

## **Title 25: Military and Veterans - Veterans' Home Purchase Board**

### **Part 202: Loan Policies**

#### **Part 202 Chapter 1: Loan Refinancing Policy**

*Rule 1.1 Limitation.* The Veteran's Home Purchase Board shall not consider an application to refinance a home with long term financing already in place with a lending institution, individual, or other entity, other than herein described.

Source: *Miss. Code Ann.* §35-7-7

History: Adopted - April 20, 1999; Revised - December 8, 2000, February 28, 2013

*Rule 1.2 Conditions.* The Board shall consider, on a case by case basis, refinancing of loans under the following conditions:

- A. If a veteran has a temporary loan originally made for the purpose of acquiring the house. (The Board has defined a temporary loan as a loan with an initial term of **three years or less**. Balloon notes with an initial balloon date of **Seven (7) years or less may be considered a temporary loan provided that it can be determined that the intent of this loan is temporary due to construction, repairs, the lack of available permanent financing or other such verifiable reason.**)
- B. If a veteran has a loan in place with a variable rate of interest, terms or payments, **and** the loan was made with temporary intent. If such loans have a pre-payment penalty, the Board will construe that the lender has an objection to an early payoff and that the loan was **not** made with temporary intent.
- C. If a veteran is experiencing a hardship due to no fault of his or her own, and is in jeopardy of losing his or her home, and the refinancing will help prevent the loss of the home. A case of this nature is to be reviewed by the Board on a case-by-case basis. If the loan securing the home has a prepayment clause, the Board will ascertain the benefit of an early payoff of the loan on a case-by-case basis. Any prepayment penalty and /or closing costs may be included in the new loan amount financed subject to VA rules and regulations regarding refinancing.
- D. If a veteran has obtained a construction loan in order to build a house. The Veteran's Home Purchase Board may pay off any loans or liens pertaining to the land or construction of the house once the house is completed and as long as the loan is not a permanent loan. This is subject to VA rules and regulations.
- E. When it is determined by the Board of Directors of the VHPB that due to the state of the economy, the mortgage market or other reason or condition that may have

an adverse effect on the trust fund or present mortgage customers, the Board may at its discretion allow for the refinance of portfolio loans provided the following:

1. 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.
2. The veteran has an outstanding mortgage or mortgages (one must be with this agency) on the property to be refinanced.
3. The refinanced loan must comply with the Department of Veterans Affairs guaranteed loan program guidelines for refinance.
4. The refinance loan shall be limited to the payoff of the 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 not to exceed the Agency's limits.
5. The Board may establish interest rates, terms and conditions on refinance loans which may differ from original loans made by the board.
6. The loan or loans to be refinanced must have a payment record of no payments thirty (30) days late for the past 24 months.
7. A second mortgage held by another lender will be allowed to subordinate to our first mortgage on a case by case basis.

In all of the above cases, the Board shall ascertain 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.

Source: *Miss. Code Ann.* §35-7-7

History: Adopted - April 20, 1999; Revised - December 8, 2000, February 28, 2013

## **Part 202 Chapter 2: Non-Guaranteed Loan**

*Rule 2.1 Definition.* The definition of a non-guaranteed loan is a loan made to a veteran by the Veterans' Home Purchase Board not utilizing the Department of Veterans Affairs Guaranty Program. The veteran must still have a valid certificate of eligibility from the Department of Veterans Affairs.

Source: *Miss. Code Ann.* §35-7-7

History: Adopted - February 16, 1995; Revised - December 8, 2000

*Rule 2.2 Eligibility.* In order for a veteran to be considered for a non-guaranteed loan through the Veterans' Home Purchase Board he/she must make an initial payment of at least twenty percent (20%) of the selling price of the property or the appraised value, whichever is less. This policy is to specifically address what constitutes an initial payment of twenty percent (20%) when a home is to be constructed or purchased, and when a loan guarantee from the Department of Veterans Affairs is not required because of the necessary initial payment of twenty percent (20%) is met. In addition to the twenty percent (20%) down payment, the loan committee must consider credit history, income, work history and all other underwriting criteria before approving a non-guaranty loan.

Source: *Miss. Code Ann.* §35-7-7

History: Adopted - February 16, 1995; Revised - December 8, 2000

*Rule 2.3 Loan for existing home.* When a veteran applies for a loan to purchase an **existing home**, the veteran must make an initial payment of twenty percent (20%) from his/her own cash savings. This form of initial payment may include, but is not limited to savings accounts, proceeds from the sale of a present home, mutual funds, 401K savings, cash gift from a family member, and proceeds from the sale of personal property. The initial payment of twenty percent (20%) cannot be in the form of borrowed funds, appraised equity, nor a second mortgage on the subject property.

Source: *Miss. Code Ann.* §35-7-7

History: Adopted - February 16, 1995; Revised - December 8, 2000

*Rule 2.4 Loan for constructing a home.* When a veteran applies for a loan to construct a home, the veteran may or may not already own the land where the home is to be constructed.

- A. Land owned at the time of application: When the veteran owns land on which he/she plans to construct a home utilizing funds of the Veterans' Home Purchase, the land must be fully paid for and unencumbered. This land may be considered for the initial payment of twenty percent (20%). The twenty percent (20%) initial payment will be based on the amount of the original purchase price of the land in question. Original purchase price must be evidenced by documentation from the veteran borrower. Equity due to a gift of the land, appreciation since purchase, or purchase below market value will not be considered an initial payment of twenty percent (20%).
- B. Land not owned at the time of application: When the veteran does not own the land and intends to purchase the land as a part of the construction process, the veteran must

invest a cash outlay or twenty percent (20%) of the total construction cost of the finished product including the initial land purchase. Equity due to construction below market value is not considered a cash investment.

- C. Land mortgaged at the time of application: If the lot or vacant land is secured by a mortgage note with a lender or individual, the Veterans' Home Purchase Board may payoff said mortgage note as long as the mortgage note does not contain a prepayment penalty, and the payoff of the land and construction cost of the home do not exceed the statutory limits of the Veterans' Home Purchase Board. If the veteran owns land and has an existing mortgage note made for the initial purchase, any equity realized from the initial down payment and/or regular loan payments on the note may be considered as a part of the cash payment requirement of twenty percent (20%). This initial cash payment will be derived from the difference in the current payoff of the mortgage note and the original purchase price of the land in question. If this difference does not equal twenty percent (20%) or more of the total construction cost including the land mortgage note payoff, then the veteran will be required to invest additional cash savings to arrive at the twenty percent (20%) initial payment necessary to meet the requirements.

Source: *Miss. Code Ann.* §35-7-7

History: Adopted - February 16, 1995; Revised - December 8, 2000

### **Part 202 Chapter 3: Interest Rate Policy**

*Rule 3.1 Policy.* It is the Policy of The Veterans' Home Purchase Board that the rate of interest charged by the Agency for current requests for financing of SINGLE FAMILY homes are as follows: Posted Rate: The current rate of interest charged and available for the financing of home purchase requests established by the Board of Directors of the VHPB at its regular meeting.

Source: *Miss. Code Ann.* §35-7-7

History: Adopted - December 8, 2000; Revised - April 20, 2001, January 24, 2013

*Rule 3.2 Exception.* The Board of Directors reserves the right to make a case by case exception to the herein stated interest and interest lock policy. When an exception is made it will be noted in the minutes of that meeting.

Source: *Miss. Code Ann.* §35-7-7

History: Adopted - December 8, 2000; Revised - April 20, 2001, January 24, 2013

*Rule 3.3 Effective date of new rate.* The Board of Directors, at its regular monthly meeting sets the current rate of interest (posted rate) that is to be charged by the Agency. The Board will compare the current Agency rate with the Secondary Mortgage Market Rate charged by Lenders in the Agency's lending area. When a majority of the Board members vote that an increase or decrease in the current approved rate is appropriate, the new rate of interest will be in effect for any application taken after the date of the meeting or exact date as specified by the Board.

- A. Proposed construction loans will be subject to the posted rate once the veteran notifies the VHPB in writing that they are ready to close and the loan has been approved by the loan committee of the Board of Directors. This rate is locked for a period of 45 days or until the loan documents expire, whichever is less.
- B. Loan requests in process, but not yet sent to the attorney for closing, will be set at the new posted rate of interest or the existing rate at the time of approval by the loan committee of the Board of Directors, whichever is lower. The stated rate is locked for a period of 45 days or until the loan documents expire, whichever is less.
- C. Loan requests that have been approved without a property or a request for pre-approval will be set at the posted rate once the sales contract is received by the agency. The stated rate is locked for a period for 45 days or until the loan documents expire, whichever is less.
- D. Loan application requests having Board approval and a change in the rate of interest after stated approval, are not required to be once again presented to the loan committee of the Board of Directors for re-approval. The exception to this is when the rate of interest increase or decrease negatively affects the debt to income ratio causing the loan request to no longer meet the underwriting guidelines or causing a substantial change in the financial status of the customer.

Source: *Miss. Code Ann.* §35-7-7

History: Adopted - December 8, 2000; Revised - April 20, 2001, January 24, 2013

#### **Part 202 Chapter 4: Available Funds to Close Policy**

*Rule 4.1 Policy.* It is the policy of The Veterans' Home Purchase Board, to underwrite the loan request in a way to determine the applicant's ability to maintain this debt plus current obligations and accumulate assets. The VA has underwriting guidelines that this Agency must follow. To help prevent a hardship to the customer, it is the policy of The Veterans Home Purchase Board to require prior to closing the following:

- A. The Borrower must have sufficient funds verified to pay closing cost and escrows shown on the buyer's side of the HUD-1 Settlement statement. This may be verified by the customer providing a copy of the most recent bank statement, VOD or print out from the bank. (Printout must include the name of the bank, name of the borrower and the account number).
- B. In addition to the above, the borrower must have as verified funds, two months of payments including taxes, insurance and any other escrowed item. This verification may take the same form as listed above.

Source: *Miss. Code Ann.* §35-7-7

History: Adopted - February 28, 2013

## **Part 202 Chapter 5: Appraisal Assignments**

*Rule 5.1 VA Guaranteed Loans.* It is the policy of the Veteran's Home Purchase Board to follow the Department of Veterans Affairs' rules and regulations regarding appraisal assignment for VA guaranteed loans. The Department of Veterans Affairs assigns an appraiser and case number to each loan application from a pre-defined VA approved list for each county throughout Mississippi.

Source: *Miss. Code Ann.* §35-7-7

History: Adopted - December 17, 1992; Revised - June 11, 2002

*Rule 5.2 Non-Guaranteed Loans.* When the Veterans' Home Purchase Board grants a veteran's request for a non-guaranteed loan, we will require that a State Licensed Appraiser from the area in which the property is located complete the appraisal. The Executive Director or his designee must approve the appraiser prior to the appraisal being requested. The Veterans' Home Purchase Board must request the appraisal from the appraiser. The appraisal must be addressed to the Veterans' Home Purchase Board. In some cases, such as a recent bridge loan and/or a construction loan, a copy of the appraisal requested by the original lender may be acceptable. The Executive Director and/or his designee will determine if the appraisal is acceptable based on time since completion, appraiser qualifications, and quality of the appraisal.

- A. Construction Loan, Appraisal Ordered by another Lender: If the appraisal was prepared for another lender prior to application for permanent financing with the Veterans' Home Purchase Board we may accept a copy of the original appraisal. Before closing of the permanent loan we will require a recertification of value addressed to the Veterans' Home Purchase Board from the original appraiser. The original appraisal must be less than 180 days old at the time of closing.
- B. Temporary Loan, Appraisal Ordered by another Lender: If an appraisal was prepared for another lender for the closing of a temporary loan we may accept a transfer of the Original Appraisal accompanied by a transfer letter from the

original lender addressed to the Veterans' Home Purchase Board. The appraisal must be less than 120 days old at the time of the closing.

Source: *Miss. Code Ann.* §35-7-7

History: Adopted - December 17, 1992; Revised - June 11, 2002

## **Part 202 Chapter 6: Privacy of Customer Information**

*Rule 6.1 Policy.* It is the policy of the Veterans' Home Purchase Board to comply with all federal and state laws pertaining to the privacy and confidentiality of customer information. In addition, it is inherent in the financial services industry that we have a duty to protect the confidential and private nature of our customers' financial records and it is the policy of the VHPB that we do so. Therefore, it is VHPB policy that employees not divulge financial information on customers to anyone outside the organization except as specifically authorized by written instructions (either from the customer or contained with a written VHPB procedures statement).

Violations of this policy by any employee may result in disciplinary actions up to and including termination.

Source: *Miss. Code Ann.* §35-7-7

History: Adopted – February 16, 2001; Revised – February 16, 2001

## **Part 202 Chapter 7: Divorced Veteran Applicant Guidelines**

*Rule 7.1 Guidelines.* Guidelines to consider for a Veteran customer that obtains a divorce from his or her Veteran spouse with both parties jointly obligated to a loan financed with the VHPB. and the Veteran whose VA Eligibility was used retains the house.

- A. Action to be taken when the house is retained by the Veteran spouse whose VA Eligibility was used for the loan.
- B. Action to be taken when the house is retained by the Veteran spouse whose VA Eligibility was not used for the loan.
- C. Action to be taken when the house is retained by the Veteran spouse whose VA Eligibility was used for the loan and the remaining spouse is released by the VA of liability and chooses to reapply with the VHPB for another loan. (also see VA manual)
  1. (A) (B) Applicant must submit a copy of the Divorce Decree. The VHPB will proceed with the next step unless the terms of the divorce render the VHPB unable to do so or make it unwise to proceed.
  2. (A) Applicant must submit a copy of the Quit Claim Deed on the property currently secured by the VHPB that shows the applicant has relinquished his/her right to the property.

3. (A) The Veteran homeowner whose VA eligibility was used and who retains the house must contact the VA and request that his/her spouse be released from liability by the VA.
4. (C) If the VA releases the Veteran loan applicant from liability, the applicant may apply for a VHPB loan using his/her VA eligibility.
5. (C) The Veteran applicant's original VHPB debt must be used as a liability when evaluating the loan request unless he/she applies for a release of liability from the VHPB and the release is granted.
6. (A) Before the VHPB will consider the release of the Veteran applicant from the current VHPB loan, the Veteran homeowner who retains the property and whose eligibility was used must submit credit and income data in a manner prescribed by the VHPB and qualify for the existing loan on his/her own merits.
7. (A) If the veteran whose eligibility **was used** and who retains the property cannot qualify for the existing loan on his/her own merits, the veteran applicant whose eligibility **was not used** may apply to the VHPB for the release of his/her liability if the current homeowner has made at least twelve consecutive, timely monthly payments.

Source: *Miss. Code Ann.* §35-7-7

History: Adopted – August 28, 2009

## **Part 202 Chapter 8: Loan Assumption Policy**

Note: For all loan assumption inquiries, one must read the Deed of Trust to determine the language concerning transfers and assumptions. The general rules shown below apply to loan assumptions unless language in the Deed of Trust is contrary to herein stated rules. VA rules and regulations supersede VHPB rules, regulations and statutes.

### Rule 8.1 VA Guaranteed Loans.

- A. Loans closed prior to March 1988 may be assumed by veterans and /or non-veterans. Board approval is not required. Department of Veterans' Affairs policies, rules and regulations will apply.
  1. Requirements:
    - a. A \$35.00 transfer fee.
    - b. Title Certificate must be provided to and approved by VHPB prior to close of new loan package. Title must be clear of all encumbrances except VHPB.
    - c. A recorded Assumption Transfer Deed signed by both the grantees and grantors. The attached assumption clause must be signed by the grantees and grantors and included as an attachment to the Assumption Transfer Deed. (Exhibit A)

- d. A current hazard insurance policy in the new borrower's name with the Veterans' Home Purchase Board shown as mortgagee must be provided at closing.
  - e. A paid receipt for the first year's insurance premium required at closing.
  - f. Home and work telephone numbers, mailing address, and social security numbers of the new borrowers must be provided at closing.
  - g. A copy of the Driver's License and Social Security card of each borrower is required at closing.
  - h. An acknowledgement signed by the sellers and buyers determining who is to receive the current escrow balance on the loan. If there is an escrow shortage, then the shortage amount must be paid at closing.
2. Applicant must send in \$35.00 at time of application. Application is a letter signed by the veteran and the new purchasers requesting the loan assumption. The application letter must contain current loan number, purchaser's social security numbers, home and work address, and home and work telephone numbers. The Closing attorney must provide VHPB with a Title Certificate prior to loan closing. The Loan Servicing Manager or Supervisor or the Executive Director prior to closing of the loan assumption must approve the Title Certificate. The closing attorney must call and obtain current loan balance and determine if payments are current provide VHPB with the recorded Assumption Warranty Deed with the attached clause (Exhibit A) signed by all parties, provide VHPB with a current hazard insurance policy for at least the amount of the loan balance with VHPB as mortgagee, provide VHPB with a paid receipt for the first year of hazard insurance premium, provide VHPB with a copy of the new purchaser's social security card and driver license, and provide VHPB with an acknowledgement signed by all parties determining the responsibility of the current escrow account and shortage, if required. Once all of this information is received by the VHPB loan processing specialist, then the loan will be amended on the computer system to reflect the new borrower's information. The loan processing specialist will order the flood certification. All items will then be placed in a file folder and placed in the permanent file by the loan processing specialist. **Nothing is to be changed on the computer until all documents and fees are received from the attorney and correct.**

**B. Loans closed between March 1988 and January 1, 1991 may be assumed by veterans and / or non-veterans.** Board approval of satisfactory income, employment, and credit is required. DVA policies, rules and regulations will apply.

1. Requirements:

- a. Veteran Assumption requires a \$60.00 credit report fee to be paid at time of application. A \$35.00 transfer fee and a funding fee of .05% of the loan balance are to be paid at closing. The closing attorney must call when preparing closing documents to verify the loan balance.
  - b. Non-veteran assumption requires a \$360.00 processing fee to be paid at time of application. (\$50.00 refundable if the loan is disapproved) A funding fee of 1% of the loan balance is to be paid at closing. The closing attorney must call when preparing closing documents to verify the loan balance.
  - c. A Title Certificate must be provided to and approved by VHPB prior to loan closing.
  - d. The funding fee is not required if veteran has a service-connected disability. Veteran must show valid proof of service-connected disability from DVA.
  - e. A completed application packet must be provided at the time of application.
  - f. A recorded assumption transfer deed signed by both the grantees and grantors. The attached assumption cause must be signed by the grantees and grantors and included as an attachment to the Assumption Transfer Deed. (Exhibit A)
  - g. A current hazard insurance policy in the new borrowers name with the Veterans' Home Purchase Board shown as mortgagee must be provided at closing.
  - h. A paid receipt for the first year's insurance premium required at closing.
  - i. An acknowledgement signed by the sellers and buyers determining who is to receive the current escrow balance on the loan. If there is an escrow shortage, then the shortage amount must be paid at closing.
  - j. The loan must be current at the time of closing. If any payments are due they must be received by VHPB and Posted to the account prior to closing.
  - k. A Copy of the HUD-1 Settlement Statement must be furnished.
    - l. No Appraisal required.
2. Applicant must send in \$60.00 at the time of application. Application is a full credit application package. A Title Certificate must be provided to and approved by VHPB prior to closing. The Loan Servicing Manager or Supervisor or the Executive Director prior to closing must approve the Title Certificate. The closing attorney must call and obtain the current loan balance and determine if payments are current; provide VHPB with the recorded Assumption Warranty Deed with the attached Exhibit A (if required) signed by all parties; provide VHPB with a current hazard insurance policy for at least the amount of the loan balance with VHPB as mortgagee; provide VHPB with a paid receipt for the first year of hazard

insurance premium; provide VHPB with a copy of the new purchaser's social security card and driver license; collect and provide to VHPB \$35 transfer fee or \$360 assumption fee and the .5% funding fee; HUD Settlement Statement and provide VHPB with an acknowledgement signed by all parties determining the responsibility of the current escrow account and shortage, if required. Once all of this information is received by the VHPB loan processing specialist, the loan will be amended on the computer system to reflect the new borrowers' information. The loan processing specialist will order the flood certificate. All items will then be placed in a file folder and placed in the permanent file by the loan processing specialist. **Nothing is to be changed on the computer until all documents and fees are received and correct.**

C. **Loans closed after January 1, 1991**, may be assumed by veterans only, unless a non-veteran receives a waiver by the Board. Board approval of satisfactory income, employment, and credit is **required**. DVA policies, rules, and regulations will apply.

1. Requirements:

- a. Veteran Assumption requires a \$60 credit report fee to be paid at time of application. A \$35 transfer fee and a funding fee of .5% of the loan balance are to be paid at closing. The closing attorney must call when preparing closing documents to verify the loan balance.
- b. Non-Veteran assumption requires a \$360 processing fee to be paid at time of application. (\$50 refundable if the loan is disapproved) A funding fee of 1% of the loan balance is to be paid at closing. The closing attorney must call when preparing closing documents to verify the loan balance.
- c. A Title Certificate must be provided to and approved by VHPB prior to loan closing.
- d. The funding fee is not required if veteran has a service connected disability. Veteran must show valid proof of service connected disability from DVA.
- e. A completed application packet must be provided at the time of application.
- f. A recorded Assumption Transfer Deed signed by both the grantees and grantors. The attached assumption clause must be signed by the grantees and grantors and included as an attachment to the Assumption Transfer Deed. (Exhibit A)
- g. A current hazard insurance policy in the new borrowers name with the Veterans' Home Purchase Board shown as mortgagee must be provided at closing.
- h. A paid receipt for the first year's insurance premium required at closing.

- i. An acknowledgement signed by the sellers and buyers determining who is to receive the current escrow balance on the loan. If there is an escrow shortage then the shortage amount must be paid at closing.
  - j. The loan must be current at the time of closing. If any payments are due they must be received by VHPB and posted to the account prior to closing.
  - k. A Copy of the HUD-1 Settlement Statement must be furnished.
    1. No Appraisal required.
2. Applicant must send in \$60.00 at the time of application. Application is a full credit application package. A Title Certificate must be provided to and approved by VHPB prior to loan closing. The Division Director or the Executive Director prior to loan closing must approve the Title Certificate. The closing attorney must call and obtain current loan balance and determine if payments are current, provide VHPB with the recorded Assumption Warranty Deed with any Exhibits signed by all required parties; provide VHPB with a current hazard insurance policy for at least the amount of the loan balance with VHPB as mortgagee; provide VHPB with a paid receipt for the first year of hazard insurance premium; provide VHPB with a copy of the new purchaser's social security card and driver license; collect and provide to VHPB \$35 transfer fee or \$360 assumption fee and the .5% funding fee; HUD Settlement Statement and provide VHPB with an acknowledgement signed by all required parties determining the responsibility of the current escrow account and shortage, if required. Once all of this information is received by the VHPB, the loan processing specialist will amend the computer records with the new borrower's information. The loan processing specialist will order the flood certificate. All items will then be placed in a file folder and placed in the permanent file by the loan processing specialist. **Nothing is to be changed on the computer records until all documents and fees are received and correct.**

Source: *Miss. Code Ann.* §35-7-7

History: Adopted – March 1998; Revised – August 25, 2011

*Rule 8.2 Non-Guaranteed Loans.*

- A. **Loans without a due-on-sale clause may** be assumed by veterans and or non-veterans. Board approval of satisfactory income, employment and credit **is required.**
  1. Requirements:
    - a. Non-veteran and or veteran assumption requires a \$360 processing fee to be paid at time of application. (\$50 refundable if the loan is

- disapproved). The closing attorney must call when preparing closing documents to verify the loan balance.
- b. A Title Certificate must be provided to and approved by VHPB prior to loan closing.
  - c. A completed application packet must be provided at the time of application.
  - d. A recorded Assumption Transfer Deed signed by both the grantees and grantors. The attached assumption clause must be signed by the grantees and grantors and included as an attachment to the Assumption Transfer Deed. (Exhibit A)
  - e. A current hazard insurance policy in the new borrower's name with the Veterans' Home Purchase Board shown as mortgagee must be provided at closing.
  - f. A paid receipt for the first year's insurance premium is required at closing.
  - g. An acknowledgement signed by the sellers and buyers determining who is to receive the current escrow balance on the loan. If there is an escrow shortage then the shortage amount must be paid at closing.
  - h. The loan must be current at the time of closing. If any payments are due they must be received by VHPB and posted to the account prior to closing.
  - i. A copy of the HUD-1 Settlement Statement must be furnished.
  - j. Flood certification to be ordered by VHPB after closing.
  - k. No Appraisal required.
2. Applicant must send in \$360.00 at the time of application. Application is a full credit application package. A Title Certificate must be provided to and approved by VHPB prior to loan closing. The Division Director or the Executive Director prior to loan closing must approve the Title Certificate. The closing attorney must call and obtain current loan balance and determine if payments are current; provide VHPB with the recorded Assumption Warranty Deed with any Exhibits signed by all required parties; provide VHPB with a current hazard insurance policy for at least the amount of the loan balance with VHPB as mortgagee; provide VHPB with a paid receipt for the first year of hazard insurance premium; provide VHPB with a copy of the new purchaser's social security card and driver license, HUD Settlement Statement and provide VHPB with an acknowledgement signed by all parties determining the responsibility of the current escrow account and shortage, if required. Once all of this information is received by the VHPB loan processing specialist, the loan will be amended in the computer system to reflect the new borrower's information. The loan processing specialist will order the flood certificate. All items will then be placed in a file folder and placed in the permanent file by the loan processing specialist. **Nothing is to be changed on the computer until all documents and fees are received and correct.**

B. **Loans with a due-on-sale clause** may be assumed by veterans only, unless a non-veteran receives a waiver by the Board. Board approval of satisfactory income, employment, and credit is required.

1. Requirements:

- a. Veteran Assumption requires a \$60 credit report fee to be paid at time of application. A \$35 transfer fee is to be paid at closing. The closing attorney must call when preparing closing documents to verify the loan balance.
  - b. Non-Veteran Assumption requires a \$350 processing fee to be paid at time of application. (\$50 refundable if the loan is disapproved) A funding fee of 1% of the loan balance is to be paid at closing. The closing attorney must call when preparing closing documents to verify the loan balance.
  - c. A title Certificate must be provided to and approved by VHPB prior to loan closing.
  - d. A completed application packet must be provided at the time of application.
  - e. A recorded Assumption Transfer Deed signed by both the grantees and grantors. The attached assumption clause must be signed by the grantees and grantors and included as an attachment to the Assumption Transfer Deed. (Exhibit A)
  - f. A current hazard insurance policy in the new borrowers name with the Veterans' Home Purchase Board shown as mortgagee must be provided at closing.
  - g. An acknowledgement signed by the sellers and buyers determining who is to receive the current escrow balance on the loan. If there is an escrow shortage then the shortage amount must be paid at closing.
  - h. The loan must be current at the time of closing. If any payments are due they must be received by VHPB and posted to the account prior to closing.
  - i. A copy of the HUD-1 Settlement Statement must be furnished.
  - j. No Appraisal required.
2. Applicant must send in \$60 at the time of application. Application is a full credit application package. A Title Certificate must be provided to and approved by VHPB prior to loan closing. A Department Supervisor or the Executive Director prior to loan closing must approve the Title Certificate. The closing attorney must call and obtain current loan balance and determine if payments are current; provide VHPB with the recorded Assumption Warranty Deed with the attached assumption clause (Exhibit A) signed by all parties; provide VHPB with a current hazard insurance policy for at least the amount of the loan balance with VHPB as mortgagee; provide VHPB with a paid receipt for the first year of hazard insurance premium; VHPB with a copy of the new purchaser's social security card and driver license; collect and provide to VHPB \$35 transfer

fee or \$360 assumption fee; HUD Settlement Statement; and provide VHPB with an acknowledgement signed by all parties determining the responsibility of the current escrow account and shortage, if required. Once all of this information is received by the VHPB loan processing specialist, then the loan will be amended on the computer system to reflect the new borrower's information. The loan processing specialist will order the flood certificate. All items will then be placed in a file folder and placed in the permanent file by the loan processing specialist. **Nothing is to be changed on the computer until all documents and fees are received and correct.**

C. ***Subsequent VHPB Loan for A Veteran When A Non-Veteran Assumes A VHPB Loan.*** If a non-veteran assumes a VHPB loan, the original veteran (mortgagor) may not be eligible for a subsequent VHPB loan as long as the Deed of Trust on the original loan is outstanding even though the veteran is released from liability by the Department of Veteran Affairs. Note: The original Veteran may, of course, obtain a VA loan from another source should he or she meet all the requirements.

1. Attachment to Transfer Deed:

**EXHIBIT A**

By acceptance of this deed, Grantees herein, as part of the purchase price and consideration for this deed, assume the obligations and agree to pay the indebtedness evidenced by that certain Deed of Trust made by \_\_\_\_\_ on \_\_\_\_\_, to **Veterans' Home Purchase Board,** which Deed of Trust is recorded in the Office of the Chancery Clerk, \_\_\_\_\_ County, Mississippi, Book \_\_\_\_\_, page \_\_\_\_\_. And for the same consideration Grantees hereby assume the obligations of \_\_\_\_\_, under the terms of the Deed of Trust and the Note creating the loan, to indemnify the Department of Veterans Affairs to the extent of any claim payment arising from the guaranty of insurance of the indebtedness above mentioned. This liability to the Department of Veterans Affairs is under the authority of Chapter 37, Title 38 of the United States Code, and supersedes any State or local law barring or limiting deficiencies following foreclosure of real property.

\_\_\_\_\_  
Grantee

\_\_\_\_\_  
Grantee

\_\_\_\_\_  
Grantor

\_\_\_\_\_  
Grantor

Source: *Miss. Code Ann.* §35-7-7

History: Adopted – March 1998; Revised – August 25, 2011

### **Part 202 Chapter 9: VHPB Maximum Loan Limit Policy**

*Rule 9.1 Review.* The Board of Directors of the Veterans' Home Purchase Board will review the maximum loan limit in March and September of each fiscal year. This review will be a study of the median sales price of homes throughout the state of Mississippi. This information will come from several reliable sources such as, but not limited to, local boards of the Mississippi Association of Realtors, Mississippi Home Builders Association, Mississippi State Agencies, related banking associations, Fannie Mae, HUD, and Mississippi Home Corporation.

The results of this research will be presented to the Board of Directors by the Executive Director or his designee.

Source: *Miss. Code Ann.* §35-7-7

History: Adopted – February 15, 2001; Revised – May 22, 2009

### **Part 202 Chapter 10: Waiting List Policy**

*Rule 10.1 Policy.* It is the policy of the Veterans' Home Purchase Board to establish a waiting list for loan applicants in the time of unavailability of loan funds. During any suspension of accepting loan application requests, VHPB will establish a waiting list containing the veteran's name, mailing address, work and home telephone number, date and time of addition to the list, disability (if any), and estimated loan amount. Applicants will be placed on the list in a first come first served order. Vietnam veterans and veterans with a disability rating of 50% or more will have first priority. Veterans with a disability rating less than 50% will be second priority on the list. Once VHPB resumes the process of taking applications, applicants will be notified by telephone or in writing that we are ready to accept formal applications. These applicants will be given the opportunity to make application or decline their initial request to be placed on the waiting list.

Any applications received by mail during this time of suspension will be placed on the waiting list and the application returned with a letter of explanation. After the normal application process has resumed and if the waiting list is still being utilized, all applications received by mail and not already on the list will be placed at the bottom of the list according to their disability rating.

Source: *Miss. Code Ann.* §35-7-7

History: Adopted – February 14, 2001; Revised – February 14, 2001

### **Part 202 Chapter 11: Divestment of Property**

Note: For all inquiries concerning veteran divestment of existing property, one must also refer to and comply with the Mississippi State Statute. The general policy shown below is an interpretation of the State Statute by the Board of Directors of the Veterans' Home Purchase Board.

*Rule 11.1 Policy.* It is the policy of the VHPB to comply with the Mississippi State Statute, Section 35-7 of the Mississippi Code. Section 35-7-17 (4) states that 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 the new property."

Source: *Miss. Code Ann. §35-7-7*

History: Adopted – August 26, 1994; Revised – January 31, 2003

*Rule 11.2 Interpretation of Statute.*

- A. Board interpretation of Section 35-7-17 (4) concerning divestment of property is as follows:

A veteran may not close a VHPB purchase until he or she has divested himself or herself of any home other than true rental property. This property includes, but is not limited to, 2<sup>nd</sup> homes, cabins, mobile homes, camp houses, primary residences, condos, lake homes, vacation homes, and townhouses. Property shall be considered divested upon proof of the transfer of title to another individual (i.e. Recorded Warranty Deed or Quitclaim Deed or proof of a land contract where title passes after the prescribed payment).

True rental property is defined as property originally purchased for the intent of rental usage and utilized as a rental unit.

In some cases a veteran may have purchased or occupied a home as a primary residence at one time, but now utilizes the property for rental purposes. The Board will not require divestment of this property if the veteran can show evidence that the property has been classified as rental property for a period of not less than two (2) years. An example of acceptable proof is a copy of the veteran's complete tax return for the previous (2) two years listing the property in Schedule E as rental property.

Source: *Miss. Code Ann. §35-7-7*

History: Adopted – August 26, 1994; Revised – January 31, 2003

*Rule 11.3 Waiver of the Divestment Of Existing Property.*

A. Section 35-7-17 (4) also states that divestment “may be waived by the Board in cases where the Board can ascertain that the ownership of such property was originally intended as:

1. “temporary residence” or
2. “a condominium or mobile home” or
3. “that the veteran’s present residence is inadequate for his or her needs” and
4. “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
5. “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”

B. Continued Board interpretation of section 35-7-17 (4) concerning waiver of the divestment of property is as follows:

1. Waiver of the sale of an existing home will be reviewed on a case by case basis. The veteran must submit a request for waiver of the sale of an existing home in writing. A waiver may be granted if the Board ascertains that:
  - a. The veteran originally bought the property as a temporary residence and the sale will cause a financial hardship or loss to the veteran. The veteran must sign an affidavit stating that the property was originally purchased as a temporary residence. (Exhibit B)
  - b. The veteran originally bought the property as a temporary residence and the sale is not necessary to free the veteran of obligations to qualify financially for the new loan. The veteran must sign an affidavit stating that the property was originally purchased as a temporary residence. (Exhibit B)
  - c. The property is a condominium and the sale will cause a financial hardship or a financial 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.
  - d. The property is a mobile home and the sale will cause a financial hardship or a financial loss to the veteran in the market place; and in cases where the sale of the present home is not necessary to free the veteran of obligations to qualify financially for the new loan.
  - e. The property is inadequate for the veteran’s needs and the sale will cause a financial hardship or a financial loss to the veteran in the market place; and in cases where the sale of the present home is not necessary to free the veteran of obligations to qualify financially for the new loan.

C. Section 35-7-17 (4) also states, “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.”

- 1. If a waiver is granted, the veteran borrower must execute the following forms, Exhibits A & B VHPB Waiver on Sale of Home and Affidavit:

**EXHIBIT A**

**VETERANS’ HOME PURCHASE BOARD  
WAIVER OF THE SALE OF EXISTING HOME**

I/we agree not to reside in our home located at:

\_\_\_\_\_

For the period of ten (10) years, and that any rent proceeds in excess of mortgage payments and cash expenses on the home will be paid to the Veterans’ Home Purchase Board as a reduction to the principal balance on our Veterans’ Home Purchase Board loan, and that, if sold within a period of ten (10) years, a full disclosure of the sale shall be made to the Veterans’ Home Purchase Board and the proceeds of the sale in excess of the mortgage payoff and the actual cost of the sale will be paid to the Veterans’ Home Purchase Board as a reduction to the principal balance of the existing loan with the Veterans’ Home Purchase Board.

**IT IS EXPRESSLY UNDERSTOOD THAT THE PROCEEDS PAID TOWARD THE VETERANS’ HOME PURCHASE BOARD LOAN WILL BE APPLIED TO THE PRINCIPAL BALANCE OF SAID LOAN UNDER ACCEPTED ACCOUNTING PRINCIPLES AND WILL NOT REDUCE THE AMOUNT OR FREQUENCY OF THE PAYMENT IN ANY MANNER.**

I hereby certify under penalty of U.S. Criminal Code Section 1010, Title 10, U.S.C. that the above statement, submitted for the purpose of aiding the borrower named below to obtain a VA mortgage loan, is true.

\_\_\_\_\_  
Veteran

\_\_\_\_\_  
Co-borrower

\_\_\_\_\_  
Date

WARNING: SECTION 1010 OF TITLE 18 U.S.C., PROVIDES: “WHOEVER, FOR THE PURPOSE OF INFLUENCES SUCH ADMINISTRATION..., MAKES, PASSES, UTTERS, OR PUBLISHES ANY STATEMENT, KNOWING THE SAME TO BE FALSE..., SHALL BE FINED BUT NOT MORE THAN \$5000. OR IMPRISONED NOT MORE THAN 2 YEARS, OR BOTH.”

**EXHIBIT B**

**AFFIDAVIT**

This is to certify that the property located at \_\_\_\_\_ was originally purchased with the intent of being utilized as a temporary or part-time residence for my/our recreational purposes.

I hereby certify under penalty of U.S. Criminal Code Section 1010, Title 10, U.S.C. that the above statement, submitted for the purpose of aiding the borrower named below to obtain a VA mortgage loan, is true.

\_\_\_\_\_  
Veteran

\_\_\_\_\_  
Co-Borrower

\_\_\_\_\_  
Date

\_\_\_\_\_  
Witness

**WARNING: SECTION 1010 OF TITLE 18 U.S.C., PROVIDES: “WHOEVER, FOR THE PURPOSE OF..., INFLUENCES SUCH ADMINISTRATION..., MAKES, PASSES, UTTERS, OR PUBLISHES ANY STATEMENT, KNOWING THE SAME TO BE FALSE..., SHALL BE FINED BUT NOT MORE THAN \$5000 OR IMPRISONED NOT MORE THAN 2 YEARS, OR BOTH.”**

Source: *Miss. Code Ann.* §35-7-7

History: Adopted – August 26, 1994; Revised – January 31, 2003

**Part 202 Chapter 12: Late Charge Assessment Policy**

*Rule 12.1 Authorization.* The Deed of Trust/Note signed by the veteran allows for a late charge of 4 percent of the principal and interest payment not to exceed \$50.00 to be assessed if a regular

monthly payment is received more than 15 days from the due date. Since all loan payments are due on the first of the month, the 17<sup>th</sup> day of each month is the late charge assessment date.

Source: *Miss. Code Ann.* §35-7-7

History: Adopted – August 26, 2010; September 26, 2019

*Rule 12.2 Implementation.* The late charge amount is calculated and added to the regular payment due after processing all payments received through the 16<sup>th</sup> day of the month by the computer system. The amount of the payment including late charge is listed on the payment coupons provided to the veteran. When the payment including late charge is posted to the veteran's account, the system spreads the late charge to the appropriate accounts and records it on history. When the payment is posted without the late charge, the system accrues the late charge amount and displays it as due and unpaid.

Source: *Miss. Code Ann.* §35-7-7; September 26, 2019

History: Adopted – August 26, 2010

*Rule 12.3 Waiver and Postponement.* Management recognizes that in some cases, it is appropriate to waive or postpone the assessment of a late charge to promote fairness and compassion to a veteran when unusual circumstances cause a delay in payment. Management has delegated this task to certain agency employees after obtaining approval for the waiver of postponement from the Servicing Department Supervisor or the Executive Director.

Source: *Miss. Code Ann.* §35-7-7

History: Adopted – August 26, 2010; September 26, 2019

*Rule 12.4 Collection of Late Fees.* It is the policy of the VHPB to collect late fee charges when occurred, however, we understand that there are times when the customer, because of bankruptcy or other financial difficulties require the postponement of the payment of the late fee and the posting of the payment without the late fee. The acceptance of partial payment must be approved by the Servicing Department Supervisor or the Executive Director. When this occurs, the customer is to be contacted and arrangements are to be made to collect the past due late fees. Those customers who have accumulated large late fee balances due to bankruptcies or other financial difficulties will be contacted for a payment plan approved by the Servicing Department Supervisor or the Executive Director once it is determined that the customer has the ability to repay.

Source: *Miss. Code Ann.* §35-7-7

History: Adopted – September 26, 2019

## **Part 202 Chapter 13: Policy for Handling Loss Draft Funds**

*Rule 13.1 Timeliness is essential in order for a customer's account to show the correct balance.* The Loss Draft account is used for insurance proceeds to repair a customer's home. The insurance check will be made payable to both the homeowner and the Veterans' Home Purchase Board. The homeowner will need to endorse the check and send to the VHPB. Once we receive the check, a manager will make a decision on how these funds are to be handled. Usually the funds will be deposited into our Loss Draft Bank Account and increments disbursed to the homeowner as the work is being completed. Inspections are done by VHPB staff to ensure the house is being repaired properly unless the homeowner's equity and payment history make it more practical to return the entire proceeds to the property owner.

Source: *Miss. Code Ann. §35-7-7*

History: Adopted – October 26, 2006; Revised – August 26, 2010

*Rule 13.2 Receipt of Loss Draft Monies.*

- A. When Loss Draft checks are received at the agency, they will be given to the Executive Director or Loan Servicing Manager. They will print a screen print from the servicing system of the individual's account with instructions on how to post the money on the bottom of the screen print. The checks along with the screen print will then be forwarded to the Payment Processing Department to post to the Servicing system. Each person performing a task will initial the screen print beside the step that they performed and forward to next individual listed in the instructions, or, if no other instructions, then it will be given back to the initiating manager.
- B. After the Payment Processing Department posts the check to the homeowners' account in the Servicing system:
  1. The check will then be forwarded to the Accounting Department and the screen print with the instructions will be given to the Loan Servicing Department if disbursement is required. Once the transaction is complete in the Servicing system, the screen print will be given to the Accounting Department for filing.
  2. The individual who forwards these checks going to the Accounting Department will identify the check as Loss Draft.
  3. The Accounting Department will prepare the deposit slip and will make the deposit to the Loss Draft Bank Account.

Source: *Miss. Code Ann. §35-7-7*

History: Adopted – October 26, 2006; Revised – August 26, 2010

*Rule 13.3 Disbursement of Loss Draft Monies.* All loss draft disbursements will be initiated by a manager. This is done by making a screen print from the Servicing system of the individuals

account with written instructions on the bottom explaining what needs to be done. Prior to a check being written, the Loan Servicing Department will post the disbursement to the Loan Servicing system. The individual performing these disbursements will initial on the Servicing system screen print beside the task and forward it to the next individual listed in the instructions or if no other instructions then it will be forwarded to the initiating manager.

The Loss Draft checkbook is kept locked in the Executive Director's office.

These checks require two signatures. Executive Director, Division Director, Director of Accounting and Finance, or Branch Director (management) is authorized signors on these checks.

Once the manager gets confirmation of posting to the servicing system (initialized screen print) he/she will then write the check for the amount of the disbursement.

The initialized screen print is then returned to the Accounting Department for filing.

Source: *Miss. Code Ann.* §35-7-7

History: Adopted – October 26, 2006; Revised – August 26, 2010

*Rule 13.4 Index Cards.* Index cards will be completed on all Loss Draft monies received or disbursed. The manager initiating the transaction will be responsible for recording transactions on the index cards in the Executive Director's office.

Source: *Miss. Code Ann.* §35-7-7

History: Adopted – October 26, 2006; Revised – August 26, 2010

*Rule 13.5 Reconciliation of Loss Draft Account.* Accounting Personnel will prepare a monthly reconciliation ensuring agreement from the Loss Draft Bank Account to the servicing system and the Index Card system.

Source: *Miss. Code Ann.* §35-7-7

History: Adopted – October 26, 2006; Revised – August 26, 2010

*Rule 13.6 Completion Escrow Money.* Completion escrow money is money that the seller agrees to pay at the sale of the home for repairs that need to be completed in order to close the loan. It is rare that the agency receives these funds. When we do, the VA requires 1 ½ time the estimated cost of repairs to be paid. Once the work is completed, the actual cost of the repairs will then be paid from this money collected at closing and any difference would be returned to the seller who funded the money to start this process. This money is recorded on the Loan Servicing system and is recorded in the Loss Draft account at the bank, on the Index Cards and on the Loss Draft spreadsheet maintained by the Accounting Department. The process is as follows:

- A. A deposit to the Loss Draft is made when the agency originally receives the money
- B. An inspection is done to ensure completion of work once repairs are made
- C. Agency pays the contractor from these funds
- D. Any remaining balance is paid back to the person who originally paid the funds

The monies are accounted for in the same manner as the Loss Draft monies.

Source: *Miss. Code Ann.* §35-7-7

History: Adopted – October 26, 2006; Revised – August 26, 2010

*Rule 13.7 Exceptions.* Exceptions to this policy must be approved by the Executive Director or his designee.

Source: *Miss. Code Ann.* §35-7-7

History: Adopted – October 26, 2006; Revised – August 26, 2010

#### **Part 202 Chapter 14: ACH Draft Policies**

*Rule 14.1 Policy.* It is the policy of the Veterans' Home Purchase Board (VHPB) to offer borrowers the option to pay their monthly note through the ACH (Automated Clearing House) program established by the Federal Reserve System. The ACH program allows a bank customer to authorize automatic payments from his/her bank account to a designated payee (the VHPB).

The detailed steps to accomplish this are in the Accounting Department's Procedure Manual.

Source: *Miss. Code Ann.* §35-7-7

History: Adopted – April 27, 2007; Revised – October 24, 2012

#### **Part 202 Chapter 15: Collateral Insurance Policy**

*Rule 15.1 Policy.* The VHPB requires that the collateral securing loans at this agency be protected by the insurance most commonly used for the subject property, and that the VHPB be the beneficiary of that insurance (mortgagee).

The borrower shall be required to keep the improvements existing at the loan's origination or thereafter erected on the property insured against fire and other hazards included within the term "extended coverage". Required insurance amounts are the market value of the property or the loan amount, if the loan amount is higher than market value. In no event should insurance coverage be less than 80 percent of the current value of the property. Insurance must be maintained for the life of the loan.

Flood insurance is required for the life of the loan if the property is located in a special flood hazard area, or if the property has previously flooded. The determination of whether or not a property is within a special flood hazard area will be made by the company employed by the agency to do so. If the company employed by the agency determines that a property is not located in a special flood hazard area and the property appraisal indicates that the property is in a special flood hazard area, the agency will require flood insurance on the property. The requirement for flood insurance may be removed on such a property if a determination is made by the company employed by the agency and the appraiser agree that the property is not in a special flood hazard area.

Source: *Miss. Code Ann.* §35-7-7

History: Adopted – 2006; Revised – June 2009

*Rule 15.2 Windstorm Insurance.* The VHPB requires Windstorm (Hurricane) Insurance in the six coastal counties of Mississippi. (Hancock, Harrison, Jackson, Pearl River, Stone, George).

The dwelling coverage amount will be the same as on the Hazard (Homeowners) policy.

The maximum deductible amount required is 2 percent of the dwelling coverage. However, should the borrower request a higher deductible or his/her insurance company will not allow the 2 percent deductible, the VHPB will review the account to determine if a higher deductible of 5 percent is acceptable. The review will consider the following:

- A. The payment history must reflect that the borrower paid the monthly payments in accordance with the Deed of Trust note. Payments made consistently over 16 days from the due date are not acceptable.
- B. The equity position of the property must be at least four times that of the dollar amount of the deductible. Examples:

**1. Dwelling coverage = \$150,000 5% ded = \$7,500 Balance of VHPB mortgage = \$100,000**

**Four times ded amount = \$30,000. Equity position = \$50,000**

**In this example, the higher deductible of 5% is Acceptable**

**2. Dwelling coverage = \$150,000 5% ded + \$7,500 Balance of VHPB mortgage = \$140,000**

**Four times ded amount = \$30,000. Equity position = \$10,000**

**In this example, the higher deductible of 5% is Not Acceptable**

Both of the examples above assume the dwelling coverage amount approximates the value/ replacement costs of the dwelling.

- C. Requests for deductibles higher than 5% will be submitted to management for review and approval/disapproval.

NOTE ON WINDSTORM INSURANCE: Severe storms, namely hurricanes, can cause widespread damage and destruction of property located in the six southern most counties of Mississippi. Because of the possibility of such storms, insurance companies often times offer limited coverage or no coverage at all. The VHPB requires wind insurance based on the above deductible amounts. However, because of limitations dictated by insurance companies, the deductible limits of 2% may not be obtainable. In such cases, on new loans, the VHPB management will determine the best course of action. On renewals, the VHPB staff will use its best efforts to maintain the deductible percentage as above. Management will review exception cases as they are determined.

Source: *Miss. Code Ann.* §35-7-7

History: Adopted – 2006; Revised – June 2009

*Rule 15.3 Tax and Insurance Escrow.* The Veterans' Home Purchase Board requires all taxes and hazard, flood, and windstorm insurance premiums to be paid through an escrow account. The mortgagor will pay one twelfth (1/12) of the annual real estate taxes, hazard, flood, and windstorm premiums along with each monthly principal and interest payment. The total amount will be considered the mortgagor's total monthly payments.

The Loan Servicing Department, upon renewal of the hazard insurance policy, will perform an annual analysis. Any necessary adjustments to the total monthly payment will be made and the customer notified accordingly. If an escrow account is short of the required escrow balance, designated VHPB personnel will adjust the payment to collect the shortage over the next twelve months. Management approval is required to make an adjustment to a shortage that will exceed twelve months. If a surplus exists in the escrow account, the check will be sent to the mortgagor refunding an amount of \$50 or larger. A surplus amount less than \$50 will be retained in escrow unless specifically requested by the mortgagor. In no event will a payment be reduced to absorb the excess amount of escrow.

**Note:** Prior to the adoption of this policy, a small number of loans had no tax escrow because of contrary wording in the Deed of Trust and prior agreements with the mortgagor. These loans are monitored annually to ensure the mortgagor pays the real estate taxes.

Source: *Miss. Code Ann.* §35-7-7

History: Adopted – 2006; Revised – June 2009

## **Part 202 Chapter 16: Confidentiality**

*Rule 16.1 Confidentiality.* Employees will not access customer financial information unless this is needed in the performance of assigned duties. Perusing customer information to satisfy a personal curiosity is strictly prohibited. We recognize however, that in the course of performing

daily duties, employees out of necessity acquire confidential information considered to be extremely sensitive to customers. This information must not be revealed to unauthorized persons. In addition, this information should not be discussed with others within the organization unless their duties also require the information. Customer financial information can be released only when authorized by the customer, or when subpoenaed by a court or the Internal Revenue Service (IRS), and then the information released must be accurate and within the confines of the authorizing document. In all cases the release of customer information will be based on a written request, and the release will be in accordance with written VHPB instructions.

Violations of this policy by any employee may result in disciplinary actions up to and including termination.

Source: *Miss. Code Ann.* §35-7-7

## **Part 202 Chapter 17: Deceased Borrower Policy**

*Rule 17.1 Policy.* It is the policy of the VHPB that upon notification of the death of a borrower, the VHPB shall promptly identify and facilitate communication with a successor in interest of the deceased borrower with respect to the property that secures the deceased borrower's mortgage loan. A successor in interest is a spouse, child or heir of a deceased borrower or other party with an interest in the property.

To accomplish this policy, the following procedures should be followed:

- A. Promptly provide to any party claiming to be successor in interest; the list of documents required by the Agency for the party to establish the death of the borrower and the identity and legal interest of the successor in interest. The documents are death certificate, an executed will, or a court order determining a succession to real property.
- B. Upon notification of the death of a borrower, promptly identifying and evaluating any issues that the VHPB must consider in reviewing the rights and obligations of successors in interest with respect to the property and mortgage loan, including, for example:
  1. Receipt of acceptable proof of the successor in interest's identity and legal interest in the property;
  2. Standing of the mortgage loan as current or delinquent;
  3. Whether a trial modification or other loss mitigation option was in place at the time of the borrower's death;
  4. Whether there is a pending or planned foreclosure proceeding;
  5. Eligibility of the successor in interest for loss mitigation options, and
  6. Eligibility of the successor in interest to assume the mortgage loan, with or without a simultaneous loan modification or other loss mitigation option;
- C. Promptly providing successors in interest with information about the above issues, including any servicer prerequisites for the successor in interest to

- continue payment of the mortgage loan, assume the mortgage loan, and where appropriate, qualify for available loss mitigation option;
- D. Promptly providing successors in interest with any documents, forms, or other materials the VHPB requires for the successor in interest to continue making payments and to apply and be evaluated for an assumption and, where appropriate, loss mitigation option;
  - E. Upon receipt from the successor in interest of required documents, forms or other materials, promptly evaluating the successor in interest for and where appropriate, implementing options set forth above; and
  - F. Providing employees with information and training regarding the effect of laws and other requirements on the servicer's obligations following the death of a borrower, and complying with those laws and requirements, including:
    - 1. Servicing guidelines, such as those published by the Department of Veterans' Affairs
    - 2. The Garn-St. Germain Act of 1982, which imposes certain limits on the application of due-on-sale clauses when real property is transferred as a result of the death of a borrower; and
    - 3. Federal or state law restricting the disclosure of the deceased borrower's nonpublic personal information.
  - G. The VHPB's management should consider on a case by case basis if the following applies:
    - 1. Upon notification of the death of a borrower, promptly evaluating whether to postpone or withdraw any pending or planned foreclosure proceeding to provide a successor in interest with reasonable time to establish ownership rights and pursue assumption and, if applicable, loss mitigation options; and
    - 2. Promptly provide a successor in interest with information about the possible consequences of assuming the mortgage loan, such as any costs and the fact that a later loss mitigation option is not guaranteed if the successor in interest assumes the loan without a loss mitigation option already in place or arranged to commence simultaneously with the assumption.

Source: *Miss. Code Ann.* §35-7-7

History: Adopted – November 21, 2013

## **Part 202 Chapter 18: Delinquent Early Intervention Rule Policy**

*Rule 18.1 Delinquency.* Delinquency begins on the day a payment sufficient to cover principal, interest and escrow for a given billing cycle is due and unpaid.

It is the policy of the VHPB that once a borrower is delinquent for at least 36 days, the Agency's servicing department will make a good faith effort to establish live contact with the borrower and if appropriate, inform the borrower about the availability of loss mitigation options. A good faith effort to establish live contact consists of reasonable steps under the circumstances to reach the borrower. For delinquencies that begin on or after January 10, 2014, the VHPB will consider the following communications reasonable steps under the circumstances to establish live contact:

- A. A borrower working with the VHPB servicing department to obtain loss mitigation. The live contact requirement is satisfied with regard to a case in which a borrower is delinquent in consecutive billing cycles if the VHPB's representative has established and is maintaining ongoing contract with regard to the borrower's completion of a loss mitigation application and the service department's evaluation of that borrower for loss mitigation options.
- B. A borrower stops paying under a loss mitigation plan or becomes delinquent after curing a prior default. A borrower is not delinquent under the rule if performing as agreed under a loss mitigation option designed to bring the borrower current on a previously missed payment. This includes forbearance plans and trial modifications. If the borrower fails to make a loss mitigation payment, a new delinquency begins and the VHPB should make good faith efforts to contact the borrower within 36 days of the start of the delinquency and for each of any subsequent billing periods for which the borrower's obligation is due and unpaid. Similarly, if a borrower successfully cures a prior default but becomes delinquent again, the VHPB's representative should make a good faith effort to contact the borrower within 36 days for each of the subsequent billing periods for which borrower's obligation is due and unpaid.
- C. Communication in conjunction with other contact. Live contact is established when the borrower initiates contact with the VHPB. Early Intervention Rule contact is satisfied by combining contacts made with the borrower for other reasons, by adding a brief script to collection calls or other contacts to inform the borrower that loss mitigation options may be available in accordance with the rule.
- D. A borrower is unresponsive. When the borrower fails to respond to the Agency's attempts to make live contact, a statement to contact the Agency's servicing department regarding the delinquency may be included in the periodic statement or in an electronic communication. Such efforts are appropriate when there is little hope of the home retention by the borrower.

Source: *Miss. Code Ann.* §35-7-7

History: Adopted – November 21, 2013

## **Part 202 Chapter 19: NSF Policy**

*Rule 19.1 Policy.* This policy must be flexible and requires that each case be considered on an individual basis using professional judgment.

Accounting personnel will maintain a NSF log on the (G) share drive which will show who has had NSF checks in the past, when and how many they have sent.

On the first occasion that a borrower sends an NSF check, we should send the borrower a letter along with their personal check asking that they replace this with another check which should include a \$35.00 NSF Fee. If the borrower calls and provides a valid reason for the NSF check, we can waive the NSF fee and the borrower can send another check to replace the original one.

Upon receiving a NSF check from a borrower a second time, we should return the check to the borrower with a letter requesting another check be sent with the \$35.00 NSF fee included with their payment amount.

Upon receiving a NSF check from a borrower a third time within a twelve month period, we should require that the NSF fee of \$35.00 be included with their payment in the form of certified funds. The borrower may be required to send their payment in the form of certified funds for a period of six months from this point. After this six-month period the borrower may again be allowed to send their payment in the form of a personal check.

**Please keep in mind this NSF policy only gives general guidance and professional judgment should be used with each case.**

Source: *Miss. Code Ann.* §35-7-7

History: Adopted – August 20, 2010