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**STATE OF WISCONSIN  
DEPARTMENT OF VETERANS AFFAIRS**

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November 1, 2011

**WDVA Bulletin No. 964**

**TO: County Veterans Service Officers  
Authorized Private Lenders**

**SUBJECT: Primary Mortgage Loan, Home Improvement, and Personal Loan Program Moratorium**

Effective December 1, 2011, the Wisconsin Department of Veterans Affairs is enacting a moratorium on its primary mortgage loan program, home improvement loan program and personal loan program that provide loans to qualifying state veterans. The moratorium will last indefinitely.

The state issues general obligation bonds to finance primary mortgage loans and home improvement loans and may use equity or excess insurance reserves to make such loans. The mortgage loan program was designed to be self-amortizing and, therefore, sufficient interest rates must be charged to borrowers to keep the loan program solvent. The primary mortgage loan interest rate the Department could offer, in recent times, has exceeded the average conventional market rate. Accordingly, no new bonds have been issued by the state and no new primary mortgage loans have been made since November 2009, when funds in the mortgage loan program were fully committed.

The home improvement loan program has been funded with excess insurance reserves for a period of time; however, demand for the program, like conventional market home equity loans, has diminished in recent years.

Demand has also decreased for the personal loan program with 209 loans made in 2009-10 and 136 loans made in 2010-11, in spite of competitive interest rates. Funding for the personal loan program comes from the Veterans Trust Fund. The moratorium on the personal loan program will preserve cash and extend the solvency of the Veterans Trust Fund permitting the Department to refocus efforts on other veterans benefits and services.

The following is information on Home Loans available to veterans.

The Wisconsin Housing and Economic Development Authority (WHEDA) provides home loans under The WHEDA Advantage Program. The WHEDA Advantage Program offers a variety of benefits to home buyers including Down Payment Assistance through the Easy Close Advantage Program, 30 year fixed mortgage rates, Job Loss Mortgage Protection (insurance), Home Buyer Education Workshops and Credit Counseling. Details regarding The WHEDA Advantage Program can be found at:

<http://www.wheda.com/root/BusinessPartners/MortgageLenders/Dynamic.aspx?id=2214>

In addition, under the WHEDA Advantage Program the 1<sup>st</sup> Time Home Buyer requirement is waived for veterans; details regarding this can be found at: <http://www.wheda.com/root/Advantage/>

Below is a quick-comparison chart highlighting the main differences between The WHEDA Advantage Program and WDVA Home Loan Program:

	WHEDA Advantage	WDVA Home Loan
1st Time Home Buyer Only?	Yes, with exceptions for veterans and certain target areas.	No
Veterans Only?	No	Yes
For Primary Residence Only?	Yes	Yes
For Household Income Limits?	Yes, by county	No
Loan Limits?	Yes, by county	\$343,750.00 Statewide
Refinancing?	No	Yes, under certain circumstances

The Federal VA also provides a Home Loan Guaranty to veterans, Active Duty Personnel, and certain reservists and National Guard members. Information regarding the benefits and details of this program can be found at: <http://www.benefits.va.gov/homeloans.lp.asp>