

By: Senator(s) Furniss, Johnson (19th),
Gollott, Hamilton, Harvey, Rayborn, White
(29th)

To: Veterans and Military
Affairs; Finance

SENATE BILL NO. 2195
(As Passed the Senate)

1 AN ACT TO AMEND SECTION 35-7-17, MISSISSIPPI CODE OF 1972, TO
2 REVISE THE MAXIMUM AMOUNT OF MONEY WHICH MAY BE USED BY THE
3 VETERANS' HOME PURCHASE BOARD FOR ACQUISITION OF HOMES FOR RESALE
4 TO VETERANS; AND FOR RELATED PURPOSES.

5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MISSISSIPPI:

6 SECTION 1. Section 35-7-17, Mississippi Code of 1972, is
7 amended as follows:

8 35-7-17. (1) The board may acquire for sale to a veteran a
9 home situated in the State of Mississippi, provided that the cost
10 of such home to the board does not exceed the maximum loan limit
11 as provided in 38 U.S.C. Section 3703 by application of the
12 housing loan guaranty for housing loans to veterans as defined in
13 38 U.S.C. Section 3701. A veteran purchasing such home may
14 advance a sum of money on the purchase price of the home. In
15 addition to the home acquisition, the board may also provide the
16 funds for any funding fee charged by the Department of Veterans
17 Affairs for any loan contract underwritten or guaranteed by the
18 Department of Veterans Affairs even if the home acquisition cost
19 and the funding fee together exceed the maximum loan amount.

20 Nothing contained in this chapter shall prevent the
21 acquisition for sale to a veteran by the Veterans' Home Purchase
22 Board of the State of Mississippi of a home, the title to which
23 has, prior to the date of such purchase, been vested in such
24 veteran if title thereto is vested in such veteran due to (a) the
25 veteran previously owning the land and the purpose of the
26 application is to finance a home on the land; (b) the veteran
27 having taken title to the land for the purpose of obtaining

28 construction financing or otherwise constructing or making a major
29 renovation of a home on the land; or (c) the veteran having
30 previously taken title to the land and home under a nonpermanent
31 purchase money lien to secure his ability to purchase the property
32 while awaiting processing, approval and closing of his application
33 with the board.

34 The proceeds of the purchase approved may be applied toward
35 the liquidation of a purchase money lien, contractor's or
36 materialman's lien, or temporary construction loan outstanding
37 against the property if the board should determine that the
38 indebtedness secured by such liens or loan is not adequately
39 financed on a permanent basis.

40 (2) The limit provided above on the cost of property to the
41 board may be exceeded in the case of a veteran who has been
42 certified for the purchase of a home under Public Law No. 782 of
43 the 80th Congress, by Public Law No. 286 of the 81st Congress, and
44 other amendments thereto, which provides special benefits to
45 veterans who have lost the use of both legs. In such cases where
46 the federal government donates half of the cost of a dwelling for
47 such a disabled veteran, as provided by Public Law No. 286, and,
48 further, where the Department of Veterans Affairs guarantees half
49 of the remainder of the purchase price, the board may increase the
50 amount of money to be advanced for such a purchase to the maximum
51 loan limits, as provided above.

52 (3) Except as otherwise provided in subsection (5) of this
53 section, the board shall not consider an application to refinance
54 a home with adequate permanent financing with a lending
55 institution, individual or other entity, or the refinancing of the
56 veteran's equity in a home to which he has title. The board will
57 consider, on a case by case basis, the adequacy of financing when
58 a veteran has title to the property and financing with variable
59 rates, terms or payments where the board can ascertain that the
60 loan was made with temporary intent on either the part of the
61 veteran or lender, or where the veteran is in jeopardy of losing
62 the financing due to no fault of his own. In such cases, the
63 board shall ascertain that the present lender has no objection to
64 the early payoff of the loan and that the veteran has not obtained

65 and continued any form of temporary financing for the purpose of
66 waiting for financing by the board when he could have previously
67 obtained adequate, permanent financing.

68 (4) The board shall not consider applications for purchase
69 that would provide the veteran with a second home, or provide
70 funds to be used either directly or indirectly for investment
71 purposes. The veteran must divest himself of any personal
72 residence before being eligible to close the board purchase on a
73 new property. Divestment may be accomplished by sale which
74 transfers title to another individual, or by an irrevocable
75 lease/purchase contract, or land contract where title passes after
76 the prescribed payment. This requirement that the veteran divest
77 himself may be waived by the board in cases where the board can
78 ascertain that the ownership of such property was originally
79 intended as a temporary residence or a condominium or mobile home,
80 or that the veteran's present residence is inadequate for his
81 needs; and in cases where the requirement to sell on short notice
82 will cause a financial hardship or loss to the veteran in the
83 market place; and in cases where the sale of the present residence
84 is not necessary to free the veteran of obligations to qualify
85 financially for the new loan. When such waiver is granted, the
86 veteran must agree in writing (a) not to reside in the former
87 residence for a period of ten (10) years, (b) that the rent
88 proceeds in excess of mortgage payments and cash expenses on the
89 old home will be paid to the board as a reduction to the loan
90 balance on the new home, (c) and that, at the sale of the old home
91 within a period of ten (10) years, a full disclosure of the sale
92 shall be made to the board and proceeds of the sale in excess of
93 mortgage payoff and actual cost of the sale will be paid to the
94 board as a reduction to the balance of the existing loan with the
95 board.

96 (5) The board may provide for the refinancing of permanent
97 mortgage loans under the following conditions:

98 (a) Funds are available to the board from the issuance
99 of its notes or bonds in amounts in excess of the funds required
100 for applicants on a waiting list for their first loan from the
101 board.

102 (b) The veteran has an outstanding mortgage or
103 mortgages on the property to be refinanced.

104 (c) The weighted average interest rate of all mortgages
105 on the property to be refinanced must be at least three and
106 five-tenths percent (3.5%) greater than the rate provided by the
107 refinance loan.

108 (d) The refinance loan shall be limited to the payoff
109 of existing mortgages plus the closing costs of the transaction
110 and further limited to eighty percent (80%) of the property value
111 or amount of the Department of Veterans Affairs guaranty available
112 on the refinance loan.

113 (e) The board may establish interest rates, terms and
114 conditions on refinance loans which may differ from original loans
115 made by the board.

116 SECTION 2. This act shall take effect and be in force from
117 and after July 1, 1999.