

Chapter VA 4

REHABILITATION LOANS

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VA 4.01 Postwar rehabilitation trust fund not a bonus. The postwar rehabilitation trust fund is not to be distributed as a bonus, but is to be administered for the rehabilitation of World War II veterans in conformity with the expressed intention of the law as reflected by board policy.

VA 4.02 Loan necessary to rehabilitation. Consistent with the attorney general's broad interpretation of the word "rehabilitation," loans may be made for all purposes as are deemed absolutely necessary to the veteran's successful rehabilitation.

VA 4.03 Borrower informed of purpose. Each borrower should be fully informed concerning the purpose of the fund so that he will appreciate the necessity of sound business principles in its administration.

VA 4.04 Applicant's personal qualifications. Proper weight should be given to the veteran's character, experience, and probable success of his business venture, when consideration is given to his formal loan application, and the department should take all necessary steps to ascertain all pertinent facts.

VA 4.05 Creditors' claims. It shall be the duty of the director to take such action as he deems necessary to protect the fund against dissipation by claims and interference of other creditors of the veteran, in accordance with board policy. The department will continue to reduce all claims to judgment, including claims based on cognovit notes where the whereabouts of the veteran is unknown, where other efforts to effect collection have been unsuccessful. The department shall attempt to obtain full settlement in all cases where possible, subject to the considered opinion of the director that a compromise settlement might be desired under the circumstances of a particular case.

VA 4.06 Loan policy. The basic loan policy will be as follows: (1) ADMINISTRATIVE PROCEDURE. All administrative procedure will be held to a minimum, but such procedure cannot circumvent the necessity for adequate investigation, sound judgment and usual collection methods. (a) Ordinary expenses incidental to making the loan will be borne by the department as administrative expenses.

(b) The department will maintain a strict policy to collect all loans. All notes or loans that are in default, and efforts of the department to collect have been of no avail, will be referred to the attorney

general's office for collection, except such loans as the director may refer to the loan advisory committee for advice.

(c) When a veteran moves out of state, whenever possible the loan will be paid up or a guarantor obtained. Wage assignments alone will be considered only when such procedures fail and the veteran's record is satisfactory for an assignment.

(d) In worthy cases a delinquent loan shall not bar a grant benefit from the department where, upon investigation, the circumstances show a good record on the part of the veteran and the emergency was incurred through no fault of the veteran, provided such grant shall not be made to retire a department loan.

(e) No employes of the department, no county veterans service officer and no other person in anyway connected with the administrative duties or advisory capacity of the department shall be accepted as endorser or guarantor on any loan.

(2) FORMS. No forms will be used for loan purposes unless approved by the loan advisory committee and the board.

(3) APPLICATION. Application for loans shall be made only on approved departmental forms and shall carry the recommendation of the county loan advisory committee. Further, it shall be the duty of the director to see that proper references have been obtained and that the following conditions are satisfied: (a) Proceeds of the loan applied as outlined in the loan application.

(b) The purpose of the loan will further the rehabilitation of the veteran.

(c) The veteran will be reasonably certain of the success of his venture.

(d) The veteran conforms to the warranty in the application that he will pay no commission or expenses on a loan from the department and no agent will receive a commission or expenses out of loan proceeds.

(4) PERIOD. The initial period of all loans shall not exceed a maximum of 5 years for real estate and shall not exceed 3 years for chattel mortgages. Guaranteed notes shall not be made for a period in excess of 38 months.

(5) INVESTIGATION AND RECOMMENDATION. Where so established, county loan advisory committees will investigate and recommend acceptance or rejection of loan applications through the county veterans service officer; farm loans will be made in conjunction with the recommendation of the county agricultural agent of the county in which the veteran resides.

(6) RESTRICTIONS. Generally, the department will adhere to the following conditions: (a) Loans will be made to veterans for rehabilitation purposes only.

(b) All loans will be amortized on a monthly basis.

(c) Security or collateral will be required on all loans. Furniture will not be taken as security or collateral on loans for business purposes or the payment of debts.

(d) Purchase price chattel mortgage loans for furniture will not be made in excess of \$750. However, where circumstances warrant, loans of \$1,000 may be made on a guarantor basis.

(e) Loans will not be made in excess of the reasonable value of the property pledged as security or to be acquired from the proceeds of loans.

- (f) Wives of veterans must sign notes with their husbands.
 - (g) Reports will be obtained whenever deemed advisable.
 - (h) No chattel mortgages will be accepted on merchandise stock.
 - (i) Loans will not be made to finance existing debts as long as the veteran's commitments remain within his capacity to pay, and applications for such loans will be accompanied by current statements from creditors. After one such loan has been made, no further loans will be made for the payment of debts. No loans will be made for the payments of debts to the members of the family of either the veteran or the veteran's wife. No business transactions between the veteran and the members of his or his wife's family will be financed through the department.
 - (j) A veteran making application under the rehabilitation law for the purpose of consolidating debts will furnish the department a statement from the finance company giving the date the account was entered into, the original amount, purpose and the exact amount which the finance company will accept to retire the account in one lump sum.
 - (k) Cars or trucks purchased must be necessary for the veteran's employment, investigation of necessity and recommendation to be made by the county veterans service officer and county loan committee concerned.
 - (l) No loans will be made to provide the down payment requirement of lending agencies on home purchases.
 - (m) In consolidation of loans, the new loan will be made in an amount to pay out the old loan.
 - (n) Where private financing is not available, purchase loans on automobiles not more than four years old may be made on the basis of one-third down and 18 months maximum to pay.
 - (o) No loans will be made for veterans to enter the vending machine business, to enter the business of mink farming and similar ventures, to enter the filling station business, the contract or common carrier trucking business, or to purchase tractors for tractor trailers.
 - (p) Loans on house trailers of medium price where the veteran prefers this type of dwelling will be favorably considered only on a guarantor basis.
 - (q) Upon the granting of a purchase price chattel mortgage the loan check will be issued to the veteran and seller as payees.
 - (r) No second chattel mortgages will be accepted on trucks, tractors, cars or house trailers.
 - (s) No loan will be considered for a female Wisconsin veteran who has married and has no independent income for loan repayment and no loans shall be considered for such veterans except those in which the benefits are immediate, direct, personal and tangible to the veteran concerned regardless of any indirect or secondary benefits.
 - (t) No loans will be made to pay off obligations for taxes.
- (7) SECURITY. Where real estate is to be offered as security, acceptance of such security is to be based on a warranty deed in existence or one to be issued, supported by an abstract, if there is one in existence; if not, proper consideration will be given to an attorney's brief opinion that the grantor has good and sufficient title to render to the grantee. (a) Abstracts will remain in the department until first mortgage loans on real estate are paid off.

(8) INSURANCE. All mortgage forms will contain a clause for insurance as follows:

Real estate and improvements: Fire and extended coverage; rental, for business property.

Farm machinery: Fire, lightning and windstorm.

Livestock: Fire, lightning and windstorm (our chattel form 525-A covers disease factor in herd.)

Motor vehicles: Fire and comprehensive coverage.

All other types of chattel mortgages. Fire and comprehensive coverage.

(a) Loans will not be made on motor vehicles, tractors, or house trailers unless insured in a company licensed to do business in Wisconsin.

(b) Applicants for a loan, other than an automobile loan, must furnish insurance policy with a standard mortgage endorsement (form 127b) to the department of veterans affairs *at the time the loan is made*. Applicants for a loan on an automobile must furnish an insurance policy showing the interest of the mortgagee.

(9) REPAYMENT OF STUDENT LOANS. (a) All student and on-the-job trainee loans will be made with the distinct provision that, upon receipt of veteran administration subsistence checks, the veteran concerned will promptly repay his loan to this department from the proceeds of his first veterans administration check. Loans to veterans in this category will be classified as character loans and generally will be limited as follows:

Single veterans: \$75 per month maximum

Married veterans: \$100 per month maximum

(b) Loans for students under public law 550 for books, fees and tuition will be made up to \$100 for first year students just entering school or college. These loans will be made upon a character basis, when the attending school's veterans counselor so recommends, and where the department has evidence of the purpose of the loan. Repayments will be made monthly so that the loan is paid up by the end of the semester concerned. Loan checks will be made payable to the veteran and the interested parties (school or bookstore).

(c) Loans to assist students through their last year of schooling and in the case of medical students through their year of internship will be made with the understanding and notification to the veteran concerned that arrangement will then be made for monthly repayments on their loans.

(10) WISCONSIN STUDENTS IN OUT-OF-STATE SCHOOLS. All loans to students attending schools outside Wisconsin must be guaranteed by responsible parties as indicated above, and no such loans will be made when educational facilities are available in Wisconsin.