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CERTIFICATE

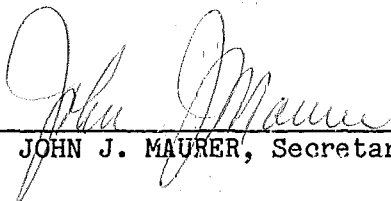
STATE OF WISCONSIN)
) SS
DEPARTMENT OF VETERANS AFFAIRS)

I, John J. Maurer, Secretary of the Department of Veterans Affairs and custodian of the official records of said department do hereby certify that the annexed rules, relating to various benefits available from the Department of Veterans Affairs were duly approved and adopted by the Board of Veterans Affairs of the Department of Veterans Affairs on October 20, 1989.

I further certify that said copy has been compared by me with the original on file in this department and that the same is a true copy thereof, and of the whole of such original.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed the official seal of the Department of Veterans Affairs at 77 North Dickinson Street, in the city of Madison, Wisconsin this 29th day of November, 1989.

BY:



JOHN J. MAURER, Secretary

2-1-90

ORDER OF THE
DEPARTMENT OF VETERANS AFFAIRS
REPEALING, AMENDING AND CREATING RULES

The Wisconsin Department of Veterans Affairs repeals VA 2.01(2)(b)(5), 4.05(3)(f), and 4.05(4); amends Chapter VA 2 (title), 2.01(2)(b) 2. and 10., 3.01(2), 3.02(1) and (2)(a), 4.05(2), 4.05(3) (title), 4.06(1), 4.07(1), 4.09(1) (title) and (1), 5.01, 5.03(5) and (9) and 8.03(1); and creates VA 2.03, 4.07(7) and Chapter VA 11 of the Wisconsin Administrative Code relating to various benefits available from the Department of Veterans Affairs.

Analysis Prepared by the Department of Veterans Affairs

Statutory authority: ss. 45.35(3), 45.397(3), and 45.73(1), Stats.

Statutes interpreted: ss. 45.351(1) (a) and (2) (a), 45.397, 45.72(5), 45.74(2) and (3), 45.76(1) and (3) (a)., Stats.

The rules relating to emergency grants have been liberalized to permit applicants to obtain health care aid grants for root canals and other dental procedures with the exception of routine cleaning, braces and cosmetic procedures. They have also been liberalized to remove the prohibition against using health care aid grants to pay loans incurred by applicants to pay for health care and to permit the department to consider health care grant applications received by the department more than 120 days after emergency medical care where the applicant shows good cause for the delayed receipt of the application.

New rules have been created to enable the department to administer the veteran's business loan program and the retraining grant program established by 1989 Wisconsin Act 31. In relation to the business loan program the rules specify several nonqualifying business purposes to comply with the statutory requirement that the department establish by rule the business purposes which will qualify for these loans. These rules also specify the application

procedure and the manner in which these loans may be secured. In relation to the retraining grant program, the rules establish financial eligibility and need criteria for the program. In addition, the rules limit retraining grants to one in a 12 month period and require that the veteran complete the course of instruction within 2 years of the date of application.

The economic assistance loan provisions of the department's rules have been amended primarily to update statutory references and to increase the resources veterans applying for economic assistance loans may retain from \$2500 in liquid assets to \$2500 in liquid assets plus 6 months living expenses computed on the basis of the standard student budgets established for the department's full time educational grant program.

The department's housing loan rules have been amended to require applicants for home improvement loans under the department's primary housing loan program, which have been authorized by the provisions of 1989 Wisconsin Act 31, to have 10% equity in their homes after the completion of the improvements in order to qualify for these new home improvement loans and to permit applicants for these loans and secondary housing loans for garage construction to establish equity on the basis of the equalized assessed value of their homes plus one-half of the cost of the improvements rather than requiring them to obtain appraisals.

The requirement that veterans must sell other owned residential real estate before they may qualify for housing loans has been deleted from the department's rules as has a provision relating to other owned real estate which is contiguous to veterans' homes.

The remaining proposed changes in the department's rules are all of a technical nature including the elimination of reference to the G.A.R. Memorial Hall being in the state capitol to conform to the statutory elimination of this requirement by 1989 Wis. Act 31 and elimination of an alternative county

veterans service officer salary provision rendered obsolete by statutory change made in the CVSO grant program by 1989 Wis. Act 31. TEXT OF RULES

SECTION 1. Chapter VA 2 (title) is amended to read:

CHAPTER VA 2 (title) EMERGENCY AND, CORRESPONDENCE AND PART TIME STUDY AND RETRAINING GRANTS.

SECTION 2. VA 2.01(2)(b) 2. and 10. are amended to read:

2. 'Dental care.' Health care aid for dental care shall ~~be limited to extractions, fillings, dentures and denture repairs unless related to health care provided as a result of accidental injury~~ include payment for all dental procedures except for routine cleaning, braces and cosmetic procedures.

10. 'Emergency health care application deadline.' Health care aid may be granted for health care received during the period beginning 120 days prior to actual receipt by the department of an application for health care aid for health care that has been or is being received for an emergency condition. If the application is received by the department more than 120 days after the provision of health care, aid may be granted if the applicant shows good cause for the delayed receipt.

SECTION 3. VA 2.01(2)(b) 5. is repealed.

SECTION 4. VA 2.03 is created to read:

VA 2.03 RETRAINING GRANTS. (1) DEFINITIONS. In this section:

(a) "Available liquid assets" means cash on hand, cash in a checking or savings account, stocks, bonds, certificates of deposit, treasury bills, money market funds and other liquid investments owned individually or jointly by the applicant and the applicant's spouse, unless the applicant and spouse are separated or are in the process of obtaining a divorce as established by the criteria set forth in s. VA 1.12(4), but does not include funds deposited in

IRAs, Keough plans, deferred compensation plans, or cash surrender value of life insurance policies.

(b) "Course of instruction" has the meaning specified in s. VA 9.01(3).

(c) "Earned income" has the meaning specified in s. VA 9.01(5).

(d) "FAO" has the meaning specified in s. VA 9.01(6).

(e) "Grant period" means one year from the date the application is received by the department or until the anticipated completion date of the applicant's course of instruction, whichever is earlier.

(f) "Income" means the total of 75% of earned income and all unearned income less unusual expenses.

(g) "Unearned income" has the meaning specified in s. VA 9.01(14).

(h) "Unusual expenses" has the meaning specified in s. VA 9.01(16).

(2) LIMITATIONS. (a) Income. No applicant may receive a grant under this section if the department determines, after disregarding any payment described under s. 45.85, Stats., that the applicant's annual income exceeds the current limit for the economic assistance loan program as described in s. 45.351(2)(b) 2., Stats. If the applicant is employed at the time of application but has received a notice of termination from the employer, the income received from that employer will not be included.

(b) Amount of grant. Applicants who qualify for a retraining grant under the provisions of this section and s. 45.397, Stats. are entitled to a grant equal to their need during the grant period or the statutory maximum grant, whichever is less. Need will be determined by deducting all income to be received by the applicant during the grant period, available liquid assets in excess of the retained asset limit stated in s. VA 3.02(2)(a) held by the applicant at the time of application and all other financial aid which will be received by the applicant during the grant period from the amount needed during

the grant period. The amount needed will be the sum of the amount shown on the standard student budget described in s. VA 9.03 for the appropriate time period and for the appropriate number of family members plus the cost of tuition, fees, supplies and books as reported by the school for the courses to be taken during the grant period plus any unusual expenses reported by the applicant.

(c) Enrollment. The applicant must be enrolled or accepted for enrollment in an institution of higher education, as defined in s. 39.32(1)(a), Stats., in this state. Enrollment may be part-time or full-time, but must be directed toward specific employment.

(d) Completion date. The anticipated completion date of a course of instruction may not be more than two years from the date the application is received by the department.

(e) Number of retraining grants. A veteran may receive only one such grant in a 12 month period. A check for an additional grant may not be mailed until a year has passed since the date the check for the previous grant was mailed.

(3) GRANT APPLICATION. (a) Required Information. A grant application, including required exhibits and supplements, shall contain such information as is necessary to satisfy the department that the applicant has a qualifying need for the grant, is or will be enrolled in a qualifying course of instruction which will lead to gainful employment and has become unemployed or received a notice of termination of employment within the year prior to the date of application. Required exhibits and supplements shall include a statement written by the applicant explaining the circumstances leading to the need for retraining and an explanation as to why the applicant feels that the desired retraining will lead to gainful employment. The exhibits and supplements shall also include verification that the applicant has received counseling from an assessment counselor and the counselor approves of the retraining to be undertaken.

(b) Procedure. Applications shall be initiated in the office of a county veterans service officer and completed and submitted by the FAO or other appropriate official representing the school attended or to be attended by the applicant.

SECTION 5. VA 3.01(2) is amended to read:

VA 3.01 (2) "Applicant" means a veteran who applies for an economic assistance loan under s.45.351 (2), (a) 1., Stats. The term "applicant" also means the applicant and co-applicant, if there is a co-applicant, unless the context clearly limits the meaning to only the applicant.

SECTION 6. VA 3.02(1) and (2) (a) are amended to read:

VA 3.02 GENERAL. (1) OBJECTIVE. The department may lend to any veteran who qualifies for a loan under the provisions of this chapter and s. 45.351 (2) (a) 1., Stats., an amount not more than the statutory limit from the veterans trust fund to provide economic assistance for the purposes set forth in s. 45.351 (2) (a) 1., Stats., where the veteran's need to provide funds for such economic assistance is established to the satisfaction of the department and such veteran is unable to meet that need from available resources or credit upon manageable terms.

(2) (a) A veteran's resources shall include, but shall not be limited to, all cash on hand and liquid assets, and non-liquid assets the conversion of which to cash would not result in a substantial loss, including all resources owned by the veteran and the veteran's spouse, individually or jointly, unless the veteran and spouse are separated or in the process of obtaining a divorce, but shall not include assets excluded as funds by s. VA 4.05 (1)(b) and (c). The applicant may be permitted to retain from the cash and liquid assets portion of such resources an amount up to \$2,500 plus six months living expenses computed as set forth in s. VA 9.03.

SECTION 7. VA 4.05(2) is amended to read:

VA 4.05 (2) VETERAN'S CONTRIBUTION. If the applicant's contribution required under ss. 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 may 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 refinance 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. In the case of a loan under s. 45.76(1)(c), Stats., the applicant shall have at least 10% equity in the property upon completion of the improvements. 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.

SECTION 8. VA 4.05(3) (title) is amended to read:

VA 4.05(3) (title) OTHER OWNED REAL ESTATE.

SECTION 9. VA 4.05(3)(f) is repealed.

SECTION 10. VA 4.05(4) is repealed.

SECTION 11. VA 4.06(1) is amended to read:

VA 4.06(1) GENERAL. A housing loan will be approved only on a home which is determined to be adequate housing, either at the time of loan closing or after the completion of the improvements or rehabilitation to be completed with the assistance of a housing loan, which is located or, in the case of a mobile home, which is to be located in Wisconsin, and the total cost of which does not exceed its market value. The home must be occupied by the applicant as the

applicant's and dependent's residence and may not be more than 50 miles from the applicant's principal place of employment provided, however, that exceptions may be made by the department to the mileage limitation if the applicant has no principal place of employment or is transferred routinely by the applicant's employer, or hiring agent, on a job-to-job basis or where travel beyond the 50 mile limit is in conformity with local conditions and customs.

SECTION 12. VA 4.07(1) is amended to read:

VA 4.07(1) GENERAL. Appraisals Except in the case of applications for loans made for the purposes set forth in s. 45.76(1) (c) and (2)(b) Stats., appraisals must be submitted with all housing loan applications and, in the case of applications for primary loans, must be completed on an appraisal form prescribed by the department by an appraiser selected by the authorized lender from appraisers approved by the department. Appraisals submitted with applications for secondary loans may be submitted on either the department's appraisal form or on appraisal forms prescribed by the department by a department approved appraiser.

SECTION 13. VA 4.07(7) is created to read:

VA 4.07(7) ALTERNATE VALUE ESTABLISHMENT. In the case of an application for a loan under s. 45.76(1)(c) or (2)(b), Stats., the department may accept the current equalized assessed value of the home plus one-half of the cost of the proposed improvements to be completed with the assistance of a housing loan as the cost and value of the home for all purposes.

SECTION 14. VA 4.09(1) (title) is amended to read:

VA 4.09(1) (title) IMPROVEMENT-LOANS GARAGE LOANS AND LOAN INCREASES.

SECTION 15. VA 4.09(1) is amended to read:

VA 4.09(1) A housing loan may be made ~~for-improvement-to-a-mortgage~~

~~primary-dwelling-or~~ for construction of a garage if the property will have sufficient value after completion of the garage ~~or-of-the-improvements-to-the dwelling~~ to provide adequate security for the department's loan. An existing department housing loan made pursuant to s. 45.352, 1971 Stats., or s. 45.80, Stats., may be increased ~~to-finance-improvements-to-the-home-mortgaged-to-the department~~ to refinance existing housing indebtedness or to purchase a mobile home.

SECTION 16. VA 5.01 is amended to read:

VA 5.01 OBJECTIVE. The department shall maintain a memorial hall ~~in-the-capitol~~ designated as the G.A.R. Memorial hall and dedicated to the soldiers and sailors who served in Wisconsin commands in the Civil War of 1861 to 1865 and persons from Wisconsin who served in the U.S. Armed Forces in any subsequent wars. The department shall use the hall to provide a suitable place for the collection, care, management and display of the battle flags of Wisconsin units in the Civil War and the Spanish American War and the war relics, books and mementos of the memorial collection of the G.A.R. Memorial Hall.

SECTION 17. VA 5.03(5) and (9) are amended to read:

VA 5.03(5) Display the memorial collection so as to make it instructive and attractive to visitors ~~to-the-state-capitol.~~

VA 5.03(9) Protect the memorial collection from theft or vandalism and report promptly to the secretary and the ~~capitol~~ police any evidence of theft or vandalism.

SECTION 18. VA 8.03(1) is amended to read:

VA 8.03(1) Must employ a full time county veterans service officer whose monthly salary shall meet the applicable pay range hiring minimum for its class for a county veterans' service officer who has not attained tenure. ~~Provided,~~

~~however, that if the difference between the county veterans service officer's present salary and the salary to which such service officer would be entitled under the above minimum standards is greater than \$2,700, the county involved will not be disqualified for its initial grant if it agrees to use at least \$2,700 of such grant to increase such service officer's salary and that, if the difference between a county veterans' service officer's salary and the salary to which such service officer would be entitled under the minimum standards is less than \$2,700, the county involved will not be disqualified for its initial grant if it agrees to use sufficient proceeds from such grant to increase its service officer's salary to the minimum to which such service officer would be entitled under the above standards.~~

SECTION 19. Chapter VA 11 (title) is created to read:

CHAPTER VA 11 (title) BUSINESS LOAN.

VA 11.01 DEFINITIONS. In this chapter:

(1) "Applicant" means a veteran who applies for an economic assistance business loan under s. 45.351(2)(a) 2., Stats. The term applicant also means applicant and co-applicant, if there is a co-applicant, unless the context clearly limits the meaning to only the applicant.

(2) "Co-Applicant" means any person who is eligible to apply and does apply with the veteran.

(3) "Income" means current annual adjusted gross income of the applicant as disclosed, verified and evaluated in accordance with the provisions of s. VA 3.03(5).

(4) "Loan" means an economic assistance business loan.

(5) "Veteran" or veteran applicant means a veteran as defined in s. VA 1.06 who is an applicant for a loan.

VA 11.02 OBJECTIVE. The department may lend to any veteran who qualifies under the provisions of this chapter and s. 45.351(2)(a) 2., Stats., an amount not more than the statutory limit from the veterans trust fund for the business purposes which qualify under the provisions of this chapter and s. 45.351(2)(a) 2. Stats.

VA 11.03 GENERAL LOAN POLICY. (1) ADMINISTRATIVE EXPENSES. Ordinary expenses incidental to making loans, not including cost of appraisals, cost of credit reports, title fees and recording fees, will be borne by the department as administrative expense.

(2) LOAN APPLICATION. (a) A loan application, including required exhibits shall contain such information as is necessary to satisfy the department that the proceeds of the loan will contribute substantially, in conjunction with other financing, to meeting the veteran's need for business credit, that the business has sufficient cash flow to ensure orderly loan repayment and that the veteran's business enterprise is likely to succeed.

(b) An applicant for a loan shall provide sufficient data relating to the business or farming operations including relevant experience, and background, finances, earnings, operating details projections, and other relevant information necessary to enable the department to make a decision on the loan request.

(c) In addition to the other relevant information, an applicant who proposes to establish a new business enterprise or purchase an existing business must submit evidence of the probable net profit from the business in the form of evidence of the net profit realized by the former owner of the business or in the form of a projected profit statement based upon a fair mark-up and a survey of the territory in which the business will be located.

(3) LOAN ORIGINATION. Applications shall be prepared with the assistance

of and submitted through the office of a county veterans service officer.

(4) CO-APPLICATION OF SPOUSE. Applications for loans by veterans who are married and not separated or in the process of obtaining a divorce shall be completed and signed by the veteran's spouse.

(5) INCOME DISCLOSURE, VERIFICATION AND EVALUATION. For the purpose of determining the veteran's income for the purpose of meeting the income limit provided in s. 45.351(2)(b), Stats., the provisions of VA 3.03(5) shall apply.

(6) TERM OF LOANS. All loans shall be amortized on a monthly basis except where the department determines that different terms are warranted based upon terms of other business financing, cash flow projections or profit and loss statements. With the approval of the chief of the economic assistance loan section, the loan may be amortized on an annual payment basis or a single payment balloon note.

(7) NON-QUALIFYING LOAN PURPOSES. No economic assistance business loan shall be made:

(a) Where a guarantor receives any of the loan proceeds.

(b) For a veteran to engage in a business enterprise which the department considers to be high risk, highly speculative, marginally profitable or which involves products, practices or services which are illegal.

(c) For a veteran to engage in a business enterprise which the department determines to have minimal chances for success because of inadequate working capital or credit or because the veteran lacks relevant experience.

(d) To underwrite, finance, purchase, subsidize, aid or assist in a sideline investment or business enterprise.

(e) Where the loan proceeds will not directly benefit the veteran or will only be of minimal benefit.

(f) To purchase motor vehicles which are not used exclusively for business purposes.

(g) To purchase residential rental property.

VA 11.04 SECURITY REQUIRED. Adequate security shall be required to ensure the repayment of all economic assistance business loans.

(1) GUARANTORS. The department may accept as adequate security the guarantee of loan promissory notes by credit worthy and financially acceptable guarantors. No employee 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 a guarantor on any loan unless the applicant is a member of the guarantor's immediate family. Any other Wisconsin resident who is determined by the department to be financially responsible and whose joining the obligation will provide adequate security for the loan may be accepted as a guarantor.

(2) REAL ESTATE SECURITY. (a) When real estate is offered as security, the applicant shall carry fire and extended coverage insurance on the real estate improvements in an amount acceptable to the department, the loan shall be \$1,000 or more, and the applicant shall submit evidence of sufficient equity therein and in any chattels securing the loan to provide adequate security for the loan, an insurance binder showing the department's security interest, and except as provided in par (b), of merchantable title to the real estate.

(b) Subject to the provisions of par (a), the department may accept real estate mortgages or security assignments of purchasers' interests in land contracts on properties in which the applicants have land contracts purchasers' interests as security for departmental loans.

(3) UNACCEPTABLE SECURITY. Chattel security agreements will not be accepted as principal security for loans. However, the department may accept first chattel security agreements as an addition to financially acceptable loan guarantors or a real estate mortgage.

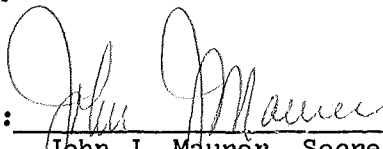
SECTION 20. Wherever the term "direct loan" appears in Chapter VA 4, the term "primary loan" is substituted.

The repeals, amendments and creation of rules contained in this order shall take effect as provided in s. 227.22(2) (intro.), Stats.

Date: November 29, 1989.

State of Wisconsin
Department of Veterans Affairs

BY:



John J. Maurer, Secretary