

Chapter VA 3

ECONOMIC ASSISTANCE LOANS

VA 3.01	Objective	VA 3.04	Security
VA 3.02	Administrative procedure	VA 3.05	Educational loans
VA 3.03	Loan policy		

VA 3.01 Objective. (1) **GENERAL.** The department may loan to any veteran not more than the statutory limit from the veterans trust fund to provide economic assistance for the purposes set forth in section 45.351 (2), Wis. Stats., where the veteran's need 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) **RESOURCES.** A veteran's resources shall include, but not be limited to such veteran's "funds" as defined in section 45.71 (7), Wis. Stats., but shall not include the funds of the veteran's spouse where the veteran is not required and elects not to report the spouse's funds under the provisions of the Equal Credit Opportunity Act and regulations adopted thereunder.

(3) **EVIDENCE OF NEED.** When, on the basis of all available facts, the department determines that need is questionable, the department will require evidence of actual application for and rejection of conventional financing or evidence of inability to afford monthly payments on available credit.

(4) **LISTING LENDERS CONTACTED.** When a veteran applies for an economic assistance loan in excess of \$1,000, and where the income of such veteran and spouse exceeds \$14,000 plus \$500 for each dependent in excess of one, such veteran shall list on the loan application at least 2 conventional lending institutions with whom the veteran has had contact concerning credit extension, and from which institutions the veteran believes the extension of credit does not appear to be forthcoming or could not be accepted by the veteran upon manageable terms. This subsection shall not apply to economic assistance loans granted for educational purposes.

History: Cr. Register, March, 1965, No. 111, eff. 4-1-65; am. Register, October, 1967, 142, eff. 11-1-67; am. Register, November, 1971, No. 191, eff. 12-1-71; am. Register, July, 1976, No. 247, eff. 8-1-76; am. Register, October, 1976, No. 250, eff. 11-1-76.

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

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

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

(3) **COUNTY LOAN ADVISORY COMMITTEE.** The secretary may, upon the recommendation of a county veterans service officer, appoint a county

Register, October, 1976, No. 250

loan advisory committee in such county to furnish information and recommend approval or denial of loan applications.

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

History: Cr. Register, March, 1965, No. 111, eff. 4-1-65; am. (3), Register, October, 1967, No. 142, eff. 11-1-67; r. (4), Register, November, 1971, No. 191, eff. 12-1-71.

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

(1) **REPAYMENT OF LOANS.** All loans, except loans for a veteran's education, will be amortized on a monthly basis and the initial term of all loans, except loans for a veteran's education and loans made under subsection (10), shall not exceed a maximum of 5 years but the department may require a shorter repayment period. The initial term of loans made under subsection (10) shall not exceed 8 years.

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

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

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

(7) **REAL ESTATE LOANS.** Such loans shall be made for repairing, adding to or completing the construction of a veteran's home or business property or for the construction of a garage. The department may make an economic assistance loan for repairing or adding to a veteran's home or for the construction of a garage which will complement a direct or secondary loan when the combination of such loans will exceed the statutory limit for a housing loan. No economic assistance loan for completing the construction of a veteran's home will be made to complement a department housing loan. Except as provided in subsection (10), no economic assistance loan may be made to provide all or any part of the down payment on home purchase involving the acquisition of real estate.

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

Register, October, 1976, No. 250

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

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

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

(c) Where the guarantor receives any loan proceeds;

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

(10) **MOBILE HOMES.** A loan for the purchase or improvement of a mobile home used or to be used by a veteran as primary housing, including land, or for the purchase of land on which such mobile home is located or to be located, may be made subject to the provisions of Wis. Adm. Code section VA 3.04. Such loan may be made for the purchase or improvement of a mobile home whether or not such home is located or to be located on land owned by the veteran borrower.

History: Cr. Register, March, 1965, No. 111, eff. 4-1-65; am. (1) and (7), Register, December, 1965, No. 120, eff. 1-1-66; am. (1), (7); r. (9) (e), Register, October, 1967, No. 142, eff. 11-1-67; am. (7) and cr. (10), Register, June, 1970, No. 174, eff. 7-1-70; am. (1), (7), and r. and recr. (10), Register, November, 1971, No. 191, eff. 12-1-71; am. (1), Register, October, 1972, No. 202, eff. 11-1-72; r. (2) and (3), am. (7), Register, July, 1976, No. 247, eff. 8-1-76.

VA 3.04 Security. Security of guarantors acceptable to the department will be required on all loans in excess of \$350. Furniture will not be taken as security on loans for business purposes or for the payment of debts.

(1) **VALUE OF SECURITY.** A loan secured by a mortgage will only be made where the department is satisfied that the property will provide adequate security therefor.

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

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

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

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

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

History: Cr. Register, March, 1965, No. 111, eff. 4-1-65; r. and recr. (1) Register, October, 1967, No. 142, eff. 11-1-67; am. intro., Register, November, 1971, No. 191, eff. 12-1-71; am. (2), Register, August, 1972, No. 200, eff. 9-1-72; am. intro. par. Register, November, 1972, No. 203, eff. 12-1-72.

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

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

(2) **EDUCATION IN OUT-OF-STATE SCHOOLS.** A loan to a veteran attending a school outside Wisconsin must be secured as provided in Wis. Adm. Code section VA 3.04 and, except in cases of undue hardship, no such loan will be made when adequate courses of study in the desired field of education are available in Wisconsin.

(3) **CHILDREN'S EDUCATION.** A loan to a veteran, to a veteran's surviving spouse, whether remarried or not, or to the surviving parent of a deceased veteran's children for the education of the veteran's child or children may be granted upon approval of the course or courses of instruction by the department.

History: Cr. Register, March, 1965, No. 111, eff. 4-1-65; r. and recr., Register, December, 1965, No. 120, eff. 1-1-66; am. (3), Register, October, 1967, No. 142, eff. 11-1-67; am. (3), Register, June, 1970, No. 174, eff. 7-1-70; am. (2), Register, November, 1971, No. 191, eff. 12-1-71; am. (3), Register, July, 1976, No. 247, eff. 8-1-76.