WEST VIRGINIA CODE CHAPTER 31 ARTICLE 18F

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§31-18F-1. Short title.

This article shall be known as the West Virginia Veterans' Home Loan Mortgage Program Act of 2024.

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§31-18F-2. Definitions.

As used in this section, the following definitions apply:

(1) "Eligible veteran" means any veteran as defined in this section who:

(A) Is a West Virginia resident;

(B) Is a first-time home buyer; and

(C) Is establishing his or her primary residence in West Virginia.

(2) "Fund" means the West Virginia Veterans' Home Loan Mortgage Fund created pursuant to the provisions of §31-18F-5 of this code.

(3) "Mortgage loan" means a loan for the purchase of real property, and any improvements thereon, located within this state that is to be used for primary residential purposes by the eligible veteran and that is based upon a written instrument evidenced by a promissory note, and that is secured by a deed of trust.

(4) "Participating financial institution" means a corporate lender or other loan originator approved by the West Virginia Housing Development Fund for originating loans pursuant to the provisions this article.

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

(6) "Under honorable conditions" means a discharge or separation from military duty characterized by the armed forces as under honorable conditions. The term includes honorable discharge and general discharge. The term does not include a dishonorable discharge, or another administrative discharge characterized by military regulation as other than honorable.

(7) "Veteran" means a person who satisfies one of the following requirements:

(A) Is a member of the West Virginia National Guard;

(B) Is a member of the federal reserve forces of the armed forces of the United States, serving pursuant to Title 10 of the United States Code;

(C) Is a person serving on federal active duty pursuant to Title 10 of the United States Code;

(D) Is the unmarried spouse or child of an individual who otherwise met the requirements of paragraphs (A), (B), or (C) of this subdivision, but was killed in the line of duty;

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(E) Is a person who previously met the requirements of paragraphs (A), (B), or (C) of this subdivision, but has since been discharged under honorable conditions; or

(F) A person defined as a veteran by rule promulgated by the West Virginia Housing Development Fund pursuant to the provisions of this article.

(8) "Veterans' Home Loan Mortgage Program" or "program" means the program created pursuant to the provisions of this article.

(9) "West Virginia Housing Development Fund" or "Housing Development Fund" means the West Virginia Housing Development Fund created and established by §31-18-4 of this code.

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

(a) There is hereby created the West Virginia Veterans' Home Loan Mortgage Program of 2024 to be administered by the West Virginia Housing Development Fund for eligible veterans who are first-time home buyers.

(b) The West Virginia Housing Development Fund is authorized to make or purchase mortgage loans from participating financial institutions or through direct origination.

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§31-18F-4. Terms of program.

(a) Interest. — Interest on a home mortgage loan made pursuant to the provisions of this article shall be one percent less than the federal national mortgage association's delivery rate or one percent less than the interest rate applicable to loans provided by the West Virginia Housing Development Fund's Homeownership Program, whichever is less. If the federal national mortgage association's delivery rate becomes unavailable, the Housing Development Fund shall provide another similar rate to use for the purposes of this section by rule promulgated pursuant to the provisions of this article.

(b) Loan amount. — The maximum amount of a loan made pursuant to the provisions of this article is 100 percent of the value of the statewide allowable purchase price.

(c) Required education program. — The West Virginia Housing Development Fund shall require, as a condition for a loan, that an eligible veteran participate in a first-time home buyer education program approved by the West Virginia Housing Development Fund.

(d) Government guaranty. — A loan made by the West Virginia Housing Development Fund must be secured by a government guaranty, unless the West Virginia Housing Development Fund makes a determination that the use of conventional mortgage insurance requirements and coverage will satisfy security requirements.

(e) Minimum amount of veteran monetary payment. — An eligible veteran shall participate in a loan by paying a minimum amount of $2,500, unless the West Virginia Housing Development Fund provides, by legislative rule promulgated pursuant to the provisions of this section, circumstances under which a smaller minimum amount may be allowed. An eligible veteran may use this minimum payment toward paying closing costs and may borrow from the program the maximum loan amount allowed by the mortgage insurer for the loan.

(f) Income limitations. — There is no limit on the maximum amount of income that may be earned by an eligible veteran in order to qualify for the program.

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

(h) The Legislative Auditor shall have access to all documentation used for the purpose of the program.

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

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§31-18F-5. West Virginia Veterans’ Home Loan Mortgage Fund.

(a) The board of directors of the West Virginia Housing Development Fund shall create and establish the West Virginia Veterans' Home Loan Mortgage Fund. The fund shall be a special revolving fund of moneys made available by contribution or loan, and to be governed, administered, and accounted for by the directors, officers, and managerial staff of the Housing Development Fund as a public purpose trust account separate and distinct from any other moneys, funds or funds owned and managed by the Housing Development Fund. The purpose for organizing and operating the fund shall be to provide a source from which the Housing Development Fund may implement the provisions of this article.

(b) The Housing Development Fund shall administer the West Virginia Veterans’ Home Loan Mortgage Fund and service the mortgage loans made pursuant to the program.

(c) The West Virginia Housing Development Fund shall receive all moneys transferred to the fund pursuant to §36-8-13(f) of this code, any other moneys to be deposited into the fund, and any repayments and interest paid to the fund.

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

(e) Following the initial origination of loans, loan repayments and any interest earnings of the fund may be used by the Housing Development Fund to originate additional program loans or to assist in the development of affordable housing units for the benefit of veterans.

(f) The West Virginia Housing Development Fund may invest and reinvest all moneys in the Veterans’ Home Loan Mortgage Fund in any investments authorized under §31-18-6 of this code pending the disbursement thereof in connection with the Veterans' Home Loan Mortgage Fund.

(g) The West Virginia Housing Development Fund will operate the Veterans' Home Loan Mortgage Fund in accordance with customary practices of mortgage lending and loan servicing, including originating loans through qualified lending institutions, industry standard underwriting, minimum down payments, house purchase prices, mortgage lien position, loan origination, and loan servicing fees like the West Virginia Housing Development Fund’s Homeownership Program or similar program.

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

The fund shall promulgate rules, including emergency rules, if necessary, in accordance with §29A-3-1 *et seq*. of this code, including rules:

(1) Specifying qualifications for financial institutions to participate in the program;

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

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

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

(5) Specifying the qualifications of a first-time homebuyer;

(6) Providing the Legislative Auditor with access to records of participating financial institutions regarding loans made pursuant to this program;

(7) Governing the loan application process;

(8) Specifying the maximum origination fee that may be charged by a participating financial institution;

(9) Specifying the maximum servicing fees that may be charged by the fund; and

(10) Other loan conditions determined to be necessary by the fund.

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