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CHAPTER 443

AN ACT to amend 20.840 (81); and to create 20.840 (73) and (74) and 25.17 (3) (bg) of the statutes, for the purpose of authorizing the Wisconsin investment board to purchase housing loans from the state department of veterans' affairs, appropriate the proceeds for additional loans to veterans and permit payment of losses from the veterans trust fund.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

SECTION 1. 20.840 (73) and (74) of the statutes are created to read:

20.840 (73) LOANS TO VETERANS. The proceeds from loans sold to the state of Wisconsin investment board pursuant to s. 25.17 (3) (bg) shall be credited to this appropriation to be used for additional loans to veterans in accordance with s. 45.352. Loans so sold shall be segregated on the records of the department and principal collection thereon together with interest received from said loans so sold shall be remitted after the close of each month to the investment board. Not later than 90 days after July 1 and January 1 of each year the state of Wisconsin investment board shall determine and certify to the department of veterans affairs the amount of any loss sustained during the 6-month period prior to said July 1, and January 1, respectively, on account of loans purchased pursuant to s. 25.17 (3) (bg). The amount of such loss shall consist of principal amounts of loans so sold which are more than 12 months delinquent in accordance with the monthly instalment dates of the original note securing any particular veteran loan and the amount of income loss arising by reason of veteran loans. The income loss shall be the difference between the amount of interest income received during the 6-month period from all such veteran loans sold to the investment board and the amount that would have been received thereon at the average rate of interest income during the 6-month period from all other investments of the state investment fund and on any veteran loan investments sold by the investment board pursuant to s. 25.17 (3) (bg) the difference between the average rate of interest income during the 6-month period from all other investments of the state

investment fund and the amount of additional interest and guaranteed principal and interest paid by the investment board to any purchasers of veteran loan investments upon resale. The amount of loss so certified by the state of Wisconsin investment board shall, each period, be paid to the board out of the appropriation under sub. (74).

(74) TRANSFER TO STATE OF WISCONSIN INVESTMENT BOARD. On July 1 and January 1 of each year from the veterans trust fund after deducting the appropriations made under subs. (71) and (72) a sum sufficient to pay to the state of Wisconsin investment board for the losses sustained as defined in sub. (73).

SECTION 2. 20.840 (81) of the statutes is amended to read:

20.840 (81) From the veterans trust fund after deducting the appropriations made under subs. (71), (72), (73), (74), (75), (84), (85) and (86) a sum sufficient for the payment of housing loans granted to veterans, veterans nonprofit housing corporations and veterans nonprofit co-operative housing associations, and the payment of expense and other payments as a consequence of being mortgagee or owner under ss. 45.352 and 45.353. All repayments of loans and payments of interest made on loans under ss. 45.352 and 45.353 shall revert to the veterans trust fund.

SECTION 3. 25.17 (3) (bg) of the statutes is created to read:

25.17 (3) (bg) To invest sums not exceeding \$5,000,000 outstanding at any one time of the balances of the general fund through the purchase from the state department of veterans' affairs of loans to veterans granted under s. 45.352. Such loans initially shall be made by the state department of veterans' affairs from the veterans trust fund created by s. 25.36 and appropriated from repayments under s. 20.840 (81). Notwithstanding the specific provisions of sub. (1), the responsibility for collection of the interest and principal on such loans to veterans shall rest in the state department of veterans affairs, and the function of the investment board shall be limited to purchasing such loans at such times and in such amounts as it chooses, and to periodically receiving from the appropriations made by s. 20.840 (73) payments of principal and interest collected by the department of veterans affairs and the amount of losses, as defined in s. 20.840 (73), sustained due to such loans. The department shall certify to the investment board the loan number, name of veteran and principal balance of each veteran loan sold and segregated on the records of the department and the department may repurchase from the board such loans as the department desires at any time. Physical possession of the notes and real estate mortgages of the loans sold will be retained by the department until needed by the investment board to accomplish any sale of veteran loan investments. When the board determines that it is necessary to sell veteran loan investments to obtain general funds for operating purposes, the board shall notify the department of their decision and obtain physical possession of the notes and mortgages from the department when necessary. The board may sell veteran loan investments to any of the funds whose investment is under the control of the board, except retirement trust funds or may sell on the market. Any veteran loan investments sold by the board to another fund or on the market will be guaranteed by the department as to principal and interest and the guaranteed interest rate will be the average rate of interest being currently earned by the purchasing fund when sold to such fund or $4\frac{1}{2}$ per cent when sold to a market purchaser. The department will have the right to repurchase veteran loans from the board at any time with veterans trust fund moneys after the appropriations made by ss. 20.840 (71), (73), (74), (75), (84), (85) and (86).

Approved December 18, 1963.