

(28) **ACCELERATION UPON FALSE STATEMENT.** Whenever it is determined that an applicant has obtained a housing loan through fraud, misrepresentation, concealment of a material fact in his application or other violation of law, the note will be accelerated and full payment demanded.

(29) **OUTSIDE APPLICATIONS TO CUT-OFF COUNTIES.** Applications in cut-off counties by residents of other counties will not be favorably considered without approval of the local county veterans service officer.

(30) **EXCHANGE OF HOUSING.** The department may make a loan to a veteran who has previously owned a home and sold it. Such veteran must submit a valid reason for the sale of such home and must show that his equity from the sale is used to acquire his new dwelling. A sale of a home which has occurred more than one year prior to the date of loan application will not be subject to the provisions of this section. The department may allow the veteran to pay obligations from his equity if it is determined that such obligations were incurred for medical, hospital or funeral expenses for which the veteran is legally responsible and which would hamper his ability to make his future mortgage payments.

(31) **PARTIAL RELEASE OF MORTGAGE.** The department when called upon to release a portion of its mortgage security is authorized to issue such release if it is determined that such release will not seriously devalue the remainder of the property. The department will require that the funds obtained from such released property be applied to the mortgages in their original proportion but if there is no primary mortgage on the property or the primary lender waives claim to the funds then such funds shall be applied as a principal reduction of the department's loan. If all or part of the funds are to be used to improve the property the expenditure of the funds must be supervised.

(32) **VETERAN'S OUTSIDE DEBTS.** The amount of the veteran's outside debts and the monthly payment thereon may seriously hamper the veteran's ability to make his housing payments. The department will carefully consider the reasons for the veteran's outside debts, the monthly payments in relation to his income, and his ability to meet his financial obligations. If the department determines that the indebtedness shows financial instability or if the monthly payment will affect the veteran's ability to make his housing payments, the loan application may not be favorably considered.

(33) **GIFTS OF MONEY OR OTHER PROPERTY.** The department will determine the value of property which the veteran has received as a gift when it is part of his loan application. No gift of money, personal property or real estate shall be considered unless the donor submits a statement that the value of such gift will not be repaid. In determining the value of such real estate the assessed value and the appraised value shall be considered and the higher value may be used by the department in determining either the 5% equity required under the law or the total cost of the property. In cases involving a gift of either real or personal property to the veteran where the donor recently acquired such property, the actual cost to the donor shall determine the value of the gift.

(34) **INCREASE IN PRIMARY MORTGAGE LOAN.** Any increase in a primary mortgage loan over the amount indicated on the DVA form 318, unless approved by the department, shall be considered a third or

subsequent lien on the property. The department may take whatever action it may deem advisable to protect its second mortgage interest and may request the return of its loan funds if necessary.

(35) **LOAN COLLECTIONS.** The department will maintain a strict policy to collect all loans. All loans in default and upon which the 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.

History: Cr. Register, February, 1960, No. 50, eff. 3-1-60; am. (22) and (30), Register, April, 1961, No. 64, eff. 5-1-61; am. Register, September, 1961, No. 69, eff. 10-1-61.

VA 5.10 Veterans cooperatives and nonprofit corporations. (1) STOCKHOLDERS INTEREST. The department will require proof in the application or otherwise that no member or stockholder of the corporation will have any financial interest therein other than as a purchaser of a home and that no member or stockholder of the corporation will make any profit in dealing with the corporation, either through the sale of real estate or through contracting with that corporation.

(2) **CONTRACTOR BOND.** The contractor will furnish a bond for completion running to the department, in addition to the corporation and the first mortgagee.

(3) **STOCK PURCHASE NOT ELIGIBLE.** The statute clearly indicates that the department has no authority to make direct loans to veterans for the purpose of purchasing stock in such a corporation.

(4) **DIRECT LOANS UNAUTHORIZED FOR STOCK PURCHASE.** Under the housing program, the department has no authority to make direct loans to veterans for the purpose of purchasing stock in such a corporation.

(5) **LOANS ON NON-PLATTED SUBDIVISIONS.** Loans on property other than subdivisions already platted where municipal utilities are available, will be carefully scrutinized.

(6) **DOCUMENTS REQUIRED.** A certified copy of the articles of incorporation, and such other papers as may be required, will accompany the application.

History: Cr. Register, February, 1960, No. 50, eff. 3-1-60.

VA 5.15 Incentive grants. (1) QUALIFICATIONS. Housing authorities requesting incentive grants will be required to show that the completed project will provide housing to veterans at as low a monthly cost as may be achieved in any other manner. In this connection, the application will show the current monthly cost to the home owner of houses offered for construction or available for purchase in the community.

(2) **BOND.** The contractor will furnish a bond for completion and include the department as an obligee entitled to enforce the bond.

(3) **PAYMENT.** Payment to the housing authority may be made by the department upon approval of the project and the furnishing of the necessary bond.

(4) **AUTHORITY.** A copy of the resolution establishing the housing authority will accompany the application.

History: Cr. Register, February, 1960, No. 50, eff. 3-1-60.

Register, September, 1961, No. 69