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CERTIFICATE

STATE OF WISCONSIN )  
 )  
DEPARTMENT OF VETERANS AFFAIRS )

I, Raymond G. Boland, 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 February 21, 1992.

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 30 W. Mifflin Street, in the city of Madison, Wisconsin this 14th day of April, 1992.

BY: Raymond G. Boland  
RAYMOND G. BOLAND, SECRETARY

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

The Wisconsin Department of Veterans Affairs proposes an order to repeal VA 3.03(11)(a) and (b), 4.01(3)(f), (10), (11) and (18), 4.02(4) and (7), 4.03(2)(a) to (g) and (3)(0), 4.09(1), (2), (3), (4), (5), (6), (8)(a) and (8)(b) and 6.01(13) and (14); to renumber VA 4.09(8)(c); to amend VA 1.11(9), 2.01(1)(b) and (c), 2.01(2)(b)2, 7, 13 and 14(title) and (c)4, 2.03(1)(d), (2)(e) and (3)(a)(title), 3.03(11)(intro.), 4.01(intro.), (1), (3)(a), (3)(d), (3)(e), (4), (5), (12), (13), (15), (16), (17), (20) and (25), 4.02(1), (2), (3)(title) and (5), 4.03(1), (3)(a), (3)(b), (3)(c), (3)(d), (3)(e), (3)(f), (3)(h), (3)(j), (3)(k), (3)(n)(intro.), (3)(q), (3)(r)(intro.), (4)(a), (4)(d), (4)(e), (4)(g), (4)(i), (4)(j), (6)(a), (6)(b), (7), (8), (9)(a), (9)(c)(intro.) and 1, (10)(title) and (11), 4.05(1)(a), (1)(b), (2), (3)(e), (5)(a), (5)(b), (5)(c), (5)(d), (5)(e), (5)(f), (5)(g), (5)(i), (5)(j), (5)(l), (6), (7), (8)(title), (9), (10) and (11), 4.06(1), (3) and (4)(title) 4.07(1), (2), (3), (4), (5), (6)(b), (6)(e), (6)(f) and (7), 4.08(1)(b), (2), (4), (5) and (7), 4.09(11)(d)1, 4.10(2), (3) and (4), 4.12(1) and (2)(title), 4.13(1), (2) and (7), 5.01, 5.03(intro.), (1), (3), (7), (8), (10) and (11), 6.01(1), (3), (8), (12)(title), (15) and (16), and 6.02(1), (6) and (7); to repeal and recreate VA 2.01(2)(c)3, 4.03(2) and (3)(g), 4.08(1)(d) and (10) and Ch. 5(title); and to create VA 2.01(1)(em), 3.03(17), 4.03(12), 4.05(en) and 11.03(8) 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) and 45.73(1), Stats.

Statutes interpreted: ss. 45.01, 45.02, 45.35(13)(b), 45.351, 45.365(1)(a), 45.37, 45.397, 45.72, 45.76, 45.77 and 45.79(2m), Stats.

The rules relating to the Wisconsin Veterans Museum have been amended to reflect the name change included in 1991 Wis. Act 39. The name was changed from the G.A.R. Memorial Hall to the Wisconsin Veterans Museum.

The rules relating to the administration of the health care aid and subsistence aid grant program have been amended in several respects. The definition of "emergency health care" was clarified so as to include urgent care situations. A definition of "illness and disability" was added to clarify the circumstances under which health care aid would be available. Expenditures for dentures has been restricted to \$35,000 in fiscal year 1991-92 and \$50,000 for any fiscal year thereafter. A provision was incorporated to require that the department be contacted within a 120 day period after the submission of a health care aid grant application to preserve the veteran's right to a grant. The language dealing with proof of receipt of health care services was amended to specify the necessity of the department being provided an explanation of benefit or similar statement prior to receipt of a grant. Finally the language relating to subsistence aid was amended to explicitly provide that the aid may not be granted for the purchase of a motor vehicle.

The rules relating to the administration of the retraining grant program were amended to specify that an eligible veteran could receive a second grant to facilitate the completion of training. Grants are limited to two within a two year period.

The rules relating to the administration of the economic loan program were amended to delete obsolete language relating to the second mortgage program. Additionally, a provision was added requiring that the veteran

applicant be current on support, maintenance and alimony payments or use the proceeds to pay off the arrearage in order to qualify for a loan.

The rules relating to the administration of the housing loan program were amended in several ways. The majority of the changes are proposed to make the existing language more understandable and to repeal obsolete language applicable to the application process for the secondary mortgage loan program, which was repealed in 1991 Wis. Act 39. The specific substantive changes are as follows:

The electrical system requirement was raised from above 60 to at least 100 amperes to qualify as adequate housing.

The criteria which apply to applications for construction takeout loans, as authorized by 1991 Wis. Act 39, are delineated. For housing accommodations not yet completed the department will use the purchase-construction criteria.

When necessary, the authorized lender will be required to obtain septic adequacy reports and well drilling permits prior to approval of a housing loan.

The housing accommodation and garage may be inspected by someone designated by the authorized lender (rather than an appraiser or architect) prior to closing a housing loan.

The circumstances under which flood insurance is required is clarified by designating the threshold level as a 100 year flood plain.

The department is permitted to authorize the escrowing of funds for all housing loans, under appropriate circumstances. Previously, this authority was limited to construction loans.

A veteran will now be able to purchase a home at a value up to 10% over the appraised value as long as the veteran contributes the difference between the appraised value and purchase price, in addition to the required 5%

downpayment. Currently, a veteran may not purchase a home for a price over the appraised value.

The income of a veteran who is required by a court order to make alimony or child support payments will be reduced by the amount of the court ordered payment, provided that the veteran is current on the payments, for the purposes of determining eligibility and debt servicing ratios.

The seller will now be allowed to pay the buyer's closing costs.

The manner in which a veteran can acquire personal property at the time of acquiring a housing accommodation is simplified. The personal property will not have to be appraised nor included in the offer to purchase.

A veteran will now be restricted to purchasing one housing accommodation per transaction.

The authorized lender will be required to provide a copy of the appraisal to the veteran before closing.

The department will be authorized to utilize the fair market value stated on the previous year's tax statement for the purpose of establishing value for a home improvement loan.

The authorized lender will be required to file a mortgagor's affidavit to the department as part of the documents related to a housing loan.

The department will be able to issue a subordination of a second mortgage, for purposes other than refinancing an existing first mortgage, whenever the veterans' income is below the statutory limit for a housing loan, as amended. The income level is currently set in the code at \$34,000.

The rules relating to the operation of the Wisconsin Veterans Home have been amended to reflect the requirements relating to the handling of members' finances as required by 1991 Wis. Act 39. Additionally, language was changed to accurately reflect that the Home will provide appropriate care to members. Only 1 affidavit rather than 2 will be required to establish Wisconsin durational residency for those veterans who did not enter service from

Wisconsin. The Home will be authorized to establish charges based upon estimated costs rather than upon costs actually incurred in a previous period. Guests of members and employees will be permitted to utilize the lakeshore without being in the personal company of the member or employee. Finally, a specific provision dealing with the drunkenness of employees has been repealed because such matters are more appropriately handled under the normal employee disciplinary process.

#### TEXT OF RULES

SECTION 1. VA 1.11(9) is amended to read:

VA 1.11(9) Direct the operation of the ~~G.A.R.-Memorial-Hall~~ Wisconsin Veterans Museum so as to make the memorial collection instructive and attractive to visitors ~~to-the-state-capitol~~ and shall directly supervise the curator of the Hall Museum.

SECTION 2. VA 2.01(1)(b) is amended to read:

VA 2.01(1)(b) "Emergency aid" means temporary ~~emergency~~ financial aid in the form of health care aid or subsistence aid.

SECTION 3. VA 2.01(1)(c) is amended to read:

VA 2.01(1)(c) "Emergency health care" means health care provided where the need for essential medical services was ~~sudden-and-urgent-enough-to-be~~ considered ~~an-emergency~~ by a doctor to be urgent, follow-up care related to the an emergency situation which qualifies for coverage under s. VA 2.01(2)(b)10 and any health care provided to a student veteran or a student veteran's dependents.

SECTION 4. VA 2.01(1)(em) is created to read:

VA 2.01(1)(em) "Illness or disability" means a medically verifiable physical or mental health problem including, but not limited to, pregnancy, childbirth and death.

SECTION 5. VA 2.01(2)(b)2 is amended to read:

VA 2.01(2)(b)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. ~~In cases where the cost of a new denture is less than the cost of denture repair, payment for the new denture may be authorized.~~ The department shall expend not more than \$35,000 in fiscal year 1991-92 and not more than \$50,000 in any subsequent fiscal year for the payment of all claims for dentures under s. 45.351(1)(a).

SECTION 6. VA 2.01(2)(b)7 is amended to read:

VA 2.01(2)(b)7. Transfer to VA hospital. Veterans shall be transferred to a VA hospital when transfer is medically feasible and when a VA hospital is available. If this transfer is not made, only that portion of health care expenses incurred on and prior to the date on which transfer could have been made will be eligible for payment.

SECTION 7. VA 2.01(2)(b)13 is amended to read:

VA 2.01(2)(b)13. Time limits. When one year has passed from the date the application is signed or when 120 days have passed without contact with from the applicant, the applicant's dependents, the County Veterans Service Officer, or other applicant's representative, the temporary emergency period shall be deemed to have expired and health care aid may not be provided to pay for the cost of the health care for which the application was made.

SECTION 8. VA 2.01(2)(b)14(title) is amended to read:

VA 2.01(2)(b)14. Bills and payments. Final payment for health care may be made only when the department has received itemized ~~statements~~ bills showing ~~adjustments for payments received from all other available sources~~ the date of service, the service performed, the cost of that service and the explanation of benefits statement, or other acceptable documentation showing the name of the payor, the amount of the payment and the date of service to which the payment refers.

SECTION 9. VA 2.01(2)(c)3 is repealed and recreated to read:

VA 2.01(2)(c)3. Non-qualifying items. Subsistence aid may not be granted for the purchase of, or payment for, luxury or convenience items. Subsistence aid may not be granted for the payment of loans, credit purchases or existing debts, except for debts which were incurred to pay essential living expenses during the period of incapacitation for which the applicant seeks Subsistence aid.

SECTION 10. VA 2.01(2)(c)4 is amended to read:

VA 2.01(2)(c)4. Motor vehicle expenses. Subsistence Aid aid for the payment of motor vehicle expenses, including fuel, repairs, and monthly motor vehicle payments if necessary to prevent repossession, and continuation of vehicle insurance may be provided only when use of the motor vehicle is required for medical care, employment, transportation to school or day care, or in other situations where the department determines that the use of the motor vehicle is required during the period of incapacitation. Subsistence aid may not be granted for the purchase of a motor vehicle.

SECTION 11. VA 2.03(1)(d) is amended to read:

VA 2.03(1)(d) "FØA" "FAO" has the meaning specified in s. VA 9.01(6).

SECTION 12. VA 2.03(2)(e) is amended to read:

VA 2.03(2)(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. No more than two grants may be given to a veteran.

SECTION 13. VA 2.03(3)(a)(title) is amended to read:

VA 2.03(3)(a) Required Information 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 or has received a retraining grant within thirteen months prior to applying for a second grant. 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.

SECTION 14. VA 3.03(11)(intro.) is amended to read:

VA 3.03(11) REAL ESTATE AND HOME IMPROVEMENT LOANS. A loan may be made for repairing, maintaining, improving, remodeling or adding to a veteran's home, for the construction of a garage or the drilling of a well or installation of a septic system on the veteran's homestead property or for the completion of the construction of a veteran's home ~~subject to the following conditions:~~.

SECTION 15. VA 3.03(11)(a) and (b) are repealed.

SECTION 16. VA 3.03(17) is created to read:

VA 3.03(17) DELINQUENT SUPPORT, SEPARATE MAINTENANCE AND ALIMONY. If the applicant's credit is to be considered favorable, alimony, support and separate maintenance payments must be current as of the date of approval of the economic assistance loan by the department or the proceeds of the economic assistance loan shall be used to pay any arrearage. Evidence from the clerk of courts that the applicant is current shall be required. If the applicant is in arrears, then an economic assistance loan may only be made to that applicant, if the proceeds of the department's economic assistance loan will bring the account current or if the veteran provides evidence that regular payments have been made every month for not less than 12 months immediately preceding the loan application date and that the applicant has made

arrangements which the department deems satisfactory for payment or deferment of the amount in arrears and supporting evidence is submitted to the department.

SECTION 17. VA 4.01, (intro.), is amended to read:

VA 4.01 Definitions (subch. II of ch. 45 Stats.) In this chapter the terms defined in s. 45.71, Stats., shall have the meanings designated therein and such the statutory definitions are incorporated herein by reference and the. The following terms shall have the designated meanings designated:

SECTION 18. VA 4.01(1) is amended to read:

VA 4.01(1) "Adequate housing" means a structurally sound dwelling housing accommodation ready for immediate occupancy and, sufficient in size to ~~accommodate~~ accommodate the applicant and the applicant's dependents, with necessary electrical ~~(above-60-amperes)~~ amperage of at least 100 amperes, heating and sanitary facilities, all of which are in good condition of repair. ~~In-order-to-be-considered adequate-housing,-the dwelling~~ The housing accommodation must have sufficient bedrooms to provide sleeping accommodations segregated by sex for the applicant's unmarried dependents, ~~except-that.~~ However, dependents less than 6 years old need not have segregated sleeping accommodations areas if the dwelling housing accommodation provides space for necessary expansion or if older dependents will be leaving the dwelling housing accommodation permanently in the near future ~~in-order-for-the-dwelling to-be-considered-adequate-housing.~~

SECTION 19. VA 4.01(3)(a), (d) and (e) are amended to read:

VA 4.01(3)(a) Real estate taxes on the housing ~~accommodation~~ accommodation to be mortgaged. On ~~previously-untaxed~~ previously untaxed properties with previously untaxed improvements, the appraiser shall determine the anticipated tax estimated .Estimated real estate taxes shall be based upon the current assessed appraised value times the prior year's mill rate for state, county, municipal and school taxes;

(d) ~~Unit-owner's Homeowner's~~ share of common expenses ~~(. This applies only to condominiums and, planned unit developments) and neighborhood associations;~~

(e) Holding tank monthly pumping fees annualized when such systems are permissible under VA 4.03; ~~and.~~

SECTION 20. VA 4.01(3)(f) is repealed.

SECTION 21. VA 4.01(4) is amended to read:

VA 4.01(4) "Applicant" means a person who applies for a primary loan certificate of eligibility or a veteran who applies for a housing loan under subch. II of ch. 45, 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 only.

SECTION 22. VA 4.01(5) is amended to read:

VA 4.01(5) "Basement survey" means the placement of stakes delineating, by survey, the perimeter ~~by-survey~~ of the proposed basement within the lot upon which an applicant's home housing accommodation will be constructed. A basement constructed pursuant to such a survey must ~~be-in-compliance~~ comply with sideyard, setback and other applicable requirements.

SECTION 23. VA 4.01(10) and (11) are repealed.

SECTION 24. VA 4.01(12), (13), (15), (16) and (17) are amended to read:

VA 4.01(12) "Housing accommodation" means the building in which the ~~applicant's-home-is-located-or-to-be-located-or,-in~~ applicant will live. In the case of condominiums, the applicant's dwelling unit therein, but not the land appertaining thereto, is included.

(13) "Housing loan" or "loan" means either a "primary loan" ~~or-a~~ "secondary-loan"-or-both as defined in s. 45.79(1), Stats.

(15) "Maximum annual income limitation" means that either the annual income of the applicant ~~or-the-combined-annual-income-of-the-applicant~~

or the combined annual income of the applicant and co-applicant does not exceed the statutory maximum set forth in s. 45.74(1), Stats.

(16) "Mortgagee" means ~~in-the-case-of-a-primary-loan~~ the department or the authority ~~and-in-the-case-of-a-secondary-loan-means-the~~ department ~~and-the-primary-lender.~~

(17) "Mortgagor" means a successful housing loan applicant named in a mortgage or a chattel security agreement ~~for-a-housing-loan,-or-both,~~ or the ~~non-applicant~~ co-applicant spouse of a successful applicant named therein.

SECTION 25. VA 4.01(18) is repealed.

SECTION 26. VA 4.01(20) and (25) are amended to read:

VA 4.01(20) "Residence" means the fixed ~~and~~ primary residence housing accommodation of an applicant situated on an amount of land reasonably necessary to maintain the housing accommodation's basic livability, which such, The applicant ~~occupies~~ shall occupy or intends intend to occupy ~~as-such~~ the residence.

(25) "Veteran" ~~in-the-case-of-a-"secondary-loan"-means-either~~ veteran ~~as-defined-in-both-ss.-45.35(5)-and-45.71(16)(a),-Stats.,-or-such-a~~ deceased-veteran's-unremarried-surviving-spouse-or-minor-or-dependent-child ~~who-is-a-resident-of-and-living-in-this-state-at-the-time-of-making~~ application-for-a-"housing-loan",-and,-in-the-case-of-a-"primary-loan" means either a veteran as defined in s. 45.71(16)(a), Stats., or such a deceased veteran's unremarried surviving spouse or minor or dependent child who is a resident of and living in this state at the time of making application for a certificate of eligibility or a primary loan.

SECTION 27. VA 4.02(1), (2) and (3)(title) are amended to read:

VA 4.02 Mobile home loans. (1) SECURITY. ~~Notwithstanding-the-provisions~~ of-s.-45.80(2)(e),-Stats,-no-second A chattel security agreements-or-second mortgages-will-be-accepted-as-security-for-secondary-loans agreement is required on a mobile homes home purchase.

(2) REPAYMENT OF LOANS. All loans on mobile homes will be amortized on a monthly payment basis, ~~---if-such-loans-are-not-secured-by-real-estate mortgages,--their-repayment-term-shall-be-a-maximum-of-8-years-and-if-such loans-are-secured-by-real-estate-mortgages-their-repayment-term~~ and shall have be a maximum repayment term of 12 years, ~~but-the-department-or-authorized lender-may-require-shorter-repayment-periods.~~

(3)(title) ITEMS EXCLUDED FROM COST. Furniture and appliances, moving and utility hookup expenses and taxes included as a part of the purchase price of the mobile home and skirting and tiedowns shall be considered a part of the total cost of the mobile home for the purposes of ss. 45.74 and 45.77, Stats. Such The furniture and appliances shall be included in the chattel security agreement. Furniture and appliances which are not fixtures shall be separately ~~appraised-in-connection-with-all-applications-for primary-loans,~~ valued and shall be paid for ~~from-a-portion-of~~ by the ~~applicant's-down-payment,~~ applicant and shall be conveyed by separate ~~bill~~ bill of sale at the time of the closing ~~of-these-loans.~~

SECTION 28. VA 4.02(4) is repealed.

SECTION 29. VA 4.02(5) is amended to read:

VA 4.02(5) REGISTRATION. All mobile homes upon which ~~either-direct primary or-secondary~~ loans are made must be registered with the department of transportation.

SECTION 30. VA 4.02(7) is repealed.

SECTION 31. VA 4.03(1) is amended to read:

VA 4.03 General loan policy ~~both-programs.~~ (subch. II of ch. 45, Stats.) (1) LOAN REPAYMENT RECORD. The department may not issue a certificate of eligibility to a veteran or approve a loan to a veteran who is delinquent on a loan from the department.

SECTION 32. VA 4.03(2) is repealed and recreated to read:

VA 4.03(2) CONSTRUCTION TAKEOUT LOAN. (a) A primary loan may be made to replace a loan, the purpose of which was construction of a residence, including garage and the acquisition of land, if the original term of the loan did not exceed 24 months.

(b) Applications for loans on residences where construction has not been completed shall be processed under VA 4.03(4).

SECTION 33. VA 4.03(2)(a) to (g) are repealed.

SECTION 34. VA 4.03(3)(a), (b), (c), (d), (e) and (f) are amended to read:

VA 4.03(3) CONSTRUCTION LOANS (a) ~~Primary-construction~~ Construction loans shall be made for a term not exceeding 29 years and 4 months, in addition to the construction period not exceeding 8 months.

(b) The applicant ~~cannot~~ may not act as the applicant's own general contractor ~~nor-can-the-applicant-perform-any-construction-tasks-other-than~~ painting-unless. Unless the applicant's occupation is directly related to the task involved, the applicant cannot perform any construction tasks other than painting and staining. The general contractor must warrant ~~any~~ all work performed by the applicant.

(c) On ~~primary~~ construction loans, payment on principal may be waived for up to 8 months, ~~however.~~ However, payment of interest and 1/12 of the estimated annual taxes and insurance premiums shall be made monthly. ~~Such~~ The interest is to be charged on principal actually disbursed during the previous month based on the number of days of such usage and billed as of the first of the month. ~~On-secondary-construction-loans-the-first-monthly-payment-will-be due-6-months-after-the-date-of-approval.~~

(d) Construction contracts must be written on a firm price basis and ~~no.~~ No cost adjustment clause will be permitted. Change orders in construction contracts may be permitted only ~~upon~~ with the approval of the authorized ~~lenders~~ lender. ~~in-the-case-of-primary-loans-or-upon-the-approval~~

~~of the department in the case of secondary loans. Such change orders may be approved only if the cost of such change orders when added to the previously determined total cost does not exceed the maximum allowable cost based upon the applicant's income at time of application and, further, only where the~~  
The applicant deposits shall deposit the full cost of the change order with the lender.

(e) Construction loan agreements shall be completed on closing of all primary construction loans.

(f) ~~All~~ When required, all building permits, septic adequacy reports and well drilling permits must be obtained prior to the advance of any primary loan funds by the authorized lender ~~or the disbursement of any secondary loan funds by the primary lender and the~~. The lender shall retain copies of all building permits and tests in the loan file. All percolation tests, when required, must be completed prior to the approval of the application.

SECTION 35. VA 4.03(3)(g) is repealed and recreated to read:

VA 4.03(3)(g) The following documents shall be submitted to the department with every construction loan application:

1. Offer to purchase vacant land or deed showing ownership of vacant land;
2. Construction contract;
3. Signed cost breakdown;
4. Specifications;
5. Building plans.

SECTION 36. VA 4.03(3)(h), (j), (k) and (n)(intro.) are amended to read:

VA 4.03(3)(h) A basement survey shall be required in connection with every construction loan before closing ~~except that the~~. The lender may waive a basement survey provided under the following circumstances: the lender obtains a certificate from the local building inspector or zoning authority

indicating that the proposed basement is located within the bounds of the described property, is in compliance with all applicable side yard and set back requirements and ~~that-the-basement-elevation-is-proper.~~ ~~If-a-primary loan-is-involved,-the~~ has a proper elevation. The authorized lender must agree to sign the ~~lenders~~ lender's warranty on the basis of the certificate.

(j) The lender shall approve the builder's qualifications and credit and require evidence that the builder carries or that the applicant will carry ~~builders~~ builder's risk insurance. ~~Such~~ The insurance will be on a standard form 17c or a comparable form and ~~must~~ shall include fire and extended coverage, vandalism and collapse coverage. If theft coverage is available, it is recommended that this coverage be carried also. The policy shall name the builder or mortgagor as the insured with a loss payable clause in favor of the mortgagee. The original policy shall be retained by the lender with a memorandum copy to the mortgagor. The mortgagor shall obtain a general liability policy naming the mortgagor as the insured. This policy shall remain in effect until completion of construction.

~~(k) In-cases-involving-primary-loans, credit-reports-must-be-obtained by-authorized-lenders-on~~ Authorized lenders must establish that the builder(s) and-shall-be-reordered-if-the-previous-reports-are-more-than-6-months-old builder is creditworthy.

(n)(intro.) All down payment monies received by any of the parties to the construction transaction shall be deposited with the lender ~~and-such.~~ The amounts ~~as~~ that are necessary for closing shall be disbursed at closing. ~~Such monies~~ Monies not disbursed at closing will be retained by the lender in an escrow account until the next draw is requested by the builder. No housing loan proceeds ~~will~~ may be disbursed until all of the down payment monies have been fully expended. Advances prior to completion may equal 80% of the cost of completed construction unless the cost breakdown shows profit as a separate entry in which case 100% of the cost of completed construction may be

~~disbursed, but such disbursements.~~ Disbursements shall not exceed 75% of the total committed primary loan funds, ~~or in the case of secondary loans,~~ ~~committed primary lender and secondary loan funds,~~ until after final inspection. Funds remaining after each and every draw shall be sufficient to complete the construction. ~~Such advances~~ Advances shall be made on construction completed and, in place, and inspected by the lender or agent using VA/FHA guidelines. Such advances will take place:

SECTION 37. VA 4.03(3)(o) is repealed.

SECTION 38. VA 4.03(3)(q) and (r)(intro.) and 3 are amended to read:

VA 4.03(3)(q) Painting of the exterior of the housing accommodation and garage, if not pre-finished, ~~and at is required.~~ At least one coat of finish on the interior woodwork, kitchen and bathroom walls is required. A finished product, such as hardwood properly sealed, tile or carpeting, is required on all floors ~~is required.~~ Access walks and ~~at least gravel~~ driveways must be completed.

(r)(intro.) In primary loan applications "work credits" and "sweat equity" shall ~~only~~ be allowed only after the applicant evidences that the down payment is unborrowed funds, and that the applicant has adequate funds for closing and moving expenses. The primary loan shall be the total cost of the construction ~~less~~ minus the down payment. The "work credits" and "sweat equity" shall be deducted from the loan principal amount after the construction has been completed. An authorized lender may, however, at its discretion, waive firm price contracts for labor for required painting provided that:

3. The authorized lender and general contractor agree not to authorize occupancy by the mortgagor until the required painting and other "sweat equity" tasks are completed.

SECTION 39. VA 4.03(4)(a), (d), (e), (g), (i) and (j) are amended to read:

## VA 4.03(4) PURCHASE LOANS FOR A HOUSING ACCOMMODATION TO BE CONSTRUCTED.

(a) A purchase loan for a housing accommodation and, if applicable, a garage to be constructed, may be made for a term not exceeding 360 months.

(d) A single payment construction contract for a complete, finished, firm price, warranted housing accommodation shall be submitted in all cases, together with either:

1. An offer to purchase the land on which the housing accommodation is to be constructed, if the land is owned by the builder or a third party; or
2. A copy of the recorded warranty deed, if the land is owned by the applicant.

(e) Work credit may be agreed to between the applicant and the builder in order to arrive at a reduced sale price ~~to the applicant~~ or a reduced contract-to-construct price to the applicant, but the amount of the loan applied for shall not include the value of such the work credit agreed to so as to result in payment to the applicant for such the work credit; ~~and no.~~ No part of the required down payment can be made up of the value of such the work credit ~~and no.~~ No payment for work credit shall be made to the applicant by either the lender or builder ~~for work credit~~

(g) Upon completion of construction, the general contractor shall warrant, in writing, against defects in materials and workmanship for a period of not less than one year from the date of completion. Home owners warranty corporation warranties shall be obtained if possible.

(i) The housing accommodation and garage, if applicable, shall be fully completed ~~and final.~~ Final inspection shall be made by an ~~approved appraiser or architect~~ appropriate inspector prior to closing.

(j) A single disbursement by the department will be made only upon compliance with all of the foregoing requirements ~~and, in the case of a secondary loan, upon assurance that the primary lender's funds have been fully disbursed.~~

SECTION 40. VA 4.03(6)(a) and (b) are amended to read:

VA 4.03(6) SECOND APPLICATIONS. (a) When an applicant for a certificate of eligibility remains obligated to the department on either a secondary loan or another primary loan and the applicant is otherwise qualified for such the certificate, a conditional certificate of eligibility will be prepared authorizing application for a primary loan, subject to the requirement that the existing secondary or primary loan is be fully paid prior to or at the time of closing of the primary loan.

(b) If an applicant failed to repay a department loan in a timely manner or quitclaimed real estate back to the department in lieu of foreclosure within the ~~last~~ 5 years preceding application for a second certificate of eligibility, the applicant shall be ineligible to receive a second certificate of eligibility, or a primary housing loan ~~or a second mortgage-housing loan~~ unless the applicant can establish strong offsetting characteristics. The department may consider whether or not the department ~~did not incur~~ incurred a loss as a result of the quitclaim and whether a loss of employment due to no fault of the applicant or other unavoidable circumstances caused the underlying repayment problem.

SECTION 41. VA 4.03(7) and (8) are amended to read:

VA 4.03(7) SURVEY. Where the legal description of the property is in metes and bounds, a survey, or copy of a survey, clearly delineating a single perimeter of the entire plot and location of any existing or proposed improvements shall be required in connection with a primary loan, unless the cost of such a survey would be more than \$~~300~~ 500 and it is determined by the department that there is little question as to the location of the improvements within the perimeter. In these cases a surveyor's or professional engineer's letter will be required.

(8) FLOOD PLAIN. In purchase loan applications, if the subject property is in a 100 year flood plain, the offer to purchase shall contain a

statement by the broker or seller to that effect. If it is in a 100 year flood plain, flood insurance shall be obtained on the property and shall be available at the time of closing. The property shall be deemed to be in the a 100 year flood plain only if the buildings thereon are in the 100 year flood plain.

SECTION 42. VA 4.03(9)(a) and (c)(intro.) and 1 are amended to read:

VA 4.03(9) WELLS AND SEPTIC SYSTEMS. (a) If the property the applicant wishes to purchase, construct, or improve ~~or refinance~~ involves a well, community water supply which is 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 which is not municipally operated, must be submitted to the department with the application.

(c)(intro.) A housing loan for the purpose specified in s. 45.76(1)(b), Stats., will be approved on any property where the septic disposal system relies upon a holding tank with regular pumping and removal on a contract basis required only if, with the exception of the septic disposal systems referred to in par. (b), a holding tank is the only system of sewage disposal permitted for the construction site and only if the installation thereof has been approved by the local unit of government and all permits necessary for the installation thereof have been obtained, ~~and such a~~. A loan for the purposes specified in s. 45.76(1)(a) and (b), Stats., ~~will only~~ shall be permitted only where the size of the holding tank equals or exceeds the size required under ch. ILHR 83, Wis. Adm. Code, based upon the number of bedrooms the existing housing accommodation has or the housing accommodation to be constructed will have, and where the applicant:

1. Has entered into a contract with a properly licensed sewage hauling contractor ~~who must have demonstrated past satisfactory performance by having been relicensed at least once by the department of natural resources~~; and

SECTION 43. VA 4.03(10)(title), and (11) are amended to read:

VA 4.03(10)(title) SEPARATE HOUSING ACCOMMODATIONS. 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~~ accommodation as set forth in the appraisal, not to exceed 30 years.

SECTION 44. VA 4.03(12) is created to read:

(12) ESCROW FUNDS. (a) Payment for work which cannot be completed for reasons acceptable to the authorized lender, but does not affect occupancy of the housing accommodation, shall not be made until completion of such work.

(b) At the discretion of the authorized lender, primary mortgage funds may be escrowed for uncompleted work, provided that:

1. The uncompleted work is the result of unavoidable circumstances and the work does not affect occupancy;
2. The escrowed amount is not less than twice the cost of the completion of the work including all labor and materials;
3. The escrowed amount is not disbursed until the authorized lender or agent has inspected and approved the completed work.

SECTION 45. VA 4.05(1)(a) and (b) are amended to read:

VA 4.05 (1) FUNDS. (a) Includes cash on hand, liquid investments, and except as provided in par. (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 settlor but not the beneficiary or the proceeds of loans, except that proceeds from loans against life insurance policies shall be considered funds.

SECTION 46. 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~~ any closing costs and moving expenses as the applicant may be required to pay ~~have~~ has been or ~~are~~ is to be acquired by borrowing, the application ~~may~~ shall not be approved. The applicant must be financially able with the aid of the housing loan applied for to complete the contemplated purchase, construction, or improvement ~~or~~ refinance and to pay all required closing and moving expenses. When the sales price, construction cost or total cost exceeds the value pursuant to s. VA 4.07(2), the applicant's contribution required under ss. 45.74(5) and 45.77, Stats., will be increased by the excess. 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 47. VA 4.05(3)(e) is amended to read:

VA 4.05(3)(e) ~~Release-of-all~~ All or any portion of or interest in other owned real estate assigned to or encumbered in favor of the department in connection with primary loans may be made released pursuant to s. VA 4.08(9), and from secondary loans pursuant to s. VA 4.09(12).

SECTION 48. VA 4.05(5)(a), (b), (c), (d) and (e) are amended to read:

VA 4.05(5) INCOME. (a) The adjusted gross income shown on an applicant's income tax return for the prior year shall be the "income" of a self-employed applicant or of an applicant who must pay substantial job-connected expenses. However, in proper cases involving such applicants, the authorized lender or the department may accept a recent profit and loss statement and balance sheet covering a period of not less than 6 months or a recent profit and loss statement and balance sheet covering a lesser period and a copy of the income tax return of the former owner of the applicant's business as evidence of the "income" of such applicant. ~~Such~~ The profit and loss statements and balance sheets must be professionally prepared. ~~Seasonal employees~~ A seasonal employee's income will be based on the applicant's previous year's tax return plus unemployment compensation if such compensation is customary for the applicant's type of employment and is verified.

(b) The "income" to be used for an applicant with an individual retirement account (IRA) or who participates in a deferred compensation plan is the adjusted gross income. The IRA adjustment to income or the amount invested in a deferred compensation plan or both shall not be added back to the applicant's income.

(c) One-half of gross rental income will be considered "income" if services are furnished to tenants and 2/3 of gross rental income will be considered "income" if no services are furnished. Income from residential

property other than the subject property shall be the net rent. Such ~~income~~ Income shall be applied in full in the case of a sole applicant ~~and in.~~ In the case of an applicant and co-applicant, such income shall be divided equally between the applicant and co-applicant. "Income" shall not include income from room rental in the home housing accommodation proposed for purchase, construction, or improvement ~~or refinancing~~ with a housing loan.

(d) Unless temporary in nature, tax free pensions and disability compensation may be considered "income" at 120% of face value if necessary to qualify an application.

(e) Part-time or overtime pay, bonuses, national guard or military reserve pay, unemployment compensation and the regular income of the applicant or co-applicant will be considered "income" only if acceptable, independent evidence is submitted to substantiate the regular and dependable nature thereof. The gross income the applicant is receiving from regular work shall in all cases be verified by the employer.

SECTION 49. VA 4.05(5)(en) is created to read:

VA 4.05(5)(en) Service connected disability compensation received by a veteran from the U.S. Department of Veterans Affairs under 38 USC to 315, 331 to 337 and 351 to 363 will not be included in the "Maximum annual income limitation" under VA 4.01(15) but may be used in qualifying a veteran for a loan.

SECTION 50. VA 4.05(5)(f), (g), (i), (j) and (l) are amended to read:

VA 4.05(5)(f) Piece work pay and incentive pay may be considered "income" only if a history or other acceptable evidence of such income is submitted and accepted by the department.

(g) Scholarships, stipends and education benefits for actual time in school may be considered "income" only if they are regular and dependable.

(i) Child support payments, separate maintenance payments, or alimony shall be considered as "income" to the extent that they are likely to be received consistently.

(j) The income of an applicant who is required by court order to make alimony or child support payments ~~may, upon the applicant's request, be reduced by the amount of such required payments for the purposes of computing the applicant's shelter cost, debt servicing payments and total debt payments. Only the remaining income shall be considered in making such computations, but not for the purpose of qualifying an applicant whose income exceeds the maximum annual income limitation or disqualifying an applicant under s. 45-74(5), Stats.~~ If an applicant who is required to make these payments does not elect to have his or her income reduced by the amount of these required payments, the amount of the payments shall be added to the applicant's monthly required repayments for the purpose of computing the applicant's debt servicing payments and total debt payments shall be reduced by the amount of the court ordered payment provided the payment is current or the applicant has a satisfactory repayment agreement under s. VA 4.05(13).

(l) Where "income" exceeds the maximum annual income limitation, the application will be denied.

SECTION 51. VA 4.05(6), (7), (8)(title), (9), (10) and (11) are amended to read:

VA 4.05(6) GIFTS. Money or the value of real estate received by an applicant as a gift shall be considered the applicant's own funds. However, to be considered funds of the applicant, the donor shall certify that the gift is outright and irrevocable and no repayment is required. All gifts that have been transferred prior to or at the time of closing shall be verified in writing. The donor may not be party to or have an interest in the real estate or construction transaction involving the home residence proposed for purchase, or construction or refinance. However, the seller may pay the

buyer's closing costs. The value of real estate given to an applicant shall be either its assessed value as equalized for state purposes, its appraised value, or the original cost thereof to the donor where the donor has given the applicant all contiguous land acquired by such donor by any single conveyance, whichever is most advantageous to the applicant. The value of such real estate, as elected above, shall be its costs for all purposes.

(7) PERSONAL PROPERTY. ~~Any personal property of value included in the offer to purchase a property to be financed with a housing loan shall have a value placed upon it by the appraiser and the amount of this value shall be deducted from the sale price. The personal property shall be paid for by the applicant from funds which must be in excess of the minimum down payment and closing costs. If there is not value to personal property included in the offer to purchase, the offer shall so state.~~ The cost of any personal property included in a construction or improvement contract shall be paid by the veteran borrower and such. The payment shall not constitute part of the applicant's equity in the property. Carpeting, built-ins, fixtures or other items permanently affixed to the structure shall not be considered personal property. No personal property, ~~however,~~ may be ~~included in properties being financed with primary housing loans being made for purposes other than mobile home purchases.~~

(8)(Title) DEBT SERVICE RATIO, SHELTER COST RATIO, AND TOTAL DEBT PAYMENTS. Where an applicant's ~~debt servicing payments exceed~~ service ratio exceeds 35% of current monthly income or where an applicant's shelter cost ratio exceeds 25%, the application will be denied unless the applicant has a history of excellent debt service combined with either a demonstrated ability to accumulate savings as evidenced by a larger than normal down payment of at least 7 1/2% or such other factors as the department finds to be relevant to the applicant's ability and motivation to make higher than normal debt ~~servicing~~ service or shelter payments. In the recommendation concerning the

application, the lender should cite factors which evidence the applicant's ability to make higher than normal shelter cost payments or debt servicing service payments. Where total debt payments are excessive the application will be denied.

(9) EMPLOYMENT. The applicant must have stable employment and must evidence sufficient income and financial stability to assure repayment according to the terms of the loan. In the case of a direct primary loan, income and employment that is not maintained at closing as stated on the application should result in the authorized lender cancelling the loan commitment. Employment must be verified for at least the past 2 years, or since separation from the U.S. armed forces, whichever is less. If there has been more than one employer in the past 2 years, additional verifications must be completed by each employer. Any anticipated increase in income, anticipated, if it is to be used shall be verified by the employer and shall be effective prior to the date of the first payment.

(10) LIABILITIES. The To determine whether the level of indebtedness is excessive, the department and authorized lender shall analyze the stated purposes for which an applicant's debts were incurred, the total amount of the indebtedness in relation to income, and the applicant's record of meeting past financial obligations ~~in-determining-whether-the-level-of-indebtedness-is excessive~~. The purpose for which all debts were incurred shall be stated on the application. If the department or authorized lender determines the accumulated indebtedness indicates financial instability or the amount of monthly payments will impair the applicant's ability to make shelter cost payments and meet ordinary living expenses, the loan application shall be denied. Accumulation of net worth may be considered an indication of creditworthiness.

(11) INCREASE IN HOUSING OBLIGATIONS. Where an applicant whose total housing obligations on a property which the applicant proposes to purchase,

construct, or improve ~~or refinance~~ with the assistance of a housing loan will exceed the rental or housing obligations which the applicant is required to pay for the housing accommodation being occupied on the date of application, and where such applicant has been operating at a breakeven point or less as evidenced by increasing debts, the application will be approved only if the applicant has a history of acceptable credit practices.

SECTION 52. VA 4.06(1), (3) and (4)(title) are amended to read:

VA 4.06 Property qualifications. (s. 45.76(3), Stats.) (1) GENERAL. A housing loan will be approved only on a ~~home~~ housing accommodation 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.~~ The housing accommodation must be located or, in the case of a mobile home, which is to be located in Wisconsin, and ~~the~~ its total cost ~~of which does~~ shall not exceed its market appraised value by more than 10%. ~~The home must~~ housing accommodation shall be occupied by the applicant as the applicant's and dependent's residence and ~~may~~ shall not be more than 50 miles from the applicant's principal place of employment ~~provided, however, that.~~ However, exceptions to the mileage limitation 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~~ if travel beyond the 50 mile limit ~~is in conformity with~~ conforms to local conditions and customs.

(3) SUB-STANDARD HOUSING ACCOMMODATIONS. Applications shall not be approved for housing loans to purchase substandard housing accommodations, temporary dwellings, or housing ~~accommodations~~ accommodations not meeting minimum requirements of health and sanitation, such as garages, basements, or cottages inadequately converted for permanent occupancy, ~~will not be~~ approved.

(4)(title) LOTS. ~~An application to purchase 2 housing accommodations on one lot will be approved only if the applicant is able to establish that the housing accommodations in which the applicant desires to reside cannot be purchased separately.~~ An application to purchase a house housing accommodation situated on a lot deemed to be of inadequate size will not be approved.

SECTION 53. VA 4.07(1), (2), (3), (4) and (5) are amended to read:

VA 4.07 Appraisals. (1) GENERAL. 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.~~ 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~~ an appraiser, selected by the authorized lender from the department's approved list, must complete an appraisal on a form prescribed 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.~~

(2) USE OF APPRAISALS. Appraisals will be used in determining to determine whether the properties so appraised will adequately secure proposed housing loans, but such appraisals are advisory only ~~and the.~~ The department may determine the value of properties for its purposes by means of property inspection by department representatives, by ~~obtaining~~ obtaining appraisal reports at its own expense, or by such other means as it may deem practical. When the sale price or construction cost exceeds either the appraisal figure by more than 10% or the department's determination of value, the housing loan application will not be approved.

(3) APPRAISERS. The secretary may designate appraisers in any county for the protection of veterans, and the department ~~and the authority, and in~~

~~counties where such appraisers have been designated only their appraisals will be accepted.~~ The department shall maintain and publish from time to time a list of appraisers whose appraisals will be accepted by the department.

(4) DISINTEREST. The appraiser shall not have an interest in the property to be purchased, or constructed ~~or improved refinanced~~, or be employed by the lender, except under exceptional circumstances with prior approval of the department

(5) ADDRESSES. The appraisal must be addressed jointly to the applicant, lender and the department on the form itself or in a letter accompanying the appraisal, clearly identifying the subject property and a. A copy of the appraisal must be given to the applicant before closing.

SECTION 54. VA 4.07 (6)(b), (e) and (f) are amended to read:

VA 4.07(6)(b) The appraisal shall contain a statement ~~that~~ indicating whether or not the subject property is ~~or is not~~ in a 100 year flood plain. Construction loans in a flood plain shall not be approved unless the plans and specifications comply with the requirements of ch. NR116, Wis. Adm. Code. The appraisal shall state whether or not they comply with such requirements.

(e) ~~The~~ If the property has rental units, the appraisal shall state the estimated fair market rental of the rental units ~~if the property has rental units~~.

(f) The appraiser ~~shall~~ may evaluate personal property if personal property of value is included in the property to be purchased or constructed.

SECTION 55. VA 4.07(7) is amended 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~~ or fair market value as stated on the last year's property tax statement 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 residence for all purposes.

SECTION 56. VA 4.08(1)(b) is amended to read:

VA 4.08(1)(b) Issuance. A certificate of eligibility shall be issued only to a veteran whose previous transactions with the department would in no way bar approval of a ~~secondary~~ another loan by the department.

SECTION 57. VA 4.08(1)(d) is repealed and recreated to read:

VA 4.08(1)(d) Reissue. If the original certificate has expired or has been lost and the applicant is still an eligible veteran at time of application for reissue, a certificate of eligibility may be reissued.

SECTION 58. VA 4.08(2), (4), (5) and (7) are amended to read:

VA 4.08(2) CONTRACTS. ~~The department shall enter into contracts with authorized lenders willing to participate in the primary loan program before such lenders may process primary loan applications.~~ Before authorized lenders willing to participate in the mortgage loan program will be allowed to process mortgage loan applications, they shall enter into contracts with the department. Such contracts shall delineate or include reference to the responsibilities of the authorized lenders and other matters set forth in s. 45.79(5)(a) 1., Stats., shall vest authorized lenders with such powers as the department deems necessary to enable them to properly carry out their servicing responsibilities, shall specify the minimum number of days notice ~~required by~~ to the department of anticipated closing or first disbursement dates, and shall specifically require such lenders to execute warranties and servicing agreements in connection with primary loans closed by them, the ~~provision~~ provisions of which warranties and agreements shall be deemed to be incorporated ~~in such~~ into the ~~such~~ contracts.

5/27  
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(4) DENIAL BY AUTHORIZED LENDER. If at any time during the course of the development or evaluation of an application for a loan, the authorized lender determines that the application does not meet the requirements set forth in ch. VA 4 and subch. II of ch. 45, Stats., or that it would not approve a loan to the applicant under its normal underwriting standards

because the property to be acquired ~~or-refinanced~~ does not meet its minimum or FHLMC minimum property standards, because the applicant does not meet its credit standards, etc., the authorized lender shall inform the applicant that the application is denied and provide reasons for ~~such~~ the denial.

Applications denied by authorized lenders shall not be forwarded to the department but the department shall be notified promptly of ~~such~~ the denials.

(5) SUBMISSION TO THE DEPARTMENT. All applications approved by authorized lenders shall be submitted to the department for review and approval or denial. Immediately upon approval of an application the department ~~shall-notify-the-authorized-lender-involved-and,-as-soon-as-possible-thereafter,~~ shall send a commitment letter to the authorized lender, ~~with-which-the-department-shall-return-the-application~~ committing the department to transfer funds as provided under s. 45.79(5)(a)(4), Stats., subject to such funds being made available to the department. ~~Purchase-or-refinance-loan~~ Loan commitments will expire 6 months from date of issuance, commitments for the purchase of a housing accommodation to be constructed (PC) will expire 8 months from the date of issuance, and construction (C) loan commitments will expire 12 months from the date of issuance, ~~but.~~ Commitments may be extended at the discretion of the department.

(7) WARRANTY. As soon as practicable after the closing of a purchase ~~or-refinance~~ loan or after the first disbursement of funds in a construction loan the authorized lender will transmit the executed mortgage note, summary of closing worksheet, mortgagor's affidavit and lender's warranty to the department. The lender's warranty shall be made on a form furnished by the department and shall contain information sufficient to enable the department to determine that a valid first lien ~~which,-complies~~ complying with the requirements of all federal and state laws, exists in favor of the authority or of the department on the mortgaged premises and that the mortgagor has obtained, or in the case of construction loans will obtain, adequate fire and

extended coverage insurance on the mortgaged premises and. The lender's warranty will also contain such other information as the department requires from time to time.

SECTION 59. VA 4.08(10) is repealed and recreated to read:

VA 4.08(10) CONSUMER LAWS. Notwithstanding any provision of the lender's manual, subch. II of ch. 45, stats., the wisconsin administrative code, or contracts and servicing agreements entered into between the department and the lender, the lender shall comply with all applicable federal statutes and regulations and state statutes and rules. The lender shall defend any suits brought for noncompliance therewith and shall be liable for any damages awarded for such noncompliance.

SECTION 60. VA 4.09(1), (2), (3), (4), (5), (6) and 4.09(8)(a) and (b) are repealed.

SECTION 61. VA 4.09(8)(c) is renumbered VA 4.09(8).

SECTION 62. VA 4.09(11)(d)1. is amended to read:

VA 4.09(11)(d)1. The veteran's and spouse's total income is greater than \$34,000, the amount contained in s. 45.74(1), Stats., and,

SECTION 63. VA 4.10(2), (3) and (4) are amended to read:

VA 4.10(2) TRANSFER OF POSSESSION. The department or authorized lender may accelerate the mortgage note and require that the mortgage loan be paid in full when a mortgagor transfers physical possession of the mortgaged premises ~~and-the,~~ without the lender's prior written consent. The mortgage will provide for such acceleration.

(3) SALE OF PROPERTY. Subject to the provisions of s. 45.78(2)(a) and (b), Stats., the department or authorized lender will accelerate a mortgage note and require that the mortgage loan be paid in full when the mortgagor completes a sale of the homestead housing accommodation mortgaged to the department ~~or-authorized-lender.~~

(4) DEFAULT. Where a mortgagor is in default in loan repayments or has substantially breached mortgage covenants, the department may accelerate a secondary loan mortgage note and, with the department's consent, the authorized lender may accelerate a primary loan mortgage note ~~with the department's consent~~.

SECTION 64. VA 4.12(1) and (2)(title) are amended to read:

VA 4.12 Omissions and material errors as grounds for suspension of authorized lenders. (1) GROUNDS FOR SUSPENSION. The department may suspend any authorized lender who makes excessive omissions or material errors on loan application packages the authorized lender submits to the department ~~after January 1, 1981~~. An error is material if it prevents, or would prevent if the loan application package were not subsequently withdrawn, the correct processing to final determination of the loan application package as submitted. A loan application package is any loan application together with all supporting documents required by the department which is submitted to the department for processing, whether or not the loan application package is subsequently withdrawn before final determination by the department. For purposes of this section, an appeal of a loan denial is a new and separate loan application package.

(2)(title) NOTICE OF EXCESSIVE OMISSIONS AND MATERIAL ERRORS. ~~The department shall examine each loan application package received after January 1, 1981, and determine the number of omissions and material errors it contains.~~ The department shall give notice to any authorized lender, who has submitted loan application packages with excessive accumulated omissions and material errors, that the authorized lender may be suspended if the lender fails to properly complete loan application packages submitted thereafter. At the request of any authorized lender, the department shall instruct the authorized lender in how to properly complete loan application packages.

SECTION 65. VA 4.13(1), (2) and (7) are amended to read:

VA 4.13(1) DEFINITIONS. In this section the following terms shall have the designated meanings designated:

(2) EXCLUSIVE REMEDIES. The forbearance provisions contained in this section are the exclusive remedies of primary loan mortgagors under s. 45.72(9), Stats. ~~of direct loan mortgagors.~~

(7) FAILURE TO KEEP AGREEMENT. When the mortgagor fails to make payments required by the agreement and the department determines that modification of the agreement is not warranted, the department may notify the mortgagor that the agreement has been terminated and accelerate the direct primary loan balance.

SECTION 66. Chapter VA 5 (title) is repealed and recreated to read:

CHAPTER VA 5(title) WISCONSIN VETERANS MUSEUM

SECTION 67. VA 5.01 is amended to read:

VA 5.01 Objective: The department shall maintain a ~~memorial hall~~ museum designated as the ~~G-A-R-Memorial-Hall~~ Wisconsin Veterans Museum 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~~ museum 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~~ Wisconsin Veterans Museum.

SECTION 68. VA 5.03,(intro.), (1), (3), (7), (8), (10) and (11) are amended to read:

VA 5.03(intro.) Curator, duties and responsibilities. The curator under the direction of the secretary shall operate and conduct the ~~G-A-R-Memorial-Hall~~ Wisconsin Veterans Museum pursuant to Wisconsin statutes and in accordance with the policies established by the board. The curator shall:

(1) Have charge and custody 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~~ Wisconsin Veterans Museum.

(3) Restore, preserve and safeguard all articles in the memorial collection. The curator may not sell, mortgage, transfer or dispose of in any manner or remove from the ~~memorial-hall~~ museum, except for temporary purposes, any articles which are a part of the memorial collection, except that, upon recommendation of the secretary and approval of the board, any duplicate articles or articles outside the field of the memorial collection may be sold or exchanged for the purpose of procuring additional materials for display.

(7) Welcome and register visitors to the ~~hall~~ museum, conducting them through the ~~hall~~ museum and explaining the exhibits and displays of the memorial collection and the historical significance of the military service and the events they depict.

(8) Take such steps as may be necessary to protect visitors and the memorial collection from persons who would interfere with the peaceful enjoyment of the ~~memorial-hall~~ museum and the memorial collection including their ejection.

(10) Keep records on all matters affecting the ~~memorial-hall~~ museum and the memorial collection, including acquisitions, articles borrowed or loaned for research or display, and visitors to the ~~memorial-hall~~ museum.

(11) Prepare an annual report to the board on the operation of the ~~memorial-hall~~ museum and make such other reports as the secretary may require.

SECTION 69. VA 6.01(1), (3), (8) and (12)(title) are amended to read:

VA 6.01(1) OBJECTIVE. The department shall maintain and operate the Wisconsin Veterans Home and shall admit as members eligible veterans, their eligible spouses, surviving spouses, surviving spouses and parents, and shall furnish all members ~~complete~~ personal maintenance, and medical and nursing

care to include programs and facilities which promote comfort, recreation, well-being and rehabilitation.

(3) EXHIBITS REQUIRED. Each application shall be accompanied by a complete financial statement of the applicant, a physician's report of physical examination of the applicant, a certified copy of the applicant's birth certificate or other acceptable evidence relating to the applicant's birth, and original or certified copies of reports of separation or discharges of the applicant or the veteran upon whose eligibility the applicant is relying for all period of active service in the armed forces of the United States during one wartime period as enumerated in s. 45.35(5)(a) through (g), Stats., or which establish that the veteran was entitled to receive either the Armed Forces Expeditionary Medal, the Navy Expeditionary Medal, the Marine Corps Expeditionary Medal or the Vietnam Service Medal or served pursuant section 1 of executive order 10957, or served under s. 45.34, Stats., in Lebanon between August 1, 1982 and August 1, 1984, or in Grenada between October 23, 1983 and November 21, 1983, in Panama or in a Middle East Crisis and, except in the case of a Wisconsin resident at the time of entry into active service or the spouse of such a veteran applicant, 2 1 affidavits affidavit attesting to the applicant's Wisconsin residence. All exhibits except certified copies of reports of separation will be required of an applicant who applies for readmission more than 60 days after discharge but an affidavit in lieu of exhibits may be accepted from an applicant who applies for readmission within 60 days of discharge.

(8) READMISSION. A former member may be readmitted to the home only if a new application has been submitted and approved by the commandant on the basis of the commandant's determination that the home can provide suitable care for the applicant ~~and-that-the-applicant-had-demonstrated-a-satisfactory ability-to-adjust-to-the-home-environment-during-the-applicant's-previous admission-or-admissions-to-the-home.~~ A former member who was given an

undesirable or dishonorable discharge may be readmitted only if the commandant is satisfied that the conduct leading to such discharge will not be repeated. The commandant ~~shall~~ may also require that an applicant for readmission shall have paid all moneys which the applicant owed to the home.

(12)(title) MEDICAL AND NURSING CARE. ~~Complete-medical~~ Medical and nursing care, including ~~surgical-procedures,~~ physician's services, nursing care, hospitalization, medications, special diets, dental care including dental prosthesis, eye glasses, braces, hearing aid batteries and repairs, and ancillary medical care services will be furnished members as their needs may require.

SECTION 70. VA 6.01(13) and (14) are repealed.

SECTION 71. VA 6.01(15) and (16) are amended to read:

VA 6.01(15) ADMISSION, DENIAL OR DEFERRAL. Notwithstanding the other provisions of this section, the department may defer or deny an applicant's admission to the home when the commandant determines that the home will be unable to provide ~~complete-medical~~ appropriate care.

(16) CHARGES FOR CARE AND MAINTENANCE. Charges for care and maintenance ~~made-pursuant-to-s.--45-37(16)(b),-Stats,-,~~ shall be computed every ~~March-and-September~~ January for the various categories of care provided by the Home ~~and-such.~~ The computations shall be based upon the ~~average-daily~~ estimated costs of care to be incurred by the Home for the ~~preceeding-semi-annual-periods~~ succeeding annual period ~~of-July-through-December-and-January through-June-respectively.~~ The department may update charges in July to reflect changes in costs during the year. Charges shall be made for actual care and maintenance provided, ~~and-such-charges-shall-be-based-upon-the average-daily-costs-of-care-as-established-by-such-computations-for-the various-categories-of-care-provided-members-during-the-month-for-which-such charges-are-made,~~ to a member.

SECTION 72. VA 6.02(1), (6) and (7) are amended to read:

VA 6.01(1) ~~Conduct~~ Coordinate a complete program of medical and nursing care for all members of the Home as their needs may require.

(6) Establish a work therapy program at the Home and permit as many members as possible to participate in this program. Participation in the program shall be voluntary and participating members may work as many hours as they desire up to a maximum of 5 hours per day. ~~Members-participating-in-the work-therapy-program-may-retain-additional-income-or-be-paid-for-their services-pursuant-to-the-provision-of-s.-45,37(9)(a)-and-(e),-Stats-~~

(7) Prepare the Home's biennial budget requests so as to permit the Home to meet applicable minimum standards established by state regulatory agencies and present such budget request to the secretary.

SECTION 73. VA 6.03(10) is amended to read:

VA 6.03(10) LAKESHORE USE. Except as specifically authorized by the commandant, use of the Home lakeshore, beaches, piers, boating and swimming facilities by persons other than members and employes or guests of members or employes ~~in-their-personal-company~~ is prohibited. Use of such facilities shall be at the risk of the individuals using them and shall be limited to daylight hours.

SECTION 74. VA 6.04(2), (3) and (4) are repealed.

SECTION 75. VA 6.05(6) is amended to read:

VA 6.05(6) UNDESIRABLE DISCHARGE. A member may be given an undesirable discharge if an obligation to the Home is not paid within ~~30~~ 60 days of the date of the member's or personal representative's receipt of income-from-which that-obligation-should-be-paid a billing statement from the Home or if the member leaves the Home without satisfying the conditions for an honorable discharge.

SECTION 76. VA 6.06(3) is repealed.

SECTION 77. VA 11.03(8) is created to read:

VA 11.03(8) DELINQUENT SUPPORT, SEPARATE MAINTENANCE AND ALIMONY. If the applicant's credit is to be considered favorable, alimony, support and separate maintenance payments must be current as of the date of approval of the economic assistance loan by the department. Evidence from the clerk of courts that the applicant is current or, if the applicant is in arrears, that regular payments have been made every month for not less than 12 months immediately preceding the loan application date and that such applicant has made arrangements which the department deems satisfactory for payment or deferment of the obligation to repay the arrearage owing shall be submitted to the department.

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

STATE OF WISCONSIN  
DEPARTMENT OF VETERANS AFFAIRS

BY:   
RAYMOND G. BOLAND, SECRETARY

Date: Apr. 14, 1992

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