee.

(3) **STOCK PURCHASE NOT ELIGIBLE.** The statute clearly indicates that the department has no authority to make direct loans to veterans for the purpose of purchasing stock in such a corporation.

(4) **DIRECT LOANS UNAUTHORIZED FOR STOCK PURCHASE.** Under the housing program, the department has no authority to make direct loans to veterans for the purpose of purchasing stock in such a corporation.

(5) **LOANS ON NON-PLATED SUBDIVISIONS.** Loans on property other than subdivisions already platted where municipal utilities are available, will be carefully scrutinized.

(6) **DOCUMENTS REQUIRED.** A certified copy of the articles of incorporation, and such other papers as may be required, will accompany the application.

**History:** Cr. Register, February, 1960, No. 50, eff. 3-1-60.

**VA 5.15 Incentive grants.** (1) **QUALIFICATIONS.** Housing authorities requesting incentive grants will be required to show that the completed project will provide housing to veterans at as low a monthly cost as may be achieved in any other manner. In this connection, the application will show the current monthly cost to the home owner of houses offered for construction or available for purchase in the community.

(2) **BOND.** The contractor will furnish a bond for completion and include the department as an obligee entitled to enforce the bond.

(3) **PAYMENT.** Payment to the housing authority may be made by the department upon approval of the project and the furnishing of the necessary bond.

(4) **AUTHORITY.** A copy of the resolution establishing the housing authority will accompany the application.

**History:** Cr. Register, February, 1960, No. 50, eff. 3-1-60.