

(2) **TWO-BEDROOM HOMES.** An application by a veteran who has 2 or more children of different sexes to purchase a two-bedroom home will not be approved unless the veteran can satisfy the department as to the future adequacy of such home.

(3) **SUB-STANDARD HOMES.** Applications for loans to purchase sub-standard homes, temporary dwellings, or homes not meeting minimum requirements of health and sanitation, such as garages, basements, or cottages inadequately converted for permanent occupancy, will not be approved.

(4) **NON-RESIDENTIAL BUILDINGS.** Non-residential buildings which have been converted to housing, such as schoolhouses, cheese factories, fire stations, quonset-type buildings, and chicken houses, will qualify only if it is determined that they are adequate for dwelling purposes as converted and that they can be readily resold.

(5) **MOBILE HOMES.** Mobile homes, whether located on a foundation or not, do not qualify for a housing loan.

(6) **SPLIT LOTS.** An application to purchase 2 homes on one lot will be approved only if the veteran is able to establish that the home in which he desires to reside cannot be purchased separately. An application to purchase a house situated on a lot deemed to be of inadequate size will not be approved.

(7) **RENTAL UNITS.** If building use conforms to that of the area or community, the fact that income from apartments in a multiple unit home is in excess of the income that would be received from the portion occupied by the veteran will not preclude favorable consideration of the loan application.

(8) **BUSINESS PURPOSES.** Where a dwelling is a part of a building also used for business purposes, the portion of the building used for business purposes must be less than 50% of its total area and the business portion must be used by the veteran in carrying on his own business.

(9) **EXCESSIVE LAND VALUE.** A home located on a large parcel of land in a residential area, on land with water frontage, on land in a commercial area, on a farm with farm land and farm buildings or on rural non-farm property must be adequate for the veteran's family, and the appraised value of such home must equal or exceed 50% of the total cost of the land, home and other improvements.

History: Cr. Register, March, 1965, No. 111, eff. 4-1-65; am. (1), Register, December, 1965, No. 120, eff. 1-1-66.

VA 4.07 Primary financing. (1) **DEPARTMENT'S PRIORITY POSITION.** The veteran will be required to submit a commitment from the proposed primary lender with the application. Such commitment will be directed to the department and will agree that only the amount of loan so committed will have priority of lien over the department's second mortgage, and that additional moneys advanced, except for the payment of taxes and insurance, will not have such priority without written consent by the department.

(2) **PRELIMINARY EVIDENCE OF TITLE AND FINANCING.** When the primary lender is a private individual or where the department cannot be assured that the disbursement of loan funds will be adequately supervised, a copy of the proposed primary mortgage and mortgage

note, and a preliminary attorney's opinion of title on the abstract extended to date, or a current title report, must be submitted. A preliminary attorney's opinion of title on the abstract extended to date or a current title report must also be submitted when an existing primary mortgage loan is to be retained or assumed by the applicant or when the department is requested to make a first mortgage loan.

(3) **MAXIMUM PRIMARY FINANCING.** (a) *Definitions.* 1. Maximum primary financing is the maximum loan which lending institutions in the lending area would make to another borrower in the ordinary course of business under the same or similar circumstances, pursuant to applicable laws and regulations.

2. Where a veteran is assuming an existing primary mortgage which equals or exceeds 50% of the cost of the property such loan will be considered maximum primary financing.

3. In an improvement loan application, an existing primary mortgage which equals or exceeds 25% of the appraised valuation of the property after improvements will be considered maximum primary financing.

(b) *Veteran must obtain.* A veteran must obtain maximum primary financing. Where maximum primary financing is not obtained, the veteran must submit explanatory statements from local lending institutions. Such statements shall include the following:

1. The amount of loan applied for by the veteran.
2. The maximum loan they would be willing to make to the veteran.
3. Their reasons for not approving maximum primary financing.

History: Cr. Register, March, 1965, No. 111, eff. 4-1-65; am. (3)(a)3., Register, August, 1967, No. 140, eff. 9-1-67.

VA 4.08 Appraisals. (1) **GENERAL.** Appraisals must be submitted with all housing loan applications and must be completed on the department's appraisal report form or on a form that contains the same information when completed. Appraisals submitted must include the following statement or words of similar import: "This is the price which this property should sell for on the present market."

(2) **USE OF APPRAISALS.** Appraisals submitted with applications will be used in determining whether the property so appraised will adequately secure the proposed loan by the department, but such appraisals are advisory only and the department may determine the value of the property for its purposes by means of a property inspection by a department representative, by obtaining an appraisal report at its own expense, or by such other means as it may deem practical. When the sales price or construction cost exceeds either the appraisal figure or the department's determination of value, the loan application will not be approved.

(3) **APPRAISERS.** Only appraisals made by Veterans Administration approved appraisers or by appraisers who have submitted their qualifications and have been determined by the department to be equally competent will be accepted. The director may designate appraisers in any county for the protection of veterans and the department and in counties where such appraisers have been designated, only their appraisals will be accepted. The department shall maintain and publish from time to time a list of appraisers whose appraisals will be accepted by the department.

History: Cr. Register, March, 1965, No. 111, eff. 4-1-65.
Register, August, 1967, No. 140