
LOANS TO VETERANS.

Last week, the Congressional Front was devoted to an analysis of that portion of the "Serviceman's Readjustment Act of 1944" which deals with the educational opportunities which will be available to veterans of the present war upon release or discharge from the service. In this issue of the FRONT, there is set forth the provisions of the law relating to loans to veterans generally and the essential facts covering loans for the purchase, construction or improvement of homes. In succeeding issues, we shall deal with loans to purchase farms and business enterprises.

WHO IS ELIGIBLE FOR A LOAN.

The qualifications are that the veteran must have (1) had active service between Sept. 16, 1940 and the end of the war, (2) been discharged other than dishonorably, (3) served 90 days or more, (4) or been discharged for a service-connected disability if his service is less than 90 days.

WHEN MUST HE APPLY.

The veteran must apply for a loan (1) within two years after his release from service (2) or within two years after the end of the war, whichever of these two is the later. Application must in any case be made not later than 5 years after the end of the war.

WHO CAN MAKE LOANS.

Loans can be made to the veteran by an individual, firm, association, corporation or by a State or Federal agency. It should be made clear that loans can be made to the veteran by local banks, building and loan associations, thrift organizations, insurance companies or other financial institutions and these loans are then guaranteed by the Federal government through the Veterans Administration, up to 50% with a limit of \$2000.

AMOUNT OF THE LOAN.

There is no limit on the amount which a veteran can borrow BUT only 50% of the loan will be guaranteed by the Veterans Administrator with a limit of \$2000. For example, if the veteran applies for a loan of \$3000 to build a home, the government guarantees 50% of \$1500 of the loan. If the veteran applies for a \$6000. loan the amount guaranteed by the government would be \$2000 which is the amount set by the Act.

TERMS OF THE LOAN.

(1) Interest on that part of the loan guaranteed by the government will be paid by the Veterans Administration for the 1st year. (If it was a \$6000 loan and only \$2000 was guaranteed by the government, it would pay the interest on \$2000 for the 1st year but the veteran must pay the interest on the remaining \$4000). (2) No security is required by the government other than that it shall be entitled to all rights which the veteran as mortgagee may have and that 30 days notice shall be given to the government in case of foreclosure so that the Veterans Administration can bid in or refinance the property. (3) The loan must be paid in full in not to exceed 20 years. (4) Interest rate on guaranteed loans shall not be more than 4%. (5) Other terms may be prescribed by the Veterans Administration. (IT SHOULD BE EMPHASIZED THAT THE PURPOSE OF THE ACT IS TO GUARANTEE LOANS THAT ARE MADE BY THE VETERAN UP TO 50% OF THE AMOUNT WITH A LIMIT OF \$2000.)

IN THE CASE OF A LOAN TO BUY OR BUILD A HOME.

(1) The money must be used to buy or build a dwelling to be used by the veteran AS HIS HOME. (The money cannot be used for speculation or to buy or build a dwelling to be rented to some other purpose. (2) The terms of payment shall be in line with the veterans present and future income. (3) The property must be suitable for dwelling purposes. (4) The cost must be in line with the appraised value of the property. (5) The money can be used to improve or alter a home owned by the veteran or for payment of taxes, special assessments or delinquent debts.

AN EXAMPLE

(1) GI Joe goes to Pearl Harbor Building and Loan Association and applies on a prescribed form for a loan for \$5000 to buy a home. (2) Application is completed and submitted to a field office of Veterans

Administration for approval. (3) Property is appraised and other items are verified. (4) The loan is approved. (5) The Veterans Administration guarantees to the Building and Loan Association 50% of the loan but not to exceed \$2000. (5) The veteran therefore owes \$5000 of which two-fifths is guaranteed to make it easier to handle the deal. (6) The first year, the veteran pays no interest on \$2000 of the \$5000 but does pay interest on the remaining \$3000. (7) The second year and thereafter the veteran pays the agreed rate of interest on the unpaid balance of the loan. (8) The loan must pay out in not more than 20 years. (9) The veteran must continue to occupy the property as HIS HOME.