

## Chapter VA 3

### ECONOMIC ASSISTANCE LOANS

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**VA 3.01 Objective.** The department may loan to any eligible Wisconsin veteran not more than the statutory limit from the veterans trust fund to provide economic assistance for the purposes set forth in section 45.35 (8b), Wis. Stats., where the veteran's need is established to the satisfaction of the department and he is unable to meet that need from his own resources or available credit.

**History:** Cr. Register, March, 1965, No. 111, eff. 4-1-65.

**VA 3.02 Administrative procedure.** The following administrative procedures will govern the processing of all loan applications:

(1) **ADMINISTRATIVE EXPENSES.** Ordinary expenses incidental to making loans will be borne by the department as administrative expenses.

(2) **GUARANTOR, WHO MAY NOT BE.** No employe of the department, no county veterans service officer and no other person in any way connected with the administrative duties of the department or serving in an advisory capacity thereto shall be accepted as endorser or guarantor on any loan.

(3) **COUNTY LOAN ADVISORY COMMITTEE.** The director may, upon the recommendation of a county veterans service officer, appoint a county loan advisory committee in such county to furnish information and recommend approval or denial of loan applications.

(4) **APPLICATIONS.** Applications for loans shall carry the recommendations of the county loan advisory committee where so established. Such committee shall investigate and recommend acceptance or rejection of loan applications to the county veterans service officer. Applications not carrying such recommendations may be processed if they carry the recommendations of the county veterans service officer.

(5) **INFORMATION REQUIRED.** An application shall contain such information as is necessary to satisfy the department that the proceeds of the loan will be applied as set forth in the application, that the application of such proceeds will substantially contribute to the solution of the veteran's economic problems, and, in the case of business loans, that the veteran's venture will probably succeed.

**History:** Cr. Register, March, 1965, No. 111, eff. 4-1-65.

**VA 3.03 Loan policy.** In processing loan applications the department will give consideration to the veteran's character, will attempt to ascertain all pertinent facts, and will generally adhere to the following conditions:

(1) **REPAYMENT OF LOANS.** All loans will be amortized on a monthly basis and the initial term of all loans shall not exceed a maximum of 5 years for loans secured by real estate and shall not exceed 3 years for loans secured by chattel mortgages. Guaranteed loans shall not be made for a term in excess of 50 months.

(2) **SPOUSE'S SIGNATURE REQUIRED.** Both the veteran borrower and his or her spouse must join in the obligation.

(3) **FEMALE VETERANS.** Loans may be considered for female Wisconsin veterans when the benefits are immediate, direct, personal and tangible to the veteran concerned.

(4) **CONSOLIDATION OF DEBTS.** Loans will not be made to finance existing debts as long as the veteran's commitments remain within his capacity to pay. After one such loan has been made, further loans will ordinarily not be made for the payment of debts. Such loans will be made only where they will substantially consolidate all the veteran's debts, other than his home mortgage.

(5) **EVIDENCE REQUIRED.** A veteran making application for an economic assistance loan for the purpose of consolidating debts will furnish the department a statement giving the dates his debts were incurred, the original amounts, purposes for which the debts were incurred and the exact amounts which the creditors will accept to satisfy the debts.

(6) **FURNITURE LOANS.** Purchase price chattel mortgage loans for furniture will not be made in excess of one-half of the statutory limit, however, loans in an amount not exceeding the statutory limit for such purpose may be made on a guarantor basis.

(7) **REAL ESTATE LOANS.** Loans may be made for repairing or adding to a veteran's home or business property only where the total cost, which shall be the original cost to the veteran plus improvements less normal depreciation, does not exceed the statutory limit set forth in section 45.352 (4) (b), Wis. Stats. No economic assistance loan will be made to complement a department housing loan when the combination of such loans will exceed the statutory limit for a housing loan and no economic assistance loans may be made to provide all or any part of the down payment on home purchase.

(8) **PAYEES ON STATE CHECKS.** Loan checks will be made payable to the veteran and such other person or persons as may be necessary to insure proper application of the loan proceeds.

(9) **NONQUALIFYING LOAN PURPOSES.** Loans will not be made:

(a) For the payment of debts owed to or owed by the members of the family of either the veteran or the veteran's spouse;

(b) To finance business transactions between the veteran and the members of the veteran's family or the spouse's family;

(c) Where the guarantor receives any loan proceeds;

(d) For a veteran to engage in any business enterprise which the experience of the department has shown to involve unnecessarily high risk; or

(e) For the benefit of any corporation.

**History:** Cr. Register, March, 1965, No. 111, eff. 4-1-65; am. (1) and (7), Register, December, 1965, No. 120, eff. 1-1-66.

**VA 3.04 Security.** Security will be required on all loans in excess of \$250. Furniture will not be taken as security on loans for business purposes or for the payment of debts.

(1) **VALUE OF SECURITY.** Loans will not be made in amounts in excess of the reasonable value of the property pledged as security or to be acquired from the proceeds of loans.

(2) **UNACCEPTABLE SECURITY.** Second chattel mortgages and mortgages on merchants' stocks of goods in trade will not be accepted as security for loans.

(3) **REAL ESTATE.** When real estate is offered as security, the veteran mortgagor must submit evidence that he has merchantable title to such real estate and sufficient equity therein to provide adequate security for the loan. When the department has a first mortgage loan on real estate, it will retain the abstract of title or title policy until such loan is paid in full.

(4) **INSURANCE.** A veteran is required to carry insurance at his own expense on real estate improvements and chattels mortgaged to the department in a company acceptable to the department, in an amount equal to or greater than the balance owing on the mortgage plus all encumbrances prior in security to the mortgage, and must furnish the department with an insurance policy with a standard mortgage endorsement showing the department's interest at the time the loan is made evidencing such insurance coverage.

(a) Fire and extended coverage insurance must be carried on real estate improvements.

(b) Fire, lightning and windstorm insurance must be carried on farm machinery and livestock and fire and comprehensive coverage insurance must be carried on all other types of chattels.

**History:** Cr. Register, March, 1965, No. 111, eff. 4-1-65.

**VA 3.05 Educational loans.** Loans may be made for educational purposes.

(1) **LOANS TO VETERANS.** A loan to assist a veteran to complete his educational objective as stated on his application may be granted upon the condition that arrangements for monthly repayment will be entered into immediately upon withdrawal from or completion of the approved course of instruction, and in the case of a medical student upon completion of internship.

(2) **EDUCATION IN OUT-OF-STATE-SCHOOLS.** A loan to a veteran attending a school outside Wisconsin must be guaranteed by one or more responsible Wisconsin residents, and no such loan will be made when adequate courses of study in the desired field of education are available in Wisconsin.

(3) **CHILDREN'S EDUCATION.** A loan to a veteran for the education of his child or children may be granted upon approval of the course or courses of instruction by the department.

**History:** Cr. Register, March, 1965, No. 111, eff. 4-1-65; r. and recr., Register, December, 1965, No. 120, eff. 1-1-66.

**VA 3.06 History:** Cr. Register, March, 1965, No. 111, eff. 4-1-65; r. Register, December, 1965, No. 120, eff. 1-1-66.

