

1977 Senate Bill 63

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CHAPTER 4, Laws of 1977

AN ACT to amend 15.05 (1) (b), 20.485 (3) (r) and (s), 20.866 (2) (zn) and 45.79 (4) (a), (5) (b), (6) (a) 2 and (7) (a) (intro.); to repeal and recreate 45.79 (4) (b) and (7) (a) 3; and to create 45.71 (2m) and 45.79 (4) (c) of the statutes, relating to the veterans first mortgage loan program and the appointment of the secretary of veterans affairs.

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

SECTION 1. 15.05 (1) (b) of the statutes is amended to read:

15.05 (1) (b) If a department is under the direction and supervision of a board, the board shall appoint a secretary to serve at the pleasure of the board, ~~except that the secretary of veterans affairs shall be appointed by the governor with the advice and consent of the senate for an indefinite term,~~ outside the classified service. In such

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departments, the powers and duties of the board shall be regulatory, advisory and policy-making, and not administrative. All of the administrative powers and duties of the department are vested in the secretary, to be administered by him or her under the direction of the board. The secretary, with the approval of the board, shall establish rules for administering the department and performing the duties assigned to the department.

SECTION 2. 20.485 (3) (r) and (s) of the statutes are amended to read:

20.485 (3) (r) (title) *Loan operations*. A sum sufficient from the veterans mortgage loan repayment fund, after deducting the amounts appropriated under pars. (s) and (t), for ~~self-insurance~~ costs under s. 45.79 (7) (a) 3.

(s) *General program operations*. ~~A sum sufficient~~ Biennially, the amounts in the schedule from the veterans mortgage loan repayment fund, after deducting the amounts appropriated under par. (t), for general program operations of the veterans mortgage loan program under s. 45.79.

SECTION 3. 20.866 (2) (zn) of the statutes is amended to read:

20.866 (2) (zn) *Veterans affairs, self-amortizing mortgage loans*. As a continuing appropriation from the capital improvement fund, the amounts in the schedule for the department of veterans affairs for the purchase of mortgages and mortgage notes covering loans made to veterans under s. 45.79 (6) (a). The state may contract public debt in an amount not to exceed ~~\$380,000,000~~ \$555,000,000 for this purpose.

SECTION 4. 45.71 (2m) of the statutes is created to read:

45.71 (2m) "Board" means the board of veterans affairs.

SECTION 6. 45.79 (4) (a) of the statutes is amended to read:

45.79 (4) (a) The ~~department board~~ shall determine the interest rate on loans made under this section. The interest rate so determined shall not be increased during the term of the loan. It shall be as low as possible but shall be sufficient to fully pay all expenses in accordance with sub. (7), and to provide self-insurance reserves which are reasonably expected to be required in the judgment of the board and in accordance with par. (b).

SECTION 7. 45.79 (4) (b) of the statutes is repealed and recreated to read:

45.79 (4) (b) A self-insurance account shall be provided within the veterans mortgage loan repayment fund which shall total an amount not less than 2% of the principal amount of outstanding loans funded under sub. (6) (a), for which bond proceeds have been dispersed more than 14 months previously. This account shall be composed of all revenues remaining in the veterans mortgage loan repayment fund after deducting amounts collected for the payment of expenses under sub. (7), after deducting amounts disbursed for payment of expenses under sub. (7), after setting aside all moneys received as prepayment of principal or early retirement of the mortgage loans made under this section, and after setting aside amounts required for prepayment penalty obligations on loans funded under s. 45.79 (5) (c), 1973 stats., or sub. (6) (b).

SECTION 8. 45.79 (4) (c) of the statutes is created to read:

45.79 (4) (c) Loans made pursuant to this section shall not be subject to s. 138.05.

SECTION 9. 45.79 (5) (b) of the statutes is amended to read:

45.79 (5) (b) *Origination fees*. Persons receiving loans under this section shall pay at the time of closing an origination fee to the authorized lender ~~making his participating in the loan~~. The origination fee charged to borrowers under this section shall be negotiated between the department and the authorized lender but may not

exceed that which the authorized lender would charge other borrowers in the ordinary course of business under the same or similar circumstances.

SECTION 9m. 45.79 (6) (a) 2 of the statutes is amended to read:

45.79 (6) (a) 2. The ~~secretary~~ chairperson of the board shall certify that the ~~secretary chairperson~~ does not expect proceeds of state debt issued under this paragraph to be used in a manner that would cause the debt to be arbitrage bonds as defined by the federal internal revenue code.

SECTION 10. 45.79 (7) (a) (intro.) of the statutes is amended to read:

45.79 (7) (a) (intro.) There is created the veterans mortgage loan repayment fund. All moneys received by the department for the repayment of loans funded under sub. (6) (a), except for servicing fees required to be paid to authorized lenders, shall be deposited immediately upon their receipt into the veterans mortgage loan repayment fund. Moneys so received, along with proceeds from the sale of mortgaged properties, any repayment to the department of moneys paid to authorized lenders, gifts, grants, other appropriations and interest earnings accruing thereon, shall be expended ~~in the amounts shown in s. 20.485 (3) (q), (r), (s) and (t)~~ only for the following purposes and order of distribution:

SECTION 11. 45.79 (7) (a) 3 of the statutes is repealed and recreated to read:

45.79 (7) (a) 3. All costs incurred by the department to meet obligations arising from loans funded under s. 45.79 (5) (c), 1973 stats., or sub. (6) (b), and costs incidental to the exercise of powers under s. 45.72 in relation to properties funded by loans made under this section.

SECTION 12. **Transition provision.** The self-insurance account of the veterans primary mortgage loan program may, prior to February 1, 1978, equal not less than 62.5%, after January 31, 1978, and prior to February 1, 1979, equal not less than 75% and after January 31, 1979, and prior to February 1, 1980, equal not less than 87.5% of the amounts required pursuant to section 45.79 (4) (b) of the statutes, as affected by this act.

SECTION 13. **Effective date.** The treatment of section 20.485 (3) (r) of the statutes by this act shall take effect July 1, 1977, or on the first day after publication, whichever is later.