

WEST VIRGINIA LEGISLATURE

2023 REGULAR SESSION

Introduced

Senate Bill 616

FISCAL
NOTE

By Senators Weld and Deeds

[Introduced February 14, 2023; referred
to the Committee on Military; and then to the
Committee on Finance]

1 A BILL to amend the Code of West Virginia, 1931, as amended, by adding thereto a new article,
 2 designated §31-18F-1, §31-18F-2, §31-18F-3, §31-18F-4, §31-18F-5, §31-18F-6; and to
 3 amend and reenact §36-8-13 of said code, all relating generally to creating the West
 4 Virginia Veterans' Home Loan Mortgage Program of 2023; establishing a special revenue
 5 account known as the West Virginia Veterans' Home Loan Mortgage Account; declaring
 6 the purpose of the account; providing that the Housing Development Fund shall administer
 7 the account; setting forth terms of the program; authorizing the Housing Development
 8 Fund to make certain mortgage loans from the account; authorizing the Housing
 9 Development Fund to promulgate legislative and emergency rules; and authorizing the
 10 unclaimed property administrator to transfer a certain amount from the Unclaimed Property
 11 Trust Fund to the account.

Be it enacted by the Legislature of West Virginia:

CHAPTER 31. CORPORATIONS.

ARTICLE 18F. THE WEST VIRGINIA VETERANS' HOME LOAN MORTGAGE PROGRAM OF 2023.

§31-18F-1. Short title.

1 This article shall be known as the West Virginia Veterans' Home Loan Mortgage Program
 2 Act of 2023.

§31-18F-2. Definitions.

1 As used in this section, the following definitions apply:
 2 (1) "Account" means the West Virginia Veterans' Home Loan Mortgage Account.
 3 (2) "Eligible veteran" means an individual who is a West Virginia resident and who:
 4 (a) Is a member of the West Virginia National Guard;
 5 (b) Is a member of the federal reserve forces of the armed forces of the United States,
 6 serving pursuant to Title 10 of the United States Code;

7 (c) Is serving on federal active duty pursuant to Title 10 of the United States Code;

8 (d) Is an unremarried spouse of an individual who was otherwise an eligible veteran and
9 was killed in the line of duty;

10 (e) Is a child of an individual who was otherwise an eligible veteran and was killed in the
11 line of duty;

12 (f) Is an eligible veteran as defined by rule promulgated by the Fund; or

13 (g) Was previously a member of the armed forces pursuant to subdivisions (a), (b), or (c)
14 and was discharged under honorable conditions.

15 (h) An individual who meets the requirements of (a), (b), (c) (f), or (g) of this subdivision 2 of
16 this article and who is establishing their primary residence in West Virginia and is purchasing a
17 home in this state for the first time.

18 (3) "First-time home buyer" means an individual determined by the Fund to be a first-time
19 home buyer pursuant to rules adopted by the Fund.

20 (4) "Fund" means the West Virginia Housing Development Fund.

21 (5) "Mortgage loan" means a loan for the purchase of real property with any improvements
22 located within this state that is to be used for primary residential purposes by the eligible veteran
23 and that is based upon a written instrument approved by a federal agency and that is secured by a
24 deed of trust.

25 (6) "Participating financial institution" means a corporate lender or other loan originator
26 approved by the Fund for originating loans pursuant to this article.

27 (7) "Resident" means an individual who maintains or will maintain after receiving a
28 mortgage loan a primary residence within West Virginia and who has not established a residence
29 elsewhere even though the individual may be temporarily absent from the state.

30 (8) "Under honorable conditions" means a discharge or separation from military duty
31 characterized by the armed forces as under honorable conditions. The term includes honorable
32 discharge and general discharge. The term does not include a dishonorable discharge or another

33 administrative discharge characterized by military regulation as other than honorable.

34 (9) "Veterans' home loan mortgage program" or "program" means the program created in
35 Article 18F of Chapter 31 of this code.

§31-18F-3. Veterans' Home Loan Mortgage Program Created.

1 (a) There is hereby created by this section the West Virginia Veterans' Home Loan
2 Mortgage Program of 2023 under the direction and management of the West Virginia Housing
3 Development Fund for eligible veterans who are first-time home buyers.

4 (b) The Housing Development Fund is authorized to purchase mortgage loans from
5 participating financial institutions pursuant to this article or through direct origination.

§31-18F-4. Terms of program.

1 (a) Interest on a home mortgage loan made pursuant to this section must be charged at 1%
2 less than the federal national mortgage association's delivery rate or 1% lower than the Fund's
3 Homeownership Program, whichever is less. If the federal national mortgage association's rate
4 becomes unavailable, the Fund shall use another similar rate for the purposes of this section.

5 (b) The maximum amount of a loan made by the Fund pursuant to this article is 100% of the
6 value of the statewide allowable purchase price determined by the Fund.

7 (c) The Fund shall require as a condition for a loan that an eligible veteran participate in a
8 first-time home buyer education program approved by the Fund.

9 (d) A loan made by the Fund must be secured by a government guaranty pursuant to rules
10 adopted by the Fund unless the Fund determines to allow the use of conventional mortgage
11 insurance requirements and coverage.

12 (e) An eligible veteran shall participate in a loan by contributing a minimum amount of
13 \$2,500 unless the Fund determines otherwise. An eligible veteran may use the minimum
14 contribution toward paying closing costs and may borrow from the veterans' home loan mortgage
15 program the maximum loan amount allowed by the mortgage insurer for the loan.

16 (f) There is no limit on the maximum amount of income that may be earned by an eligible

17 veteran for the purposes of a loan pursuant to this article.

18 (g) In order to allow small financial institutions to participate equitably in the program along
19 with large financial institutions, the Fund may adopt rules to specify the maximum amount of
20 mortgage loans that may be made by any one participating financial institution.

21 (h) The legislative auditor shall have access to all documentation used for the purpose of
22 the program.

23 (i) The Fund shall annually submit to the Joint Committee on Government and Finance a
24 report describing, at a minimum, the operation and use of this program. This report shall be due no
25 later than December 1 of each year and may be combined with other reports submitted by the
26 Fund to the legislature.

§31-18F-5. West Virginia Veterans' Home Loan Mortgage Account.

1 (a) A special revenue account known as the "West Virginia Veterans' Home Loan
2 Mortgage Account" is hereby established in the State Treasury. The purpose of the account is to
3 make monies available to the Housing Development Fund for loans that qualify pursuant to this
4 article.

5 (b) The Housing Development Fund shall administer the account and service the mortgage
6 loans under the program.

7 (c) The account shall receive all monies transferred to the account pursuant to §36-8-13(f)
8 of this code and any repayments and interest paid to the account.

9 (d) As a loan pursuant to this article is repaid, the principal payments on the loan must be
10 redeposited in the account until all of the principal of the loan is repaid. In the event of foreclosure,
11 the proceeds from the sale of the foreclosed property must be deposited to the account. The
12 account may be used to cover the initial purchase of the mortgage loans from participating lenders
13 as well as amounts determined by the Fund, to pay for the origination and servicing release fees of
14 a loan by a participating financial institution and to cover the holding costs of any foreclosed
15 properties. Interest received on the loans may be used by the Fund, to pay the reasonable costs

16 for the administration of the program and servicing of the loans. Remaining interest received on
17 the loan must be deposited into the account.

§31-18F-6. Rules to be adopted by Fund.

1 (a) The Fund shall promulgate rules, including emergency rules, if necessary, in
2 accordance with §29A-3-1 et seq. of this code, including rules:

3 (1) Specifying which financial institutions may be participating financial institutions;

4 (2) Specifying underwriting criteria for a program loan, such as minimum down payment,
5 credit score, ratios of housing expense and of all reoccurring debt as a percentage of income of
6 the borrower, and any exceptions to those criteria;

7 (3) Specifying the statewide allowable purchase price of a home for the purposes of the
8 program;

9 (4) Specifying the security required for a mortgage loan financed by the program;

10 (5) Providing the legislative auditor with access to records of participating financial
11 institutions regarding loans made pursuant to this program;

12 (6) Governing the loan application process;

13 (7) Specifying the maximum origination fee that may be charged by a participating financial
14 institution; and

15 (8) Specifying the maximum servicing fees that may be charged by the Fund; and

16 (9) Other loan conditions determined to be necessary by the Fund.

17 (b) The Fund may also promulgate rules, including emergency rules, if necessary,
18 changing any of the following provisions if the Fund determines a change is necessary in order to
19 carry out the purposes of the program:

20 (1) The definition of eligible veteran;

21 (2) The security for a loan provided pursuant to this program; and

22 (3) The requirements for minimum participation for the eligible veteran.

CHAPTER 36. UNIFORM UNCLAIMED PROPERTY ACT.

ARTICLE 8. UNIFORM UNCLAIMED PROPERTY ACT.

§36-8-13. Deposit of funds.

1 (a) The administrator shall record the name and last known address of each person
2 appearing from the holders reports to be entitled to the property and the name and last known
3 address of each insured person or annuitant and beneficiary and with respect to each policy or
4 annuity listed in the report of an insurance company, its number, the name of the company, and the
5 amount due.

6 (b) The Unclaimed Property Fund is continued. The administrator shall deposit all funds
7 received pursuant to this article in the Unclaimed Property Fund, including the proceeds from the
8 sale of abandoned property under §36-8-12 of this code. The administrator may invest the
9 Unclaimed Property Fund with the West Virginia Board of Treasury Investments or the Investment
10 Management Board and all earnings shall accrue to the fund and are available for expenditure in
11 accordance with the article. In addition to paying claims of unclaimed property duly allowed, the
12 administrator may deduct the following expenses from the Unclaimed Property Fund:

13 (1) Expenses of the sale of abandoned property;

14 (2) Expenses incurred in returning the property to owners, including without limitation the
15 costs of mailing and publication to locate owners;

16 (3) Reasonable service charge; and

17 (4) Expenses incurred in examining records of holders of property and in collecting the
18 property from those holders.

19 (c) The Unclaimed Property Trust Fund is continued within the State Treasury. The
20 administrator may invest the Unclaimed Property Trust Fund with the West Virginia Board of
21 Treasury Investments and all earnings shall accrue to the fund and are available for expenditure in
22 accordance with this article. After deducting the expenses specified in subsection (b) of this

23 section and maintaining a sum of money from which to pay claims duly allowed, the administrator
24 shall transfer the remaining moneys in the Unclaimed Property Fund to the Unclaimed Property
25 Trust Fund.

26 (d) On or before December 15 of each year, notwithstanding any provision of this code to
27 the contrary, the administrator may transfer the sum of \$1 million from the Unclaimed Property
28 Trust Fund to the Jumpstart Savings Trust Fund, until an actuary certifies there are sufficient funds
29 to satisfy all obligations and administrative expenses of the Jumpstart Savings Program.

30 (e) Subject to a liquidity determination and cash availability, effective July 1, 2022, the
31 unclaimed property administrator may transfer an amount in any fiscal year from the Unclaimed
32 Property Trust Fund to the Military Authority Reimbursable Expenditure Fund: *Provided*, That the
33 aggregate amount that may be transferred under this subsection may not exceed \$10,000,000.

34 (f) Subject to cash availability, on or before July 15, 2023, the unclaimed property
35 administrator may transfer up to \$8 million from the Unclaimed Property Trust Fund to the West
36 Virginia Veterans' Home Loan Mortgage Account.

37 (g) After transferring any money required by subsections (d), ~~and (e)~~, and (f) of this section,
38 the administrator shall transfer moneys remaining in the Unclaimed Property Trust Fund to the
39 General Revenue Fund.

NOTE: The purpose of this bill is to create the West Virginia Veterans' Home Loan Mortgage Program of 2023

Strike-throughs indicate language that would be stricken from a heading or the present law and underscoring indicates new language that would be added.