

(a) A loan for the completion of the construction of a veteran's home will not be made to complement a department housing loan, except as provided in par. (b), and such a loan may only be made where the proceeds thereof will enable the veteran to fully complete the construction of the veteran's home.

(b) In cases where a direct veterans' housing loan was approved within 18 months of the date of processing of an economic assistance loan application for the purposes set forth in this subsection, except for necessary repairs and improvements or for the drilling of a well or installation of a septic system including payment of cost overruns on wells and septic systems, a loan may only be made if $2\frac{1}{2}$ times the applicant's income equals or exceeds the cost of the property upon which the direct housing loan was based plus the cost of proposed improvements or remodeling or of the construction of a garage or if 2 times the applicant's income equals or exceeds the cost of the housing accommodation and garage upon which the direct housing loan application was based plus the cost of proposed remodeling or improvements or the construction of a garage.

(c) An improvement and remodeling loan will not be approved for nonessential purposes including, but not limited to, decks, patios and recreation rooms and fireplace installations unless it is demonstrated that the proposed fireplace installation will be energy efficient and will provide a significant supplement to the principal heating source, and such a loan may be approved for an air conditioning unit only if recommended by a physician as medically necessary or where the installation of such unit is incidental to the installation of a heating system being installed at the same time as the air conditioning unit.

(12) NONQUALIFYING LOAN PURPOSES. No economic assistance loan will be made:

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

(b) For the payment of debts owed to, or owed by, members of the veteran's family or spouse's family on the date of application.

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

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

(e) To underwrite, finance, purchase, subsidize, aid or assist in a side-line investment or business enterprise which is not deemed necessary to provide a livelihood for the applicant.

(f) Where the loan proceeds will not directly benefit the veteran or will only be of a minimal benefit, where the proceeds will not substantially resolve the applicant's financial problems, or where the proceeds are required to repay obligations resulting from the veteran's willful misconduct.

(g) For current month-to-month household and living expenses, except in the case of education loans.

(i) To purchase, or to pay existing obligations incurred exclusively for the purchase of television sets, stereos, tape decks, recording equipment, sporting equipment, recreational vehicles or equipment, leisure or hobby equipment, or motor vehicles which are not used exclusively for business purposes.

(j) To assist in meeting expenses relating to the education of a veteran's spouse.

(13) **LOAN CHECKS.** (a) Loan checks will be made payable to the veteran and such other persons as may be necessary to insure proper application of loan proceeds and such checks will not be released until all requirements set forth in department commitment letters have been complied with to the satisfaction of the department.

(c) Loan checks returned to the department in cases where the veteran no longer needs the loan funds or desires to have such funds used for the payment of specific creditors or vendors will be cancelled and, unless the chief of the economic assistance loan section approves the issuance of new checks at the request of the veteran to other creditors or vendors to provide economic assistance, the amount of the loan balance will be reduced by the amount of such checks.

(14) **DELINQUENCY ON DEPARTMENT LOANS.** The department will not approve a loan to an applicant who is delinquent on another loan from the department, as of the date of application for the loan, except with the approval of the chief of the economic assistance loan section.

(15) **LIMITATION ON NUMBER OF LOANS.** An applicant may not have more than one economic assistance loan at one time, except where the balance of an existing loan is to be paid from the proceeds of a new loan.

(16) **BAD CREDIT PRACTICES.** Applications from applicants who have failed to pay their obligations in a timely manner or have quitclaimed previously owned real estate back to a lender in lieu of foreclosure within the last 5 years shall be denied unless such applications have strong offsetting characteristics. The department may consider whether the lender did not incur 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.

History: Cr. Register, December, 1979, No. 288, eff. 1-1-80; r. (2), am. (3), (4), (6), (11) (a) and (b), Register, April, 1986, No. 364, eff. 5-1-86; r. and recr. (5), am. (12) (g) and (i), r. (12) (h) and (13) (b), Register, February, 1989, No. 398, eff. 3-1-89; cr. (16), Register, September, 1990, No. 417, eff. 10-1-90.

VA 3.04 Security required. Adequate security shall be required to insure the repayment of all economic assistance loans made, except that on loans in the amount of \$350 or less the department may waive the requirement of security.

(1) **GUARANTORS.** The department may accept as adequate security the guarantee of loan promissory notes by creditworthy and financially acceptable guarantors. 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 guarantor on any loan unless the applicant is a member of the guarantor's immediate family. Any other Wisconsin resident who is determined by the department to be financially

responsible and whose joining in the obligation will provide adequate security for the loan may be accepted as a guarantor.

(2) **REAL ESTATE SECURITY.** When real estate is offered as security, the applicant shall carry fire and extended coverage insurance on the real estate improvements in an amount acceptable to the department, the loan applied for shall be \$1,000 or more, and the applicant shall submit evidence of sufficient equity therein to provide adequate security for the loan, an insurance binder showing the department's security interest, and, except as hereinafter provided, of the possession of merchantable title to the real estate. In exceptional cases, with the approval of the chief

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