

3/14/14 11:45 a.m.

Chapter No. 345
14/SS01/R52
sj / tb/ec

SENATE BILL NO. 2355

Originated in Senate

Zig Welch

Secretary

SENATE BILL NO. 2355

AN ACT TO AMEND SECTION 35-7-17, MISSISSIPPI CODE OF 1972, TO REVISE THE CONDITIONS UNDER WHICH THE VETERANS' HOME PURCHASE BOARD MAY PROVIDE FOR THE REFINANCING OF PERMANENT MORTGAGE LOANS; AND FOR RELATED PURPOSES.

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

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

35-7-17. (1) The board may acquire for sale to a veteran a home situated in the State of Mississippi, provided that the cost of such home to the board does not exceed the maximum loan limit as provided in 38 USCS Section 3703 by application of the housing loan guaranty for housing loans to veterans as defined in 38 USCS Section 3701. A veteran purchasing such home may advance a sum of money on the purchase price of the home. In addition to the home acquisition, the board may also provide the funds for any funding fee charged by the Department of Veterans Affairs for any loan contract underwritten or guaranteed by the Department of Veterans

Affairs even if the home acquisition cost and the funding fee together exceed the maximum loan amount.

Nothing contained in this chapter shall prevent the acquisition for sale to a veteran by the Veterans' Home Purchase Board of the State of Mississippi of a home, the title to which has, prior to the date of such purchase, been vested in such veteran if title thereto is vested in such veteran due to (a) the veteran previously owning the land and the purpose of the application is to finance a home on the land; (b) the veteran having taken title to the land for the purpose of obtaining construction financing or otherwise constructing or making a major renovation of a home on the land; or (c) the veteran having previously taken title to the land and home under a nonpermanent purchase money lien to secure his ability to purchase the property while awaiting processing, approval and closing of his application with the board.

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

(2) The limit provided above on the cost of property to the board may be exceeded in the case of a veteran who has been certified for the purchase of a home under Public Law No. 782 of

the 80th Congress, by Public Law No. 286 of the 81st Congress, and other amendments thereto, which provides special benefits to veterans who have lost the use of both legs. In such cases where the federal government donates half of the cost of a dwelling for such a disabled veteran, as provided by Public Law No. 286, and, further, where the Department of Veterans Affairs guarantees half of the remainder of the purchase price, the board may increase the amount of money to be advanced for such a purchase to the maximum loan limits, as provided above.

(3) Except as otherwise provided in subsection (5) of this section, the board shall not consider an application to refinance a home with adequate permanent financing with a lending institution, individual or other entity, or the refinancing of the veteran's equity in a home to which he has title. The board will consider, on a case-by-case basis, the adequacy of financing when a veteran has title to the property and financing with variable rates, terms or payments where the board can ascertain that the loan was made with temporary intent on either the part of the veteran or lender, or where the veteran is in jeopardy of losing the financing due to no fault of his own. In such cases, the board shall ascertain that the present lender has no objection to the early payoff of the loan and that the veteran has not obtained and continued any form of temporary financing for the purpose of waiting for financing by the board when he could have previously obtained adequate, permanent financing.

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

mortgage payoff and actual cost of the sale will be paid to the board as a reduction to the balance of the existing loan with the board.

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

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

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

(c) The * * * terms and conditions of the refinance loan complies with the Department of Veterans Affairs guaranteed loan program guidelines for refinance.

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

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

SECTION 2. This act shall take effect and be in force from
and after its passage.

PASSED BY THE SENATE
February 6, 2014



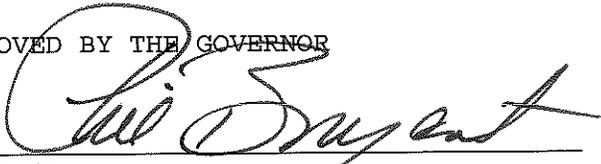
PRESIDENT OF THE SENATE

PASSED BY THE HOUSE OF REPRESENTATIVES
March 4, 2014



SPEAKER OF THE HOUSE OF REPRESENTATIVES

APPROVED BY THE GOVERNOR



GOVERNOR
3/14/2014 11:45 AM