

1973 Assembly Bill 1387

Date published:
May 8, 1974

CHAPTER 208, Laws of 1973

(Vetoed in Part)

AN ACT to repeal 45.352 (1) to (10) and (11) (intro.) and (b); to renumber 45.352 (11) (title), (a), (c) and (d); to amend 20.485 (2) (d), 45.35 (8) (b) and (15), 45.80 (7) (b), as renumbered, 215.21 (2), 234.03 (2m), 234.15 (2) and (3) and 703.23 (1); to repeal and recreate 234.15 (4) and 706.11 (1) and to create 20.143 (1) (b), 20.485 (3), 41.07 (1) (e), subchapter I (title) and subchapter II of chapter 45, 186.113 (12) and 234.40 to 234.43 of the statutes, relating to establishing a veterans home loan program funded through Wisconsin housing finance authority bonds, granting rule-making authority and making appropriations.

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

SECTION 1. At the appropriate place in the schedule in section 20.005 of the statutes, insert the following amounts for the purpose indicated:

20.143 HOUSING FINANCE, WISCONSIN AUTHORITY		1973-74	1974-75
(1) FACILITATION OF CONSTRUCTION OF HOUSING			
(b) Capital reserve fund deficiency	GPR C	-0-	-0-
20.485 VETERANS AFFAIRS, DEPARTMENT OF			
(3) SELF-AMORTIZING MORTGAGE LOANS FOR VETERANS			
(a) General program operations	GPR B	13,000	123,400
(b) Self insurance	GPR S	-0-	-0-
(c) Capital reserve fund deficiency	GPR C	-0-	-0-

SECTION 1g. 20.143 (1) (b) of the statutes is created to read:

20.143 (1) (b) *Capital reserve fund deficiency.* As a continuing appropriation, the amounts in the schedule to restore the capital reserve fund requirement in accordance with s. 234.15 (4).

SECTION 2. 20.485 (2) (d) of the statutes, as created by chapter 4, laws of 1973, is amended to read:

20.485 (2) (d) *General fund loan to veterans trust fund.* As a continuing appropriation, the amounts in the schedule for the purpose of making housing loans under s. 45.352. Commencing January 1, ~~1975~~ 1976, the department of veterans affairs shall make quarterly reimbursement payments from the veterans trust fund to the general fund in the amount of ~~\$1,350,000~~ \$1,880,000 or such amount as the balance in the veterans trust fund permits. If any repayments are required on or after July 1, ~~1977~~ 1978, they shall be made in such amounts as the balance in the veterans trust fund permits.

SECTION 3. 20.485 (3) of the statutes is created to read:

20.485 (3) SELF-AMORTIZING MORTGAGE LOANS FOR VETERANS. (a) *General program operations.* Biennially, the amounts in the schedule for general program operations under s. 45.79 prior to June 30, 1975.

(b) *Self insurance.* A sum sufficient to cover deficiencies in the amounts necessary to repay principal and interest on veterans housing loans made under s. 45.79 and financed by bonds sold pursuant to s. 234.40.

(c) *Capital reserve fund deficiency.* As a continuing appropriation, the amounts in the schedule to restore the capital reserve fund requirement in accordance with s. 234.42 (4).

SECTION 3g. 41.07 (1) (e) of the statutes is created to read:

41.07 (1) (e) Employees of the Wisconsin housing finance authority are state employes for purposes of subchs. II and VI of ch. 40, subch. I of ch. 41 and s. 16.30 (2) and (2m).

SECTION 4. Subchapter I (title) of chapter 45 of the statutes is created to read:

CHAPTER 45
SUBCHAPTER I
GENERAL PROVISIONS

SECTION 5. 45.35 (8) (b) and (15) of the statutes are amended to read:

45.35 (8) (b) The benefits and aid provided under ~~ss. 45.351 and 45.352~~ shall any of the following are not be assignable and ~~shall be~~ are exempt from garnishment and execution:

1. Section 45.352, 1971 stats.

2. Section 45.351.

3. Subchapter II.

(15) LIBERAL CONSTRUCTION INTENDED. This section ~~and~~, ss. 45.351, ~~45.352~~ and 45.37 and subch. II shall be construed as liberally as the language permits in favor of applicants.

SECTION 6. 45.352 (1) to (10) and (11) (intro.) and (b) of the statutes are repealed.

SECTION 7. 45.352 (11) (title), (a), (c) and (d) of the statutes are renumbered 45.80 (7) (title), (a), (b) and (c) and 45.80 (7) (b), as renumbered, is amended to read:

45.80 (7) (b) The insurance shall insure the life of the mortgagor for the amount of principal and interest due on the state loan, and the state shall be named the beneficiary. If the mortgagor, at any time while still owning the property and before paying off the loan, dies, the insurance shall be used to pay the balance of the state loan, and the ~~director~~ secretary shall issue a satisfaction of the mortgage.

SECTION 8. Subchapter II of chapter 45 of the statutes is created to read:

CHAPTER 45
SUBCHAPTER II
VETERAN'S HOUSING LOAN PROGRAM

45.70 Purpose. (1) LEGISLATIVE FINDINGS. It is determined that veterans, who have sacrificed in the service of their country, valuable years of their lives and considerable earning potential, constitute a readily identifiable and particularly deserving segment of this state's population. It is further determined that by making additional housing funds available to eligible veterans limited private home loan funds available will be more readily available to all.

(2) LEGISLATIVE INTENT. This subchapter is created principally to enable the authority to exercise its borrowing power to increase those funds available for loans providing for the purchase or construction of private housing, without requiring downpayments beyond the reach of families of modest means. It is the intent of the legislature that the department in its administration of this subchapter avoid the duplication of those administrative services available through private lending institutions, utilizing the administrative services of such institutions to the maximum extent consistent with the purposes of this subchapter.

45.71 Definitions. In this subchapter:

(1) "Anticipated annual shelter payment" means the total annual payments anticipated for the following, as determined by the department or authorized lender on the basis of the loan applied for under s. 45.79:

(a) Real estate taxes on the premises to be mortgaged.

(b) Insurance premiums for coverage required under s. 45.79 (3) (b).

(c) Required payments on principal and interest.

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(1m) "Authority" means the Wisconsin housing finance authority.

(2) "Authorized lender" means any lender authorized under s. 45.79 (5) (a) 5 to make or service loans under s. 45.79.

(3) "Closing costs" include:

(a) Any origination fee authorized under s. 45.79 (5) (b).

(b) Attorneys fees.

(c) Recording fees.

(d) Other costs authorized by the department.

(4) "Department" means the department of veterans affairs.

(5) "Dependent" means:

(a) The spouse of a veteran who resides with him; and

(b) Any person who resides with a veteran and is dependent upon the veteran for more than one-half of his support.

(6) "Eligible person" means any veteran qualified under s. 45.74 to receive a loan under this subchapter.

(7) "Funds" include cash on hand, liquid investments, and any asset the conversion of which to cash would not result in a substantial loss. The funds of a veteran include all funds owned by the veteran and his spouse, individually or jointly, unless the veteran and his spouse are permanently separated.

(8) "Home" means a building or portion thereof used by a veteran as his principal place of residence, and includes condominiums and income-producing property, a portion of which is so occupied by the veteran, and the land appertaining to such a building.

(9) "Income" means the amount of gross income a veteran is receiving for his regular work together with any income from other sources that may reasonably be expected to continue for the term of the loan.

(a) Part-time or overtime pay, unemployment compensation and income of the veteran's spouse are considered income only if the department or authorized lender deems such sources of income to be regular and dependable.

(b) Unless temporary in nature, pensions and disability compensation shall be considered income.

(10) "Insurer" means any insurance carrier licensed to do business in this state and approved by the department.

(11) "Maximum primary financing" means:

(a) The maximum conventional loan which a lending institution in the lending area would make to another borrower in the ordinary course of business under the same or similar circumstances;

(b) Where a veteran is assuming an existing primary mortgage which equals or exceeds 50% of the cost of the property, the mortgage assumed; or

(c) In the case of an improvement loan, an existing mortgage which equals or exceeds 25% of the appraised valuation of the property after improvements.

(12) "Mobile home" means a mobile home, as defined under s. 340.01 (29), which:

- (a) Is used by a veteran as his principal place of residence; and
- (b) Meets or exceeds the statutory size under s. 348.07 (2).

(13) "Monthly payment" means:

(a) In regard to a loan made under s. 45.79:

- 1. Required payments on principal and interest.
- 2. Insurance premiums for coverage required under s. 45.79 (3) (b).
- 3. One-twelfth of annual real estate taxes on the mortgaged property.

(b) In regard to a loan made under s. 45.80:

- 1. Required payments on principal and interest.
- 2. Mortgage cancellation life insurance premiums.

(14) "Qualified purpose" means any purpose authorized under s. 45.76.

(15) "Secretary" means the secretary of veterans affairs.

(16) "Veteran" means:

- (a) A veteran as defined in s. 45.35 (5).
- (b) An unremarried spouse of a deceased veteran.
- (c) A minor or dependent child of a deceased veteran.

45.72 General powers of the department in providing financial assistance. In providing financial assistance under this subchapter the department may:

- (1) Execute necessary instruments.
- (2) Collect interest and principal.
- (3) Compromise indebtedness due on mortgage notes held by the department or executed to the authority under this subchapter.
- (4) Sue and be sued.

~~(5) Write off indebtedness on mortgage loans which it deems uncollectible.~~

~~(6) Exercise the rights of a mortgagee generally, and may accept a quitclaim deed or warranty deed to the mortgaged property including property mortgaged to the authority under this subchapter in full satisfaction of a mortgage debt when necessary to protect its mortgage loan investment.~~

~~(7) Manage, operate, lease, exchange, sell and otherwise convey real property including property mortgaged to the authority under this subchapter.~~

(8) Grant easements in any real property acquired by the department.

(9) In regard to mortgages held by the department or executed to the authority under this subchapter, upon application by the mortgagor and agreement in writing executed by the parties:

(a) Extend the time in which the obligation under a mortgage note or any part thereof must be paid.

(b) Reduce the amounts of monthly instalments and provide such other terms and conditions relative to time and manner of repaying the obligation as it deems necessary or reasonable.

45.73 Duties of the department. (1) **RULE-MAKING RESPONSIBILITY.** The department shall promulgate rules and devise forms necessary for the efficient administration of this subchapter.

(2) **ALLOCATION OF LIMITED LOAN RESOURCES.** If the department estimates that applications for loans under this subchapter will exceed the moneys available for such loans, the department shall give priority to the most necessitous cases and take all action necessary to spread the available moneys among the maximum possible number of veterans.

45.74 Eligible persons; disqualifying factors. No person may receive a loan under this subchapter if the department or authorized lender determines that:

(1) **ANNUAL INCOME LIMITATION.** His annual income exceeds:

(a) Five hundred dollars for each dependent in excess of 2 dependents; plus

Vetoed in Part (b) Eighteen thousand dollars, ~~adjusted as provided in this subsection. The \$18,000 maximum shall be adjusted upward or downward on July 1, 1975, in the amount of 1% for each 1% or fraction of 1% change in the homeownership consumer price index, established by the bureau of labor statistics of the U.S. department of labor as the United States city average for urban wage earners and clerical workers, between April 1974 and April 1975. The maximum shall be adjusted upward or downward annually thereafter on July 1 of each year in the amount of 1% for each 1% or fraction of 1% change in the homeownership consumer price index between April of the preceding year and April of the year in which the adjustment is made.~~

(2) **ABILITY TO PAY.** He will be incurring an excessive indebtedness in view of his income;

(3) **NEED.** He does not require a loan in addition to his own funds;

(4) **ASSETS.** After making his total contemplated investment toward a purpose specified in s. 45.76 his funds will exceed \$1,000 plus his anticipated annual shelter cost payments;

(5) **COST OF HOUSING.** Either the total cost of the housing accommodation including garage, but excluding land and other nonhousing improvements thereon, exceeds 2 times his annual income or the total cost of the housing accommodation, including garage, land and other nonhousing improvements thereon exceeds 2.5 times his annual income, whichever he elects. In the case of an improvement loan, the total cost of the housing accommodation and garage means the original cost plus improvements less normal depreciation.

45.75 Choice of program. A veteran who meets the requirements of both the primary and secondary mortgage loan programs shall have the right to choose the program in which he will participate.

45.76 Eligible uses for loan proceeds. (1) **PRIMARY AND SECONDARY MORTGAGE LOAN PROGRAM.** An authorized lender may, with the approval of the department and with funds provided by the authority, make loans under s. 45.79 and the department may make loans under s. 45.80 for:

(a) **Purchases.** Purchase of:

1. A mobile home or real property on which a mobile home is to be situated.

2. A home, including land, housing accommodation, garage and other improvements.

(b) *Construction.* Construction of a home, including housing accommodation and garage, and the acquisition of land therefor.

(c) *Refinancing existing indebtedness.* Refinancing existing indebtedness of a veteran who is in danger of losing his home through legal action.

(2) SECONDARY MORTGAGE LOAN PROGRAM ONLY. The department may make loans under s. 45.80 for:

(a) *Home improvements.* Improving a housing accommodation or a housing accommodation and garage.

(b) *Garage construction.* Construction of a garage.

(c) *Increasing housing loan.* Increasing a housing loan made under s. 45.352, 1971 stats. or s. 45.80.

(3) CONDITIONS. (a) *Cost and value of property.* No loan may be made under under this subchapter if the department or authorized lender determines that:

1. The total cost of the property exceeds its market value.

2. The value of the land and nonhousing improvements thereon is disproportionate to the value of the housing accommodation.

(b) *Certificate of use.* The department or authorized lender may require any person applying for a loan under this subchapter to certify that:

1. The residence to be purchased, constructed, improved or refinanced with financial assistance under this subchapter will be used by him as his principal residence.

2. Unless other prepayment provisions are permitted under s. 45.78 (2), the loan made under this subchapter will be repaid in full upon sale of such residence or any of his interest therein. A divorce judgment divesting a veteran of his interest in such residence or a quitclaim deed executed pursuant to such a judgment shall not constitute a sale.

45.77 Veteran's contribution. No loan may be made under this subchapter unless, in addition to such closing costs as the veteran may be required to pay, the veteran has available, and applies on the total cost of the property for which the loan is made, an amount equivalent to at least 5% of such total cost. Such amount may consist of money or other assets, including equity in real property. If the loan is to be made for purchase or construction, as these terms are used in s. 45.76, such amount may not exceed 30% of such total cost.

45.78 Manner of repayment. (1) MONTHLY PAYMENTS; RIGHT TO PRE-PAY. Each loan made under this subchapter shall be repaid in monthly instalments with the option to pay additional sums on any instalment paying day.

(2) ACCELERATION PROVISIONS. All loans made under this subchapter shall be repaid in full upon sale of the residence securing the loan or any interest in such residence, unless:

(a) The sale is to another eligible person; or

(b) The department or authorized lender servicing the loan determines that acceleration will jeopardize collection of the loan balance.

45.79 Primary mortgage loan program. (1) **LOANS AUTHORIZED.** An authorized lender may, as agent for and with the approval of the department and with funds provided by the authority, make loans to eligible persons for qualified purposes in the manner provided under this section.

(2) **LOAN APPLICATIONS.** (a) *Application and content.* Applications for loans under this section shall be made to an authorized lender on forms approved by the department, signed by the applicant, and, if the applicant is married and not separated or in the process of obtaining a divorce, by the applicant's spouse.

(b) *Certification by department.* The applicant shall apply to the department through a county veterans service officer for certification of his eligibility as a veteran.

(c) *Processing.* After the department has determined that the person applying for the loan is a veteran, the authorized lender shall pass upon the merits of each application and shall forward the application to the department with its recommendation. The department may disallow the loan applied for or approve it in whole or in part and ~~direct the authority to~~ disburse funds in the amount of any loan approved.

Vetoed
in Part

(3) **LOANS TO BE SECURED.** (a) *First mortgage required.* 1. Each loan made under this section shall be evidenced by a promissory instalment note and secured by a mortgage on the real estate in respect to which the loan is granted which names the authority as mortgagee and payee. Such mortgage must have priority over all liens upon the mortgaged premises and the buildings and improvements thereon, except tax and special assessment liens filed after the recording of the mortgage.

2. No loan may be made under this section for the purchase or improvement of a mobile home unless such loan is secured by both a first mortgage on real estate and a primary chattel security agreement covering the mobile home itself.

(b) *Casualty insurance coverage.* Mortgages given to secure loans under this section shall provide for adequate fire and extended coverage insurance.

(4) **INTEREST RATE DETERMINED.** (a) The department 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. The interest rate shall not exceed 1.25% plus the rate necessary to fully repay interest on bonds issued by the authority to provide moneys for loans made under this section. All revenues resulting from interest rates, except for such revenues as are necessary for the purposes set forth in subds. 1 and 2, shall be paid to the authority to be deposited in the veterans housing bond redemption fund and shall be disbursed therefrom as provided in s. 234.43 (2).

Vetoed
in Part

~~1. Amounts deemed necessary by the department to cover administrative costs incurred by it for processing and servicing loans made under this section shall be paid to the appropriation under s. 20.433 (2) (u) and shall be retained by the department from payments remitted to the department before it transmits the balance of such payments to the authority.~~

Vetoed
in Part

2. The fees retained by the authorized lender servicing loans made under this section.

(b) The legislative fiscal bureau and legislative audit bureau shall together annually review additional interest costs to the veteran attributable to administration of this program and to principal and interest deficiencies on bonds due to defaulted loans made under this section and report their findings to the joint committee on finance. If the aggregate cost to the veteran due to defaults on loans made under this section the cost of which could be covered by private mortgage insurance and due to the

administration of the program on a self-insurance basis exceeds the aggregate cost to the veteran of obtaining private mortgage insurance, the joint committee on finance shall consider recommending to the legislature that private mortgage insurance be required on loans made under this section. The joint committee on finance shall also annually review the appropriateness of the interest rate limit and the funding made available from interest earnings for other purposes under par. (a) and 234.43 (2) (e).

(5) ADMINISTRATIVE PROVISIONS. (a) *Additional authorized activities of the department.* The department may:

1. Enter into contracts with authorized lenders throughout this state authorizing such lenders to process applications, act as the closing agent for the department and service loans made under this section. The contracts shall include the responsibilities of the authorized lender with respect to credit evaluations, financial eligibility determinations, valuation of the home for which the loan is to be made, collection procedures in the event of delinquent loan repayments and other functions which the department may require. Such contracts shall authorize the lender to retain an amount from the monthly payments for servicing loans made by this section. The rate of the service fee shall be negotiated by the department with the lender in accordance with current practices under similar programs, and shall be stated in the contracts. A maximum length of time between receipt of monthly mortgage payments by the lender and transmittal of such payments to the department shall be established by the department and specified in the contracts.

2. Commit ~~the authority to advance and direct it to~~ advance funds in the full amount of any mortgage securing a purchase loan to be made by an authorized lender in accordance with the terms of this section. Vetoed
in Part

3. Commit ~~the authority to advance and direct it to~~ advance in instalments up to the full amount of any mortgage securing a construction loan made by an authorized lender, to provide for the purchase and improvement of a lot and the completion of the construction for which the loan is to be made, under the terms of this section. Vetoed
in Part

4. Mail ~~or direct the authority to mail~~ purchase loan checks or first instalment construction loan checks to authorized lenders not sooner than 7 days prior to proposed closing or disbursement dates. Vetoed
in Part

5. Designate and maintain a current list of lenders authorized to make or service loans under this section. The department shall adopt rules establishing standards for and governing the performance of authorized lenders in making and servicing loans under this section and shall periodically monitor such performance. The department may summarily remove from its list of authorized lenders any lender that indicates it does not wish to participate in the program and after hearing on notice remove from its list of authorized lenders any lender that fails to conform with the rules of the department governing such performance, and may refuse to permit a lender so removed to make or service any loan under this section until such time as the department is satisfied that the lender will conform with such rules.

6. Require borrowers to make monthly escrow payments to be held by the authorized lender for real estate taxes and casualty insurance premiums which shall be paid by the authorized lender where due to the extent of the amounts owing thereon or to the extent escrowed, whichever is less.

7. The department may obtain guarantees for loans under title 38 U.S. Code, Chapter 37.

8. The department may exercise all of the powers vested in it under this subchapter in relation to any applications for loans and loans approved under this

Vetoed in Part section and in relation to any loans made by the authority as mortgagee under this section and is specifically authorized in its discretion to exercise or authorize such powers to be exercised in its own name or in the name of the authority, and in the exercise of such powers, the department may act as attorney in fact for the authority.

(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 loan. The origination fee charged to borrowers under this section may not exceed that which the authorized lender would charge other borrowers in the ordinary course of business under the same or similar circumstances.

Vetoed in Part (c) *Appropriation of funds.* Loans granted under this section shall be paid by the authority from the veterans housing loan fund under s. 234.41. All receipts of interest, except interest allocation for the purposes of s. 45.79 (4) (a) 1 and 2, and principal on such loans, payments of losses by insurers, and any other collections, shall be remitted by the department to the authority to be deposited in the veterans housing bond redemption fund under s. 234.43.

45.80 Secondary mortgage loan program. (1) **LOANS AUTHORIZED; LOAN AMOUNT LIMITED.** The department may make loans to eligible veterans for qualified purposes in the manner provided under this section. No loan made under this section may exceed \$5,000. Subject to such limitation the amount of each loan shall be fixed by the department with due regard to the conditions and requirements of the applicant.

(2) **ADDITIONAL RESTRICTIONS ON ELIGIBILITY.** No loan may be made under this section to any person unless:

(a) The loan is for a purpose specified under s. 45.76.

(b) *Ability to complete purchase.* He is able, with the aid of such loan, to conclude the purchase or improvement of a mobile home, or the purchase, improvement or construction of a home.

(c) *Maximum primary financing.* He has obtained the maximum primary financing.

(3) **LOAN APPLICATIONS.** (a) *Application and content.* Applications for loans under this section shall be made to the department on forms furnished by the department, signed by the applicant, and containing such information as the department requires.

(b) *Processing.* The department shall pass upon the merits of each application and may disallow the loan applied for or grant it in whole or in part.

(4) **LOANS TO BE SECURED.** (a) *First or second mortgage required; exceptional circumstances.* 1. Each loan made under this section shall be evidenced by a promissory instalment note and, unless otherwise provided under subd. 2, secured by a mortgage on the real estate in respect to which the loan is granted. Such mortgage may be junior and subject to not more than one prior mortgage, and, except for any such prior mortgage, must have priority over all liens upon the mortgaged premises and the buildings and improvements thereon, except tax and special assessment liens filed after the recording of the mortgage.

2. In any exceptional case involving an eligible person who is unable to obtain title to the real estate on which his mobile home is to be located or his home is located, the department may accept a chattel security agreement, an assignment of a long-term lease on real estate, or an assignment of vendee's interest in a land contract, to secure a note evidencing a loan made under this section.

(b) *Casualty insurance coverages.* Mortgages given to secure loans under this section shall provide for adequate fire and extended coverage insurance.

(5) INTEREST RATE. Each loan made under this section shall bear interest at the rate of 3% per annum.

(6) ADMINISTRATIVE PROVISIONS. Loans granted under this section shall be paid out of the appropriation in s. 20.485 (2) (y). All receipts of interest and principal on such loans, payments of losses by insurers, and any other collections, shall be deposited in the veterans trust fund. All payments necessary to protect the state's investment shall be made from the appropriation in s. 20.485 (2) (y).

(7) (intro.) The department shall provide mortgage cancellation life insurance for any qualified veteran mortgagor under this section or s. 45.352, 1971 stats., as follows:

SECTION 9. 186.113 (12) of the statutes is created to read:

186.113 (12) Process applications, act as closing agent and service loans made under s. 45.79 with the approval of the department of veterans affairs.

SECTION 10. 215.21 (2) of the statutes is amended to read:

215.21 (2) LENDING AREA. ~~The~~ Except for loans made under s. 45.79, the lending area of an association ~~shall be~~ is limited to that area within a radius of 100 miles of the association's office.

SECTION 11. 234.03 (2m) of the statutes is amended to read:

234.03 (2m) To issue notes and bonds in accordance with ~~ss.~~ ss. 234.08 and 234.40.

SECTION 11g. 234.15 (2) and (3) of the statutes are amended to read:

234.15 (2) All moneys held in the capital reserve fund, except as otherwise specifically provided, shall be used solely for the payment of the principal of bonds of the authority as the same mature, the making of sinking fund payments with respect to bonds of the authority, the purchase of bonds of the authority, the payment of interest on bonds of the authority or the payment of any redemption premium required to be paid when bonds are redeemed prior to maturity. Except for the purpose of paying principal of and interest on bonds of the authority maturing and becoming due and for the payment of which other moneys of the authority are not available, and except for making sinking fund payments with respect to bonds of the authority and for the payment of which other moneys of the authority are not available, moneys in the capital reserve fund shall not be withdrawn at any time in such amount as would reduce the fund to less than an amount, called in this chapter "capital reserve fund requirement", equal to the maximum amount, in any succeeding year, of principal and interest, other than principal and interest for which sinking fund payments are specified in any resolution of the authority authorizing bonds of the authority then outstanding, maturing and becoming due in such year on all bonds of the authority then outstanding (other than bonds due in such year issued to provide funds for mortgage loans through the purchase of mortgages or mortgage-backed securities guaranteed by the United States or an agency or instrumentality of the United States) plus all amounts specified, in any resolution of the authority authorizing bonds of the authority then outstanding, as payable as a sinking fund payment in such year. Any income or interest earned by, or increment to, the capital reserve fund due to the investment thereof may be transferred by the authority to the general reserve fund or other fund of the authority to the extent it does not reduce the amount of the capital reserve fund below the capital reserve fund requirement.

(3) The authority shall not issue bonds at any time, other than bonds issued to provide funds for mortgage loans through the purchase of mortgages or mortgage-backed securities guaranteed by the United States or an agency or instrumentality of the United States, if the capital reserve fund requirement, after such issuance, will exceed the amount of the capital reserve fund at the time of issuance unless the authority, at the time of issuance of such bonds, shall deposit in the capital reserve fund from the proceeds of the bonds so to be issued, or from another available source, an amount which, together with the amount then in the capital reserve fund, will be not less than the capital reserve fund requirement after such issuance.

SECTION 11m. 234.15 (4) of the statutes is repealed and recreated to read:

234.15 (4) To assure the continued operation and solvency of the authority for the carrying out of the public purposes of this chapter, the authority shall accumulate in the capital reserve fund an amount equal to the capital reserve fund requirement. If at any time the capital reserve fund requirement exceeds the amount of the capital reserve fund, the chairman of the authority shall certify to the secretary of administration, the governor and the joint committee on finance the amount necessary to restore the capital reserve fund to an amount equal to the capital reserve fund requirement. If such certification is received by the secretary of administration in an even-numbered year prior to the completion of the budget compilation under s. 16.43, the secretary shall include the certified amount in the budget compilation. In any case, the joint committee on finance shall introduce in either house, in bill form, an appropriation of the amount so certified to the capital reserve fund of the authority. Recognizing its moral obligation to do so, the legislature hereby expresses its expectation and aspiration that, if ever called upon to do so, it shall make such appropriation.

SECTION 12. 234.40 to 234.43 of the statutes are created to read:

234.40 Bonds for veterans housing loans and other veterans assistance programs; insurance status. (1) The authority shall issue its negotiable bonds in such principal amount and length of maturity as ~~requested by the board of the department of veterans affairs~~ to provide sufficient funds for veterans housing loans to be made pursuant to s. 45.79.

Vetoed
in Part

(2) Bonds issued under the authority of this section are payable out of revenues or moneys received from the repayment of veterans housing loans and related funds made available in ss. 234.42 and 234.43. All assets and liabilities created through the issuance of bonds to purchase mortgage loans representing veterans housing loans are to be separate from all other assets and liabilities of the authority. No funds of the veterans housing loan program may be commingled with any other funds of the authority.

Vetoed
in Part

(3) It is the intent of the legislature that the authority be used to finance the veterans housing program ~~as directed by the department of veterans affairs~~. Nothing in this chapter shall be construed to supersede the responsibilities designated in s. 45.79 of the department of veterans affairs in carrying out program responsibilities for which debt has been incurred by the authority.

(4) Bonds issued pursuant to the authority of this section shall not be considered applicable to the limitations established in s. 234.18. The authority shall not have outstanding at any one time bonds for veterans housing loans in an aggregate principal amount exceeding \$140,000,000, excluding bonds being issued to refund outstanding bonds.

234.41 Veterans housing loan fund; establishment and use. (1) There is established under the jurisdiction of the authority a veterans housing loan fund. All

moneys resulting from the sale of bonds for the purpose of veterans housing pursuant to s. 45.79, unless credited to the veterans capital reserve fund, shall be credited to the fund.

(2) ~~At the direction of the department of veterans affairs~~ the authority shall use money in the fund for the purpose of purchasing mortgage loans representing veterans housing loans pursuant to s. 45.79.

Vetoed
in Part

(3) Moneys of the veterans housing loan fund may be invested as provided in s. 234.08 (18). All such investments shall be the exclusive property of the fund. All earnings on or income from such investments shall be credited to the fund and, subject to agreement with bondholders, be paid over upon request to the board of the department of veterans affairs for deposit in the veterans trust fund after payment or repayment of any deficits arising in the veterans capital reserve fund and after payment of expenses contained in sub. (4).

(4) The authority may use moneys in the fund to cover actual and necessary expenses incurred in the sale and investment of bonds and bond revenues.

(5) Any moneys remaining in the veterans housing loan fund and not needed for purposes of the veterans capital reserve fund shall be transferred to the veterans housing bond redemption fund.

234.42 Veterans capital reserve fund. (1) The authority shall establish the veterans capital reserve fund to secure the veterans housing bonds sold pursuant to s. 234.40, and shall pay into the veterans capital reserve fund any moneys appropriated and made available by the state for the purposes of such fund, any proceeds of sale of bonds, to the extent provided in the resolution of the authority authorizing the issuance thereof and any other moneys which are made available to the authority for the purpose of such fund from any other source.

(2) All moneys held in the veterans capital reserve fund, except as otherwise specifically provided, shall be used solely for the payment of the principal of veterans housing bonds of the authority as the same mature, the making of sinking fund payments with respect to veterans housing bonds of the authority, the purchase of veterans housing bonds of the authority, the payment of interest on veterans housing bonds of the authority or the payment of any redemption premium required to be paid when veterans housing bonds are redeemed prior to maturity. Except for the purpose of paying principal of and interest on veterans housing bonds of the authority maturing and becoming due and for the payment of which other moneys of the authority are not available, and except for making sinking fund payments with respect to veterans housing bonds of the authority and for the payment of which other moneys of the authority are not available, moneys in the veterans capital reserve fund shall not be withdrawn at any time in such amount as would reduce the fund to less than an amount, called in this section "veterans capital reserve fund requirement", equal to the maximum amount, in any succeeding year, of principal and interest, other than principal and interest for which sinking fund payments are specified in any resolution of the authority authorizing veterans housing bonds of the authority then outstanding, maturing and becoming due in such year on all veterans housing bonds of the authority then outstanding (other than veterans housing bonds due in such year issued to provide funds for mortgage loans through the purchase of mortgages or mortgage-backed securities guaranteed by the United States or an agency or instrumentality of the United States) plus all amounts specified, in any resolution of the authority authorizing veterans housing bonds of the authority then outstanding, as payable as a sinking fund payment in such year. Any income or interest earned by, or increment to, the veterans capital reserve fund due to the investment thereof may be transferred by

the authority to the veterans housing bond redemption fund to the extent it does not reduce the amount of the veterans capital reserve fund below the veterans capital reserve fund requirement.

(3) The authority shall not issue bonds at any time, other than bonds issued to provide funds for mortgage loans through the purchase of mortgages or mortgage-backed securities guaranteed by the United States or an agency or instrumentality of the United States, if the veterans capital reserve fund requirement, after such issuance, will exceed the amount of the veterans capital reserve fund at the time of issuance unless the authority, at the time of issuance of such bonds, shall deposit in the capital reserve fund from the proceeds of the bonds so to be issued, or from another available source, an amount which, together with the amount then in the veterans capital reserve fund, will be not less than the veterans capital reserve fund requirement after such issuance.

(4) To assure the continued operation and solvency of the authority for the carrying out of the veterans housing loan program of this chapter, the authority shall accumulate in the veterans capital reserve fund an amount equal to the veterans capital reserve fund requirement. If at any time the veterans capital reserve fund requirement exceeds the amount of the veterans capital reserve fund, the chairman of the authority shall certify to the secretary of administration, the governor and the joint committee on finance, the amount necessary to restore the veterans capital reserve fund to an amount equal to the veterans capital reserve fund requirement. If such certification is received by the secretary of administration in an even-numbered year prior to the completion of the budget compilation under s. 16.43, the secretary shall include the certified amount in the budget compilation. In any case, the joint committee on finance shall introduce in either house, in bill form, an appropriation of the amount so certified to the veterans capital reserve fund of the authority. Recognizing its moral obligation to do so, the legislature hereby expresses its expectation and aspiration that, if ever called upon to do so, it shall make such appropriation.

(5) In computing the amount of the veterans capital reserve fund for the purposes of this section, securities in which all or a portion of the veterans capital reserve fund is invested shall be valued at par, or if purchased at less than par, at their cost to the authority.

234.43 Veterans housing bond redemption fund. (1) The authority shall establish the veterans housing bond redemption fund. All mortgages purchased with moneys from the veterans housing loan fund shall be the exclusive property of the bond redemption fund. All moneys received from the department of veterans affairs from the repayment of veterans housing loans, after deducting costs and fees as set forth in s. 45.79 (4) (a) ~~1 and 2~~, shall be deposited into such fund to be used for the repayment of veterans housing bonds issued pursuant to s. 234.40.

Vetoed
in Part

(2) Subject to agreements with bondholders, disbursements shall be made:

(a) For the payment of the principal of and interest on bonds issued by the authority when the same become due whether at maturity or on call for redemption and for the payment of any redemption premium required to be paid where such bonds are redeemed prior to their stated maturities, and to purchase bonds;

(b) To pay administrative costs, expenses and charges to service outstanding bonds including fees and expenses of trustees and paying agents;

(c) For repayment of advances from the state made through s. 20.485 (3) (a) and (b);

(d) For transfer to the veterans capital reserve fund; and

(e) Any surplus remaining after satisfaction of all obligations of pars. (a) to (d) shall be paid over upon request of the board of the department of veterans affairs for deposit in the veterans trust fund.

SECTION 13. 703.23 (1) of the statutes is amended to read:

703.23 (1) (a) All sums assessed by the association of unit owners but unpaid for the share of the common expenses chargeable to any unit shall constitute a lien on such unit and on the undivided interest in the common areas and facilities appurtenant thereto prior to all other liens except ~~only (a) liens~~:

1. Liens of general and special taxes, ~~(b) all~~.
2. All sums unpaid on a first mortgage recorded prior to the making of such assessment, ~~and (c) mechanics~~.
3. Mechanics' liens filed prior to the making of such assessment.
4. All sums unpaid on any mortgage loan made under s. 45.80.

(b) Such lien may be foreclosed by suit by the manager or board of directors, acting on behalf of the unit owners, in like manner as a mortgage of real property. In any such foreclosure the unit owner shall be required to pay a reasonable rental for the unit, if so provided in the bylaws, and the plaintiff in such foreclosure shall be entitled to the appointment of a receiver to collect the same. The manager or board of directors, acting on behalf of the unit owners, may, unless prohibited by the declaration, bid in the unit at foreclosure sale, and acquire and hold, lease, mortgage and convey the same. Suit to recover a money judgment for unpaid common expenses shall be maintainable without foreclosing or waiving the lien securing the same.

SECTION 14. 706.11 (1) of the statutes is repealed and recreated to read:

706.11 (1) Whenever any of the following mortgages has been duly recorded, it shall have priority over all liens upon the mortgaged premises and the buildings and improvements thereon, except tax and special assessment liens filed after the recording of such mortgage:

- (a) Any mortgage executed to a federal savings and loan association organized and existing under the laws of the United States.
- (b) Any mortgage executed to the department of veterans affairs under s. 45.352, 1971 stats.
- (c) Any mortgage assigned to or executed to the department of veterans affairs or the authority under subch. II of ch. 45.

SECTION 15. **General fund reimbursement.** The department of veterans affairs shall authorize reimbursement payments prior to July 1, 1977, from the veterans housing bond redemption fund to the general fund in amounts equal to expenditures under s. 20.485 (3) (a) of the statutes.

SECTION 16. **Initial authorized lenders.** Until designation of authorized lenders by the department under section 45.79 (5) (a) 5 of the statutes, the following shall be deemed authorized lenders for purposes of this act:

- (1) Any state or federally chartered credit union, bank or savings and loan association, located in this state.
- (2) Any lender, wherever located, which is authorized to make loans insured or guaranteed by the U.S. veterans administration or the federal housing administration.

SECTION 16g. Appropriation increase. The appropriation under section 20.485 (2) (d) of the statutes, as affected by the laws of 1973, is increased by \$5,300,000 in 1973-74 to continue the housing loan program. If another act of the 1973 legislature increases that appropriation by such amount, this appropriation increase is void.

SECTION 17. Cross reference changes. In the sections listed below in column A, the cross references in column B are changed to the cross references shown in column C:

A	B	C
Statute Sections	Old Cross References	New Cross References
20.485 (2) (x) and (y)	45.352	45.352, 1971 stats., or 45.80
25.17 (3) (bg)	45.352	45.352, 1971 stats., or 45.80
45.351 (2)	45.352 (6)	45.72

SECTION 18. Effective date. ~~Except for the treatment of section 20.485 (3) (a) of the statutes by this act which shall take effect on the 30th day after publication, this act shall take effect on the 91st day after its publication. Notwithstanding such effective date, the department of veterans affairs may direct the Wisconsin housing finance authority to issue bonds for the purposes of this act. The authority shall make the proceeds of such bonds available as soon as practicable after the effective date of this act.~~

Vetoed
in Part