

WEST VIRGINIA LEGISLATURE

2024 REGULAR SESSION

Enrolled

Committee Substitute

for

Senate Bill 261

By Senators Weld and Smith

[Passed March 8, 2024; in effect 90 days from
passage]

1 AN ACT 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, and §31-18F-6; and
3 to amend and reenact §36-8-13 of said code, all relating generally to creating the West
4 Virginia Veterans' Home Loan Mortgage Program of 2024; establishing a fund known as
5 the West Virginia Veterans' Home Loan Mortgage Fund; declaring the purpose of the fund;
6 providing that the West Virginia Housing Development Fund shall administer the fund;
7 setting forth terms of the program; authorizing the West Virginia Housing Development
8 Fund to make certain mortgage loans from the fund; authorizing rulemaking; and
9 authorizing the unclaimed property administrator to transfer a certain amount from the
10 Unclaimed Property Trust Fund to the fund.

Be it enacted by the Legislature of West Virginia:

CHAPTER 31. CORPORATIONS.

ARTICLE 18F. THE WEST VIRGINIA VETERANS' HOME LOAN MORTGAGE PROGRAM OF 2024.

§31-18F-1. Short title.

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

§31-18F-2. Definitions.

1 As used in this section, the following definitions apply:

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

3 (A) Is a West Virginia resident;

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

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

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

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

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

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

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

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

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

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

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

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

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

33 (F) A person defined as a veteran by rule promulgated by the West Virginia Housing

34 Development Fund pursuant to the provisions of this article.

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

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

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

1 (a) There is hereby created the West Virginia Veterans' Home Loan Mortgage Program of
2 2024 to be administered by the West Virginia Housing Development Fund for eligible veterans
3 who are first-time home buyers.

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

§31-18F-4. Terms of program.

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

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

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

13 (d) *Government guaranty.* — A loan made by the West Virginia Housing Development
14 Fund must be secured by a government guaranty, unless the West Virginia Housing Development

15 Fund makes a determination that the use of conventional mortgage insurance requirements and
16 coverage will satisfy security requirements.

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

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

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

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

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

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

1 (a) The board of directors of the West Virginia Housing Development Fund shall create
2 and establish the West Virginia Veterans' Home Loan Mortgage Fund. The fund shall be a special
3 revolving fund of moneys made available by contribution or loan, and to be governed,
4 administered, and accounted for by the directors, officers, and managerial staff of the Housing

5 Development Fund as a public purpose trust account separate and distinct from any other
6 moneys, funds or funds owned and managed by the Housing Development Fund. The purpose for
7 organizing and operating the fund shall be to provide a source from which the Housing
8 Development Fund may implement the provisions of this article.

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

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

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

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

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

30 (g) The West Virginia Housing Development Fund will operate the Veterans' Home Loan

31 Mortgage Fund in accordance with customary practices of mortgage lending and loan servicing,
32 including originating loans through qualified lending institutions, industry standard underwriting,
33 minimum down payments, house purchase prices, mortgage lien position, loan origination, and
34 loan servicing fees like the West Virginia Housing Development Fund's Homeownership Program
35 or similar program.

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

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

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

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) Specifying the qualifications of a first-time homebuyer;

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

13 (7) Governing the loan application process;

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

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

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

CHAPTER 36. ESTATES AND PROPERTY.

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, 2024, 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 Fund, as provided in §31-18F-5 of this code.

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