PEER
MISSISSIPPI
Joint Legislative Committee on Performance Evaluation and Expenditure Review

A Management Review of the Mississippi Veterans' Home Purchase Board

A Report to the Mississippi Legislature
Report #718
July 29, 2025

PEER Committee

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The Mississippi Legislature created the Joint Legislative Committee on Performance Evaluation and Expenditure Review (PEER Committee) by statute in 1973. A joint committee, the PEER Committee is composed of seven members of the House of Representatives appointed by the Speaker of the House and seven members of the Senate appointed by the Lieutenant Governor. Appointments are made for four-year terms, with one Senator and one Representative appointed from each of the U.S. Congressional Districts and three at-large members appointed from each house. Committee officers are elected by the membership, with officers alternating annually between the two houses. All Committee actions by statute require a majority vote of four Representatives and four Senators voting in the affirmative.

Mississippi's constitution gives the Legislature broad power to conduct examinations and investigations. PEER is authorized by law to review any public entity, including contractors supported in whole or in part by public funds, and to address any issues that may require legislative action. PEER has statutory access to all state and local records and has subpoena power to compel testimony or the production of documents.

PEER provides a variety of services to the Legislature, including program evaluations, economy and efficiency reviews, financial audits, limited scope evaluations, fiscal notes, and other governmental research and assistance. The Committee identifies inefficiency or ineffectiveness or a failure to accomplish legislative objectives, and makes recommendations for redefinition, redirection, redistribution and/or restructuring of Mississippi government. As directed by and subject to the prior approval of the PEER Committee, the Committee's professional staff executes audit and evaluation projects obtaining information and developing options for consideration by the Committee. The PEER Committee releases reports to the Legislature, Governor, Lieutenant Governor, the agency examined, and the general public.

The Committee assigns top priority to written requests from individual legislators and legislative committees. The Committee also considers PEER staff proposals and written requests from state officials and others.

Joint Legislative Committee on Performance Evaluation and Expenditure Review

PEER Committee

P.O. Box 1204 | Jackson, Mississippi 39215-1204

July 29, 2025

Honorable Tate Reeves, Governor
Honorable Delbert Hosemann, Lieutenant Governor
Honorable Jason White, Speaker of the House
Members of the Mississippi State Legislature

On July 29, 2025, the PEER Committee authorized release of the report titled ***A Management Review of the Mississippi Veterans' Home Purchase Board.***

Representative Kevin Felsher, Chair

This report does not recommend increased funding or additional staff.

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PEER MISSISSIPPI
Joint Legislative Committee on Performance Evaluation and Expenditure Review

A Management Review of the Mississippi Veterans' Home Purchase Board

Report Highlights

July 29, 2025

CONCLUSION: The Mississippi Veterans' Home Purchase Board (VHPB) provides a substantial benefit to Mississippi veterans utilizing the program, with a VHPB mortgage loan potentially creating an average possible savings of $51,600 per loan, across the life of the loan. However, the issues regarding the agency's operational management and employee morale indicate limitations to its overall effectiveness. Whether internal or external, these issues create negative consequences for veterans by diminishing the quality of service VHPB can offer. Improving VHPB's functions and organizational practices would contribute not only to the benefit of the agency and its employees but also to the veterans the agency was created to serve.

BACKGROUND

The Legislature established VHPB in 1936 for the purpose of rehabilitating and rewarding the state's veterans by making available to them mortgage loan money at rates equal to or less than the rates on loans guaranteed by the U.S. Department of Veterans Affairs. Because of the constitutional prohibition against the state's loaning its credit in aid of any person, VHPB purchases the property from the seller, then resells the property on credit to the veteran purchaser. In all other aspects, the agency operates as a traditional mortgage loan organization.

As of March 2025, there were 1,319 veterans with an active mortgage loan with VHPB, accounting for approximately $215 million in mortgage loans receivable. PEER notes that VHPB has not tracked the total number of veterans served or total loan amount provided since its inception.

KEY FINDINGS

Management of VHPB's Mortgage Loan Program

- **There are currently no members on the Board with expertise in the mortgage industry.**

  MISS. CODE ANN. Section 35-7-7 (1972) emphasizes wartime military service without placing an equivalent emphasis on expertise in mortgage lending. While veteran membership is important, it would also be beneficial to have some members with experience in the mortgage industry.

- **VHPB relies heavily on word of mouth to advertise the benefit and does not engage in outreach efforts to make veterans more aware of the program. As a result, VHPB loans are disproportionately distributed across the state.**

  VHPB believes it receives enough applications to negate the need for program outreach. As a result, many veterans may be unaware of the program and may miss an opportunity to benefit, while others may disproportionately benefit from the program. For example, there are some counties with a high number of loans per thousand veterans and others with zero loans.

- **According to state law, the intent of the program is to provide a "one-time benefit" to the veteran. However, VHPB does not consider whether a veteran has had a previous loan with VHPB when determining eligibility.**

  Due to VHPB's interpretation of the statute, loan holders have received multiple loans over time, which could prevent other veterans from receiving the benefit of the program.

- **Between June and December 2022, VHPB kept its interest rates between 2.41 percentage points and 3.87 percentage points below market, a deviation from common practice.**

  Adjustments or non-adjustments to the rates beyond what is typical (i.e., one to two percentage points below the market rate) could create the appearance of favoritism or preferential treatment to a certain group.

- **There are currently two members of the Board who applied for and received a VHPB loan while serving on the Board.**

  This appears to be a violation of Mississippi's Ethics law.

- **Since at least 2015, the Board has maintained a minimum reserve fund balance of $50 million.**

  Based on historical loan data the current reserve balance appears to exceed what is reasonably necessary to protect the program's financial stability.

- **Based on a sample of loan files from CY 2015 through CY 2025, loan processing times have been highly inconsistent and have fallen short of the industry standard of 30 to 50 days.**

  PEER's analysis was hampered by the lack of a consistent and accurate recording of application dates and closing dates by VHPB for the period reviewed.

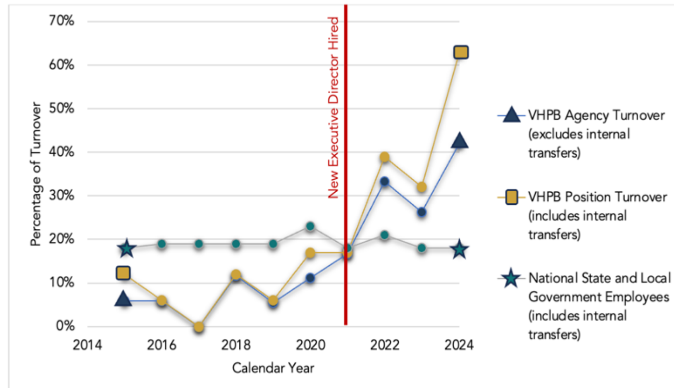
Management of VHPB's Personnel

- **In CY 2024, VHPB had an annual agency turnover rate of 42%, which is nearly 2.5 times higher than the national turnover rate (18%) for state and local government employees.**

  From CY 2021 to CY 2024, 22 employees have left VHPB, with 63% of those employees resigning or transferring to another agency. Reasons reported by former and current staff for high turnover include inefficiencies in the management of organizational and operational changes (e.g., changes were not clearly and effectively communicated); deficiencies in the Executive Director's management of employees (e.g., unprofessional behavior to certain employees); and concerns that the agency feels unstructured and disorganized (e.g., lack of training).

- **VHPB has demonstrated deficiencies in its management of human resources, including the inefficient recruitment, selection, and retention of its employees.**

  There are several issues with VHPB's management of personnel, but most notably is its use of non-state service positions to hire employees into supervisory positions who do not meet the minimum qualifications.



The Impact of High Employee Turnover

The loss of so many employees in such a short amount of time has negatively impacted VHPB's organizational culture and has resulted in increased costs to recruit, hire, and train new employees, low employee morale, employee disengagement, loss of institutional knowledge, and decreased staff productivity.

RECOMMENDATIONS

The following provides a brief summary of the report recommendations. Refer to the report, beginning on page 74, for a complete list.

Board Structure

- The Legislature should amend state law to modify Board composition to include some members with mortgage industry experience.

Populations Served

- VHPB should monitor the distribution of applications and loans across the state and conduct outreach efforts to ensure program awareness, and comply with limitations established in state law regarding the one-time benefit of the program to a veteran.
- PEER's Executive Director should direct a copy of this report to the Mississippi Ethics Commission for its review and consideration regarding the two Board members receiving benefits while serving on the Board.

Interest Rates

- The Legislature should amend state law to require VHPB to set its interest rates consistently between one and two percent below market.

Reserve Funding

- VHPB should use historical data on loan defaults, operational expenses, and reserve fund balances to establish a reasonable reserve amount.

Timeliness of Loan Processing

- VHPB should identify the root causes of delays in loan processing and take steps to improve data quality to track timeliness from application to closing.

High Turnover and its Impact on Employee Morale

- The Board should take steps to rebuild VHPB's organizational culture and address the issues caused by high employee turnover, such as implementing a plan to improve employee retention and recruitment, producing internal policies and procedures, requiring career enhancement courses for all staff and leadership courses for the Executive Director, and hiring employees who meet the minimum qualifications for positions as set by the Mississippi State Personnel Board.
  - The Board should conduct monthly assessments of progress, and after six months, if such efforts are not successful in addressing the organizational culture, the Board should consider taking personnel actions to improve VHPB's work environment and ensure the agency is successful in implementing its mission.
- VHPB should review the salaries for all employees to determine if in-range salary adjustments could be used to bring employees closer to the market rate salary for their positions. In-range salary adjustments should be made utilizing current appropriations.
- During its six-month follow-up of VHPB, the PEER Committee should conduct a survey of VHPB's organizational culture to determine if there have been any improvements.

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For more information, contact: (601) 359-1226 | P.O. Box 1204, Jackson, MS 39215-1204
Representative Kevin Felsher, Chair | James F. (Ted) Booth, Executive Director

A Management Review of the Mississippi Veterans' Home Purchase Board

Introduction

Authority

In response to a citizen complaint and based on the agency's high employee turnover, the PEER Committee conducted a management review of the Mississippi Veterans' Home Purchase Board (VHPB) pursuant to the authority granted by MISS. CODE ANN. Section 5-3-51 (1972) et seq.

Scope and Purpose

In conducting this review, PEER sought to:

- provide an overview of VHPB and its mandate of rehabilitating and rewarding Mississippi veterans by making available to them reasonable mortgage loans for the purpose of purchasing a home;
- compare mortgage loan programs for veterans operated in other states to Mississippi's program and determine best practices for program operations and appointments to the Board;
- determine if VHPB is fulfilling its statutorily required responsibilities to efficiently and effectively process and service loans for Mississippi veterans;
- determine if VHPB follows policies, procedures, and best practices to recruit, retain, and promote qualified staff for each position; and,
- identify the issues contributing to and the impact of high employee turnover at VHPB.

Method

To conduct this analysis, PEER reviewed:

- applicable state and federal laws and regulations;
- VHPB's appropriation bills and budget requests from CY 2015 to present;
- relevant data and documents provided by VHPB, including mortgage loan processing and servicing data, loan records, financial information, job descriptions, and internal and external audits; and,
- employee data and documentation provided by the Mississippi State Personnel Board (MSPB).

PEER also:

- interviewed Board members, current staff, and a sample of former employees leaving VHPB between CY 2015 and CY 2024 (i.e., two leaving prior to CY 2021 and four leaving after CY 2021);
- tested the application process by submitting a mock online application to review and observe VHPB's processes;

Method (cont.)

- attended and observed one Board meeting;
- submitted and received responses from mortgage industry experts including other states' veterans mortgage programs and the president of the American Association of Residential Mortgage Regulators (AARMR); and,
- created and conducted several surveys, administered to:
    - current staff regarding VHPB's organizational culture;
    - veterans with an active VHPB loan to determine program satisfaction and potential areas of improvement; and,
    - Mississippi realtors, veterans, and Veterans Service Officers regarding awareness, experience, and satisfaction with VHPB.

Background

The Legislature established VHPB in 1936 for the purpose of rehabilitating and rewarding the state's veterans by making available to them mortgage loan money at rates equal to or less than the rates on loans guaranteed by the U.S. Department of Veterans Affairs (the VA). Because of the constitutional prohibition against the state's loaning its credit in aid of any person,[1] VHPB purchases the property from the seller, then resells the property on credit to the veteran purchaser. In all other aspects, the agency operates as a traditional mortgage loan organization.

As of March 2025, there were 1,319 veterans with an active mortgage loan with VHPB, accounting for approximately $215 million in mortgage loans receivable. PEER notes that VHPB has not tracked the total number of veterans served or total loan amount provided since its inception.

Composition and Duties of the Board

VHPB is composed of six members appointed by the Governor with the advice and consent of the Senate. All members are Mississippi veterans with wartime service, and the current membership of the Board have professional backgrounds in either business or law. The Board is responsible for rendering all decisions regarding the state's mortgage loan program for veterans (e.g., approval of home loan applications).

Members

As presently constituted under MISS. CODE ANN. Section 35-7-7 (1972), VHPB is composed of six members appointed by the Governor with the advice and consent of the Senate. The members serve staggered four-year terms. One member shall be appointed from each congressional district as such districts existed on May 1, 1987, and one member shall be appointed from the state at large.[2] Members of the Board must:

- be veterans of either:
    - World War II, the Korean Conflict, the Southeast Asia Conflict, the Persian Gulf Conflict; or,
    - have served in active duty for at least 180 days during a time of war or a conflict in which a campaign ribbon or medal was issued; and,
- possess a background in business, banking, real estate, or the legal profession.

[1] *Mississippi Constitution of 1890*, Article 14, Section 258.

[2] Beginning on January 1, 2028, one appointed member shall be from each Supreme Court District as they exist at the time of appointment and two members shall be from the state at large. Further, beginning in 2028, the Governor shall appoint members to VHPB to serve four-year terms, including appointing three members in 2028, and three members in 2030.

MISS. CODE ANN. Section 35-7-7 further provides that no state/department commander of any federally recognized veterans organization, no national officer of any federally recognized veterans organization, and no member of the Mississippi Council of Veterans Organizations can be eligible for appointment to the Board until the expiration of a period of three years after the termination of his or her service in such disqualifying positions.

Of the six Board members, one member served during the Southeast Asia Conflict and five members served in active duty for at least 180 days during a time of war or a conflict in which a campaign ribbon or medal was issued. Five of the members have business backgrounds and one member works as a legal professional. According to the information provided by each member in their Senate confirmation background check résumés, no current member has experience in mortgage lending.

No member currently serving on the Board has experience in mortgage lending.

Exhibit 1 on page 4 lists the composition of the Board, including city, congressional district, appointment year, and term ending date.

Exhibit 1: VHPB Board Members as of May 2025

Name	City	Congressional District or At-large Member	Current Appointment Year	Term Ending Date
Ronald Len Beckham, *Chairman*	Oxford	First	2021	June 30, 2025
Norman Gene Hortman, Jr., *Vice Chairman*	Hattiesburg	At-large	2022	June 30, 2026
Rodney Harris	Clinton	Fourth	2024	June 30, 2028
James Lipscomb, III	Greenville	Second	2023	June 30, 2027
Dan Henry Singley, Jr.	Meridian	Third	2024	June 30, 2028
Chris Anthony Stockstill	Picayune	Fifth	2022	June 30, 2026

SOURCE: PEER analysis of background check résumés provided by each member of the Mississippi Veterans' Home Purchase Board to PEER at the time of their appointment.

Duties

The Board is authorized by MISS. CODE ANN. Section 35-7-7 to render the final decision on all matters related to the purchase of homes and approval of loans for eligible veterans, including but not limited to the:

- application process;
- home purchases; and,
- servicing loans and the default of those loans.

To assist with the approval of loan applications, the Chairman of the Board may appoint a three-member loan committee from its membership. The Chairman is responsible for specifying the conditions, responsibilities, and authority of such committee. According to VHPB's Executive Director, all six members of the Board participate in the loan committee.

Organization and Staffing

MISS. CODE ANN. Section 35-7-11 (1972) authorizes the Board to employ enough staff to serve the citizens of Mississippi through its mortgage loan program. As of May 1, 2025, VHPB has 19 full-time permanent positions, 16 of which are filled.

MISS. CODE ANN. Section 35-7-11 (1972) authorizes the Board to establish offices and employ an adequate staff to serve the citizens of Mississippi as it deems necessary. As part of its staff, the Board appoints an Executive Director, who reports directly to the Board, and manages the program and agency.

MISS. CODE ANN. Section 35-7-9 (1972) limits the administrative expenses of VHPB to two percent of the loans in force in any one fiscal year. These include the expenses to hire and maintain staff for the Board.

VHPB's office and its staff are located in Pearl, Mississippi (i.e., Rankin County).

Over the last three years, through its appropriation bills, the Legislature has authorized VHPB to hire up to 19 full-time permanent employees. As of May 1, 2025, 16 of its 19 positions were filled. VHPB organizes its staff into five areas, including:

VHPB and its staff are located in Rankin County.

- executive leadership (one employee);
- accounting (three employees);
- human resources (two employees);
- internal audit (one employee and one vacancy); and,
- mortgage loan processing and servicing (nine employees and two vacancies).

Refer to Appendix A on page 79, for VHPB's FY 2025 organizational chart submitted to the Legislature by VHPB as part of its budget request. PEER notes that the chart does not reflect all three of the agency's current vacancies because two of those vacancies occurred after VHPB submitted its organizational chart to the Legislature on July 1, 2024.

Operating Revenues and Expenses

VHPB is a special fund agency supported by purchasing homes that are then lent out to veterans at a more affordable interest rate than other lenders. The repayments of principal plus interest are used by the agency to lend more homes to other veterans. In FY 2024, VHPB had operating revenues of $7,042,158 and operating expenses of $1,989,951. The agency has not received an appropriation from the Legislature since 1972.

Funding of the Program

VHPB is a special fund agency that is supported by its own operations. VHPB makes loans to veterans from a revolving trust fund established through state general fund appropriations. Although the Legislature established VHPB as a state agency in 1936, the agency did not receive its first appropriation until 1946. As shown in Exhibit 2 on page 6, since that time, the state has contributed a net total of $9,600,000 to VHPB; the state made its last contribution in 1972.

Exhibit 2: State General Fund Appropriations to VHPB, Since Inception by Calendar Year

Calendar Year	Amount of Appropriation
1946	$5,000,000
1950	$2,000,000
1952	$3,000,000
1972	$800,000
Total General Fund Appropriations	$10,800,000
Funds Transferred to General Fund[1]	$1,200,000
Net Total	**$9,600,000**

[1] Between 1962 and 1965, the Mississippi Legislature passed legislation directing VHPB to transfer $300,000 per year from its revolving fund to the state's General Fund.

SOURCE: PEER Report #208, *An Evaluation of Loan Processing, Loan Servicing, and Management of the Veterans' Home Purchase Board,* released on December 14, 1988.

Agency funds are invested in home purchases for military veterans and are secured by a mortgage loan Deed of Trust. Veterans utilizing the program repay their mortgage loans with monthly installments to loan principal plus interest at a more affordable rate. These repayments are collected by the agency and then used to make additional mortgage loans to other veterans in need of housing and who qualify for the program. In addition to its revolving trust fund, VHPB collects a percentage of the annual property taxes and hazard insurance in the monthly payments made by the veteran borrower. This money is deposited into a loan escrow fund, and as the annual property taxes and insurance premiums become due on each property, the agency pays these invoices on behalf of the veteran borrower.

Operating Revenues and Expenses

According to its independent annual financial audit report,[3] as of June 30, 2024, VHPB had a total of $271,797,105 in assets, of which $210,134,292 consisted of mortgage loans receivable. In Fiscal Year (FY) 2024, VHPB collected approximately $7,042,158 in operating revenues, and incurred approximately $1,989,951 in operating expenses. Both of its operating revenues and expenses increased from FY 2023 to FY 2024, including:

- an increase of $1,194,489 in revenues from $5,847,669 in FY 2023 to $7,042,158 in FY 2024 primarily due to the interest earned on loans; and,
- an increase of $135,474 in expenses from $1,854,477 in FY 2023 to $1,989,951 in FY 2024 primarily due to the increase in salaries and benefits as a result of more employees being hired during the year.

As required by state law, VHPB's administrative expenses accounted for less than 2% of its loans in force during the fiscal year.

Exhibit 3 on page 7 shows VHPB's revenues, expenses, and income from FY 2019 to FY 2024.

Exhibit 3: Operating Revenues, Expenses, and Income by Fiscal Year

	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Operating Revenues	$5,779,699	$5,811,844	$5,524,620	$5,166,628	$5,847,669	$7,042,158
Operating Expenses	$1,927,905	$1,875,127	$1,983,079	$1,760,130	$1,854,477	$1,989,951
Operating Income	**$3,851,794**	**$3,936,717**	**$3,541,541**	**$3,406,498**	**$3,993,192**	**$5,052,207**

SOURCE: Mississippi Veterans' Home Purchase Board annual financial audit reports from FY 2019 to FY 2024.

Refer to Appendix B on page 80 for VHPB's revenues, expenses, and changes in net position for the year ended June 30, 2024.

[3] The Mississippi Office of the State Auditor contracts with a certified public accounting firm each year to conduct financial audits of VHPB. The Auditor's Office contracted with Breazeale, Saunders & O'Neal, Ltd., from FY 2015 to FY 2021 and with Matthews, Cutrer, and Lindsay, P.A., from FY 2022 to FY 2024.

VHPB Loan Information and Percentage of Veterans Served

As of March 2025, 1,319 Mississippi veterans had active loans with VHPB, which represents 0.7% of Mississippi's veteran population. In FFY 2024, VHPB loans accounted for approximately 2% of all Mississippi mortgage loans guaranteed by the VA. From FY 2009 through 2024, VHPB approved an average of 115 loans totaling $22.2 million per year.

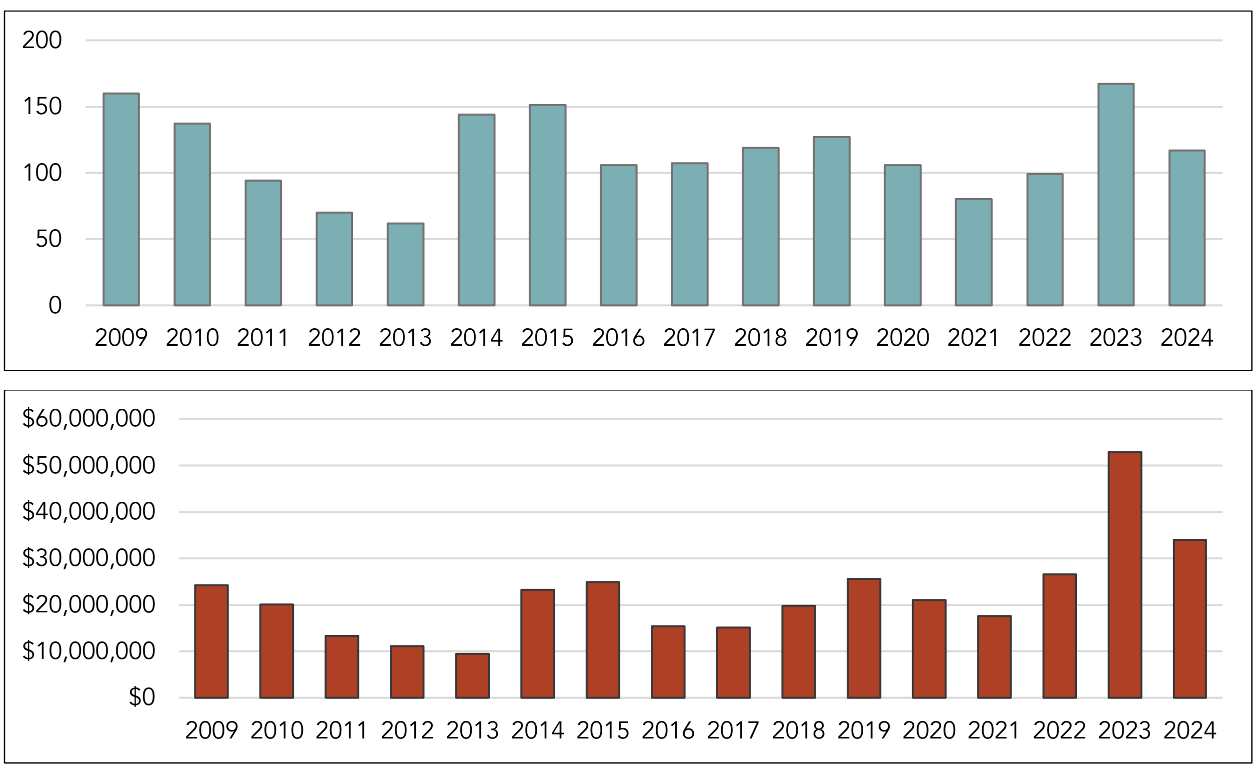
The VA estimates that 177,553 veterans live in Mississippi. Given that VHPB had 1,319 active loans as of March 2025, VHPB serves a relatively small percentage of the veteran population in Mississippi at 0.7%.

Additionally, according to the VA's lending reports for FFY 2024, VHPB approved 93 loans guaranteed by the VA, which represented approximately 2% of the state's total VA loans (4,486). The lenders most commonly used throughout the country for mortgage loans are Veterans United and United Wholesale Mortgage, which accounted for 23% of FFY 2024 VA lending.

The VA estimates that 177,553 veterans live in Mississippi.

Exhibit 4 on page 8 shows the number of loans approved and the total dollar amounts from FY 2009 through FY 2024. During those years, VHPB approved an average of 115 loans totaling $22.2 million per year.

Exhibit 4: Number of New VHPB Loans and Dollar Amounts for FY 2009 to FY 2024



SOURCE: PEER analysis of the Mississippi Veterans' Home Purchase Board budget requests from FY 2011 to FY 2026.

Mortgage Loan Processing and Servicing

Loan processing refers to the steps involved in approving or disapproving a loan application up to the time of loan closing. Once a loan has been approved and closed, VHPB staff are responsible for servicing the loan by collecting and accounting for mortgage payments from the veteran.

The purpose of VHPB is to make mortgage loans to qualifying veterans. As such, approximately 58% of its available positions are dedicated to processing and servicing mortgage loans for veterans. As of May 1, 2025, VHPB has an operations manager supervising three employees responsible for processing loans and five employees responsible for servicing loans once the veteran's application has been processed, approved by the Board, and the veteran has closed on his or her new home. PEER notes that there are two loan processing positions that are vacant.

The majority of VHPB's staff are responsible for either processing applications or servicing mortgage loans provided to Mississippi veterans.

The following sections provide an overview of loan processing and servicing at VHPB.

VHPB Loan Processing

The VHPB loan application process can be categorized into three stages—origination, processing, and closing. As of May 1, 2025, there were 43 loans in one of the three various stages, including:

- three loans in origination;
- 27 loans in processing; and,
- 13 loans in closing.

In CY 2024, the Executive Director implemented a new operational practice wherein one loan processor handles the loan from origination to closing. As such, when VHPB receives an application, it will be assigned to a processor. That processor will be responsible for the loan throughout the application process. Previously, as a loan went through the different stages, different processors would be responsible for the loan depending on the stage (e.g., a dedicated person to handle all loan closings).

Exhibit 5 on page 11 provides a chart illustrating the three stages of the loan application process and the following provides a brief overview of each stage.

Loan Origination

Loan origination begins with the initial online application submitted to VHPB by a veteran. When VHPB receives an application, the processing supervisor assigns the application to one of the agency's loan processors. The loan processor proceeds to make an introductory call to the veteran, collect the veteran's personal and financial

According to VHPB staff, the amount of time an application stays in the loan origination phase is dependent on how quickly the veteran submits his or her documents. It has the potential to be time consuming for staff, if they have to follow up with the veteran continuously to obtain the information and documentation.

documents (e.g., driver's license, W2s, pay stubs), and verify the veteran's eligibility through documentation from the VA.

The origination stage is dependent on the responsiveness of the veteran and how prompt he or she is in submitting all necessary documents through VHPB's online application portal. If the veteran has not taken action on the application for 30 days and is unresponsive to communication from VHPB, the application will be assigned an "inactive" status and archived.

Once the loan processor has established the veteran's eligibility, the loan moves into the processing stage.

Loan Processing

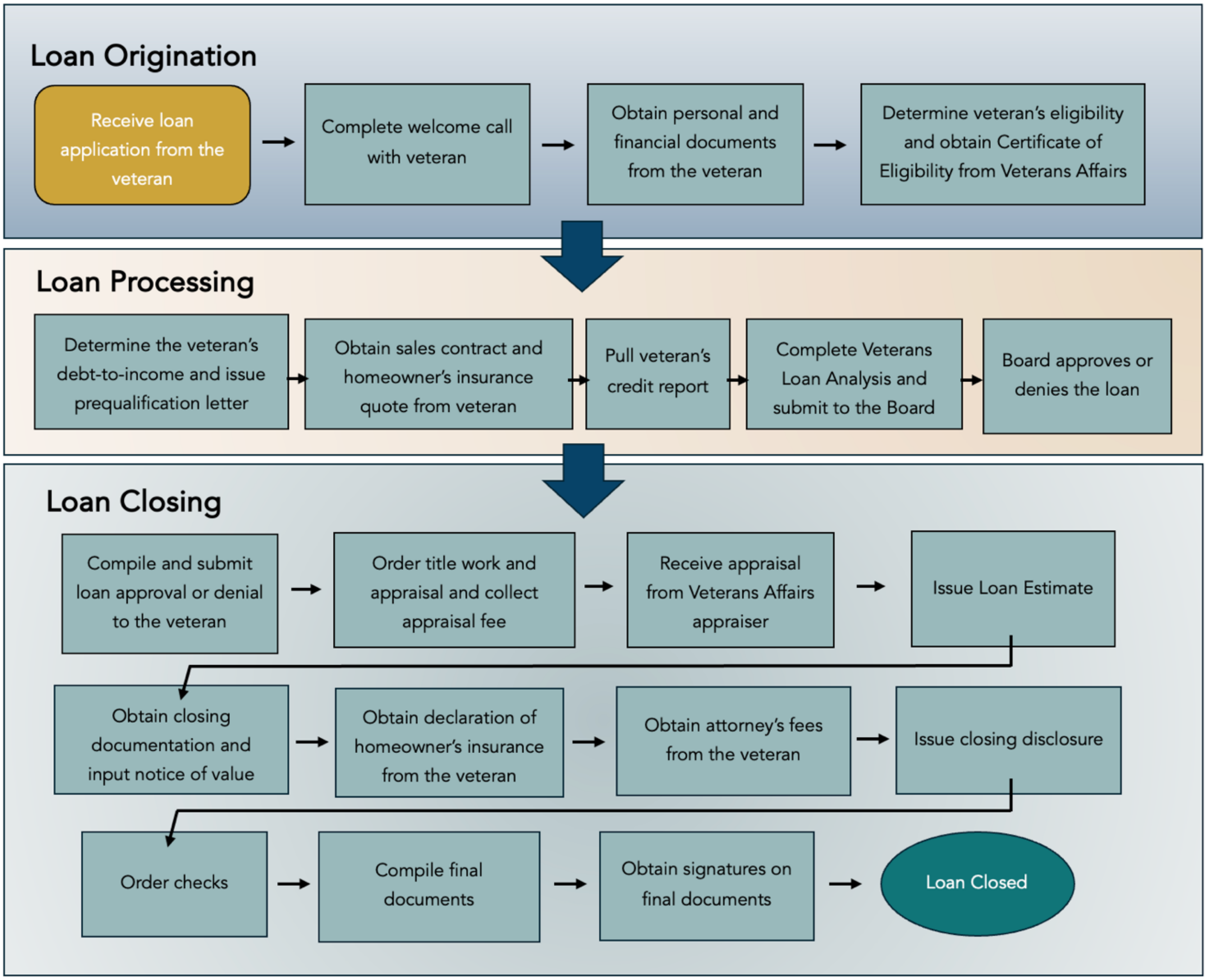
During this stage, the loan processor determines the veteran's debt-to-income (DTI) ratio based on the applicant's financial documents and issues a prequalification letter. The veteran then submits a sales contract on the home he or she wishes to purchase along with a homeowner's insurance quote, after which the loan processor pulls the veteran's credit report, completes a Veterans Loan Analysis, and submits the loan to the Board for approval or denial. The Board currently meets once a month to review loans. However, if necessary (e.g., if the veteran may lose the contract) VHPB staff can conduct a phone poll or email poll to obtain approval. These are often conducted on loans the Executive Director and VHPB staff believe the Board will most likely have no issues with (e.g., clean credit history, low DTI).

Loan Closing

During loan closing, the loan processor orders title work and an appraisal from a VA appraiser. After the appraisal is complete, which can take up to 10 days, the loan processor issues a loan estimate. The processor then collects various closing materials, including notice of value, declaration of homeowner's insurance, and attorney's fees. Finally, the processor issues a closing disclosure, orders checks for the loan, compiles the final documents, and obtains signatures on the documents.

PEER notes that this is a broad overview of the three stages, and that there are many additional documents and items processors are responsible for during the application process.

Exhibit 5: Three Stages of VHPB's Mortgage Loan Process*

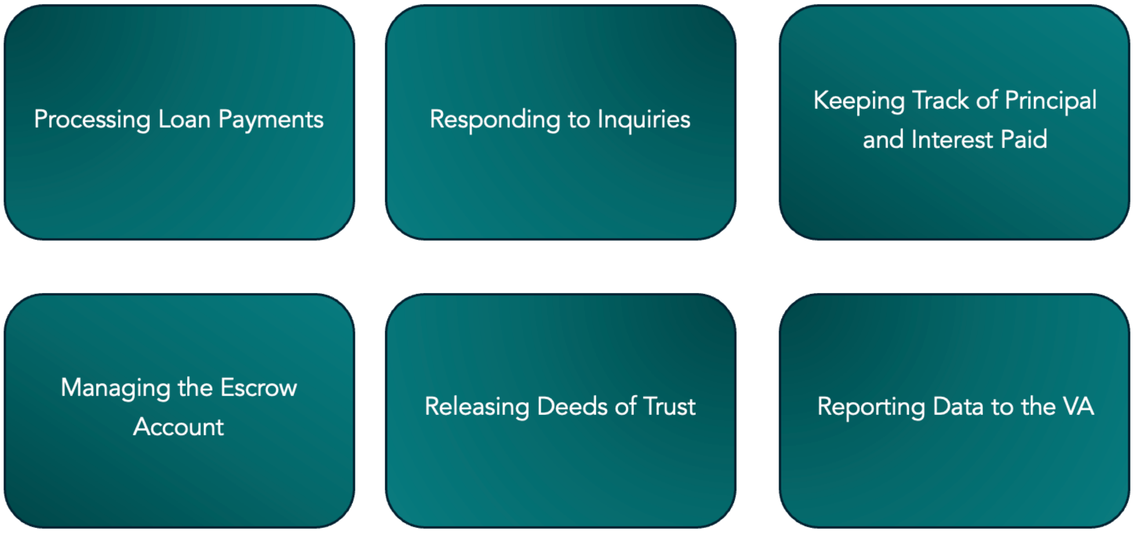


*As of May 1, 2025, there were three loans in origination, 27 in processing, and 13 in closing.

SOURCE: PEER analysis of documents provided by and interviews with the Mississippi Veterans' Home Purchase Board staff.

VHPB Loan Servicing

Once the loan has closed, it moves to VHPB's servicing department and remains there until the loan has been paid off by the veteran. The servicing department oversees the day-to-day maintenance of VHPB's loans, including:



In the past, each loan servicer was assigned a single area of responsibility, but over the past few years, the servicers have received cross-training in all of the servicing areas. While the servicers still have a primary area of responsibility such as processing payments or managing the escrow account, they can complete duties in other servicing areas as needed. The next section provides a brief summary of each area.

Processing Loan Payments

VHPB receives payments from veterans through Automated Clearing House (ACH) transactions, online payments, and checks. Over half of the payments VHPB receives are made through ACH, with another third of the borrowers paying online. Currently, any veteran paying online is required to reenter their information into the system each month to submit a payment. ACH payments are automatically posted, but VHPB staff must manually enter the other forms of payment. Staff pulls a report of payments every day, cross-checks the payments, and ensures that the payments are posted in the system correctly.

Responding to Inquiries

The servicing department communicates daily with loan holders and other veterans through phone and email correspondence. Some of the primary topics of inquiry include questions about late payments, payment increases, insurance, escrow, and general information about the loan program.

Keeping Track of Principal and Interest

VHPB's software calculates borrowers' principal and interest on a daily basis. VHPB staff can manually adjust payments to a borrower's account if the borrower pays more than the base rate. The borrower often specifies where to apply the excess of funds (e.g., principal, interest, or escrow). If the borrower does not specify a location, the funds automatically go to principal.

Managing the Escrow Account

Managing VHPB's escrow account involves analyzing fluctuations in tax and insurance costs and assessing the impact of those fluctuations on the borrowers' monthly payments. In order to avoid a negative escrow account balance and compounding shortages, VHPB applies any changes to costs in taxes and insurance to the borrowers' monthly payments.

Releasing Deeds of Trust

When a veteran pays off his or her loan with VHPB, a loan servicer works with the Chancery Court to release the Deed of Trust on the home to the veteran.

Reporting Data to the VA

VHPB staff reports electronic data to the VA Loan Electronic Reporting Interface (VALERI) application regarding the status of every VA loan VHPB services within the agency's portfolio, at least monthly.

Overview of Changes to VHPB's Operations and Organization Beginning in CY 2021

VHPB has undergone considerable changes since the beginning of January 2021, including but not limited to hiring a new director, restructuring the agency, implementing new software systems, and hiring new staff in leadership roles.

Hiring a New Executive Director

On January 15, 2021, VHPB's Executive Director of eight years retired from the agency. The following day on January 16, 2021, John Kaiser took over the role as VHPB's Executive Director. He is currently still serving as the director of the agency.

Restructuring of the Agency

According to the current Executive Director, when he became the director, he realized there were a lot of things within the agency that needed to be improved to ensure VHPB efficiently and effectively served the veterans of Mississippi. He first started with changing the way that staff email addresses were formatted to make them more aligned with other state agencies.

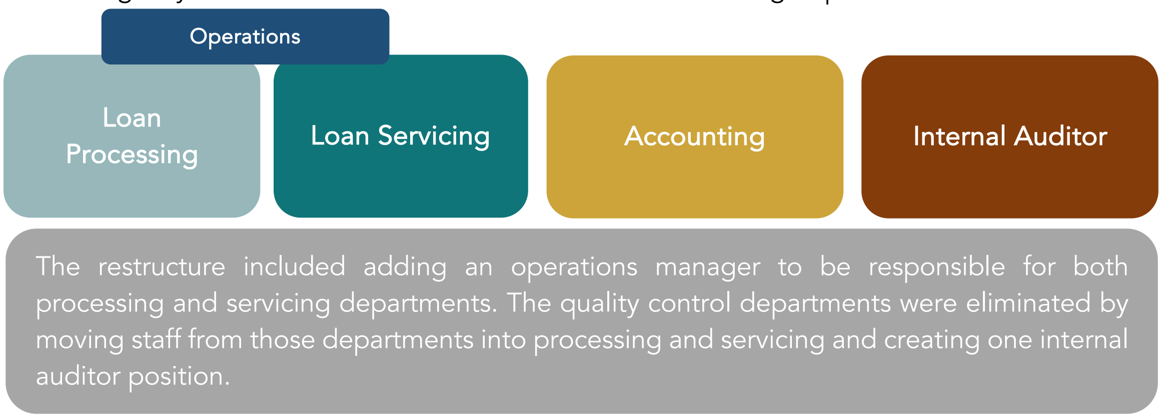
Prior to CY 2021, VHPB operated with the following departments:

- Loan Processing
- Loan Servicing
- Quality Control for Loan Origination
- Quality Control for Escrow Analysis
- Accounting

In the loan processing department, staff divided responsibilities by origination, processing, and closing. The accounting department included the personnel director.

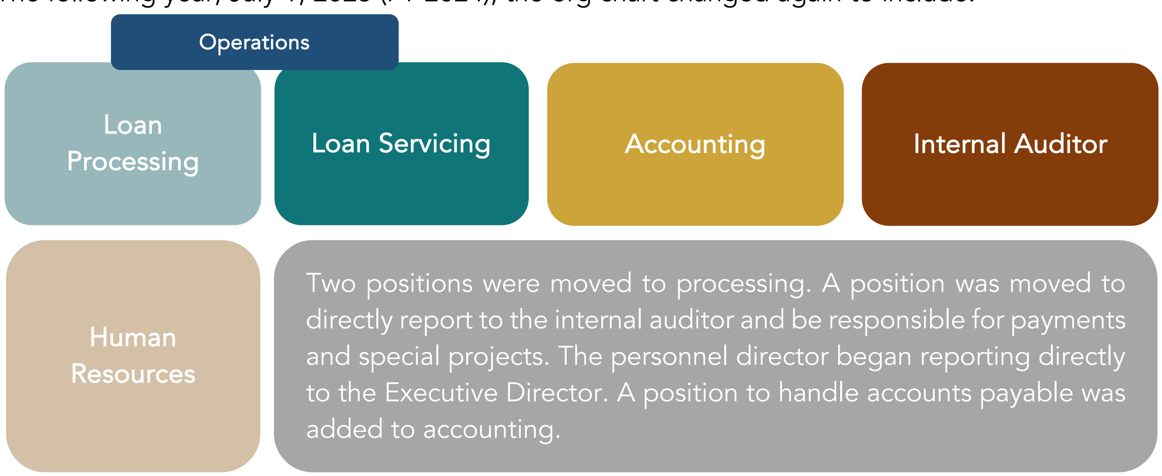
The supervisors for each of these departments managed staff and reported directly to the Executive Director.

As shown on VHPB's organizational chart submitted to the Mississippi Legislative Budget Office (LBO), from July 1, 2020, to July 1, 2021, the structure of the agency did not change. However, the following year, the chart submitted to LBO by July 1, 2022, and representing FY 2023, showed that the agency had been restructured and included the following departments:



During this time, the supervisors of the processing and servicing departments began reporting directly to the operations manager instead of the Executive Director, as they had done for years.

The following year, July 1, 2023 (FY 2024), the org chart changed again to include:



As shown in the chart submitted to LBO on July 1, 2024 (FY 2025), the departments remained the same. However, there were a few changes, including:

- moving one position from the processing department to the servicing department;
- adding a team lead position as an additional level of supervision between the processing supervisor and other processing staff; and,
- moving a position to directly report to the human resources supervisor.

PEER notes that some of the positions moved around during the restructure were not vacant. As of June 25, 2025, VHPB terminated its operations manager, and the Executive Director stated to PEER that he was considering eliminating the position.

Implementing a New Approach to Loan Processing

According to the Executive Director, in CY 2024, processing staff began to implement an approach where one loan processor handles a loan from origination to closing. While he attempted to implement this when he became the director, he said that it has been a struggle to get staff on board with this approach. He believes this makes the process more efficient and customer friendly by eliminating the need to pass the veteran from one person to the next during the application process.

Hiring New Staff into Leadership Roles

Since CY 2021, there have been many changes to supervisory positions at VHPB due to staff retirements and the addition of the operations manager position established in CY 2022. Some of these positions have been filled with existing VHPB staff (e.g., loan processing supervisor), while others have been filled with new agency hires (e.g., loan servicing supervisor).

Remodeling the Building

During this time VHPB also renovated its building, which it owns, including but not limited to painting, replacing carpets, buying new office furniture, and eliminating the receptionist desk. Additionally, staff offices were moved around, including placing the majority of supervisors and administration upstairs, and leaving processors and servicers downstairs.

Implementation of Online Applications and a Paperless Process

Previously, veterans submitted handwritten applications and other documentation through the mail or by email. Upon receipt, staff would enter the information into the processing system and create a hardcopy file. Throughout the process, information and documents would be added to the file. When a loan was presented to the Board for approval, VHPB staff provided each member with a hardcopy file of all the loan information. This resulted in the use of a significant amount of paper and printing supplies.

In March of 2021, VHPB began its efforts to move towards online applications only and therefore a mostly paperless process. According to the Executive Director, the process of online applications was fully implemented by December 2021. Veterans utilize the online portal to submit their applications for a loan. Based on PEER's experience testing the application process, for most, completing an application should take around 30 minutes or less. Less tech savvy individuals may need more time, but overall, the online application is intuitive, easy to understand, and quick to complete. If a veteran has issues with filling out the online application, he or she can call VHPB, and someone will assist the veteran in getting the information entered into the system.

In addition, during this same time, and to further help with implementing a paperless process, VHPB replaced its manual hardcopy filing system with a digital management system, with the goal of better organizing loans serviced by the agency and making documents more readily available for staff. Further, loan information is electronically provided to the Board for review, and during meetings can be viewed on their electronic devices.

Transitioning to New Software Systems

In CY 2022, VHPB began the process of transitioning to a new software system for processing loans. VHPB fully implemented the new processing software known as PATH in June 2023. Following implementation of PATH, in February 2024, VHPB began using a new servicing software known as TMO.[4] According to VHPB staff, the systems were active prior to these dates, but the transition period to fully implement both systems took several months, and they are currently still working to improve workflow and processes. VHPB had issues with its previous systems, especially for servicing loans, such as the escrow analysis for accounts (e.g., some accounts had not been updated, which resulted in a shortage for some). These issues had to be addressed during the transition.

Once a loan has been closed by processors it is sent to the servicing department to be manually entered into the servicing system. The original goal of transitioning to the new systems was to create an interface between the processing and servicing software to reduce the potential for keying errors and to improve efficiencies. While VHPB can export data from the processing system and import the data to the servicing system, staff still have to make some adjustments to the data once imported.

According to VHPB staff, these two systems have helped make the process more efficient. For example, the processing system is built on a customizable template that provides a checklist of all the necessary steps and documentation for the loan process. VHPB can modify the system to add different steps to the process and suit the needs of the agency along the way.

The impact of these changes will be discussed throughout this report.

[4] TMO stands for The Mortgage Office.

Financial Benefit to Mississippi Veterans

VHPB provides a substantial benefit to veterans at no current cost to the state of Mississippi. This chapter provides an overview of:

- the benefits available to veterans through a VHPB loan;
- financial savings provided to Mississippi veterans by VHPB;
- a comparison of Mississippi's program to mortgage loan programs for veterans in other states;
- other efforts made by VHPB to help Mississippi veterans; and,
- veteran satisfaction with benefits and services provided by VHPB.

Benefits Available to Veterans through a VHPB Loan

As of May 1, 2025, VHPB had a maximum loan limit of $400,000, and offered interest rates between 5% to 5.5%, depending on the length of the loan.

To assist in rehabilitating and rewarding veterans for their service to the state of Mississippi, VHPB makes mortgage loans available to those individuals who qualify for the benefit. State law outlines the loan eligibility requirements, defines "veteran," identifies property requirements, and priority status for providing loans. According to MISS. CODE ANN. Section 35-7-15 (1972), disabled veterans and first-time home buyers should receive priority treatment in the processing of applications.

The mission and statutory intent of VHPB is to aid Mississippi veterans and military personnel to become rehabilitated and to become, as quickly as possible, self-sustaining, thereby strengthening their citizenship and to express gratitude from the state for their service by providing funds in the form of a mortgage loan to purchase a home.

Appendix C on page 81 contains a summary of VHPB mortgage loan eligibility requirements.

In order to maximize the program's benefit to veterans, VHPB offers loans at interest rates that are typically one to two percentage points below private market rates. Since the program's inception in 1936, VHPB has assisted thousands of Mississippi veterans in obtaining mortgage loans at sub-market interest rates. The following provides an overview of VHPB's loan terms as of May 1, 2025:

Maximum Loan Limit	Interest Rate for a 5-to-15-year Mortgage	Interest Rate for a 16-to-30-year Mortgage
$400,000	5%	5.5%

VHPB has had the same loan terms since July 1, 2023.

As of March 2025, there were 1,319 active loans. Exhibit 6 on page 18 provides the average profile of these loans, with closing dates ranging from 1996 to 2025.

Exhibit 6: Average Active Loan Holder Profile as of March 2025

Original Amount of Mortgage Loan	$204,000
Interest Rate	3.63%
Number of Months Remaining on the Loan	241

The average active loan holder was approximately 46 years old at the time of closing on his or her loan. PEER notes that this is based on 982 records (74% of active accounts) with available electronic birth date information.

SOURCE: PEER analysis of active loan holder data provided by the Mississippi Veterans' Home Purchase Board.

Financial Savings Provided to Mississippi Veterans by VHPB

From July 2017 to February 2025, on average, VHPB offered an interest rate one percentage point below the private market VA rate. At these reduced rates, the use of a VHPB loan has the potential to create a monthly mortgage payment that is 12% lower than a private market VA loan and an overall interest expense that is 26% lower over the life of the loan, resulting in an average possible savings of $51,600 per loan.

Any private lender can provide and service loans through the VA home loan guaranty program (i.e., protection from loss due to foreclosure) to provide more favorable loan terms to veterans (e.g., no downpayment, lower interest rates). The fee on the guarantee for a loan is dependent on the veteran's eligibility status, whether a non-veteran spouse is part of the loan, the type of loan being made, and the size of the loan.

Under the VA, a home loan guaranty is an agreement that the federal government will reimburse a lender (e.g., banks, credit unions, mortgage companies) in the event of loss due to foreclosure. VHPB operates its program under the VA guidelines.

The interest rates for VA-guaranteed loans are often lower than private market rates for non-VA guaranteed loans. VHPB offers even lower interest rates than private VA lenders, which creates a significant value for Mississippi veterans utilizing VHPB as their lender.

Exhibit 7 on page 19 shows the differences in VHPB's interest rates and the average conforming[5] and VA rates from July 2017 to February 2025. A conforming loan refers to a type of conventional mortgage that aligns with the criteria set by the Federal Housing Finance Agency and is eligible

[5] The conforming interest rate is the rate provided for private market and non-VA guaranteed loans.

for purchase by Freddie Mac and Fannie Mae. The average conforming rate accessible through the Federal Reserve Bank of St. Louis, which is calculated from actual rates from consumers across over one-third of all mortgage transactions nationwide, provides a suitable analog for private market non-VA guaranteed loans. As shown in the Exhibit, during this timeframe VHPB averaged an interest rate one percentage point below the private market VA rate. By offering sub-market interest rates, VHPB creates significant value for Mississippi veterans.

Exhibit 7: Differences in Conforming, VA, and VHPB Interest Rates from July 2017 to February 2025

Comparison Category	Comparison of VA to Conforming Rates	Comparison of VHPB to VA Rates
Average Difference in Rates	-0.3%	-1.1%
Maximum Difference	-0.6%	-3.9%
Minimum Difference	-0.1%	0.4%*

Note: The average conforming rate accessible through the Federal Reserve Bank of St. Louis, which is calculated from actual rates from consumers across over one-third of all mortgage transactions nationwide, provides a suitable analog for private market non-VA guaranteed loans.

*The VHPB rate was higher than the VA rate to maintain compliance with the minimum interest rate established in state law.

SOURCE: PEER analysis of data from the Federal Reserve Bank of St. Louis and the Mississippi Veterans' Home Purchase Board meeting minutes.

Exhibit 8 on page 19 shows the average comparative savings for a VHPB loan from July 2017 to February 2025. At these reduced rates, the use of a VHPB loan has the potential to create a monthly mortgage payment that is 12% lower than a private market VA loan and an overall interest expense that is 26% lower over the life of the loan, resulting in a monthly savings of $143 and a total possible savings of $51,600 per loan.

Exhibit 8: Average Comparative Savings for a VHPB Loan from July 2017 to February 2025

Payment Type	Conforming Rate (4.915%)	VA Rate (4.608%)	VHPB Rate (3.557%)	Dollar Amount of Savings for a VHPB Loan over a VA Loan	Percentage of Savings for a VHPB Loan over a VA Loan
Monthly Payment	$1,250.97	$1,207.40	$1,064.13	$143.27	12%
Total Interest	$215,045.19	$199,360.11	$147,780.26	$51,579.85	26%

Note: The calculation in this table is based on the amortization schedule for a 30-year loan in the amount of $235,305 (i.e., the average amount for a VA-guaranteed loan issued by VHPB from FFY 2017 to FFY 2024).

SOURCE: PEER analysis of data from the Federal Reserve Bank of St. Louis and the Mississippi Veterans' Home Purchase Board meeting minutes.

Comparison of Mississippi's Program to Mortgage Loan Programs for Veterans in Other States

Mississippi is one of only six other states with a mortgage loan program for veterans established in statute for the purpose of purchasing and servicing loans at lower interest rates and fees than private mortgage lenders.

While the majority of states offer some form of mortgage assistance to veterans through their housing finance agencies, or in some instances, through their state Department of Veterans Affairs, VHPB offers a type of mortgage assistance that is somewhat unique. Mississippi is one of only six other states (i.e., Alaska, California, Montana, Oregon, Texas, and West Virginia) offering mortgage loan programs established in statute that are specific to veterans for the purpose of purchasing and servicing loans at lower interest rates and fees than private mortgage lenders.[6]

Statutory veterans' mortgage programs fall under the purview of various government entities in other states, including:

- housing finance agencies (i.e., Alaska, Montana, and West Virginia);
- state Departments of Veterans Affairs (i.e., California and Oregon); and,
- a state General Land Office (i.e., Texas).

Each of these administrative entities has a governing board or advisory committee that oversee multiple programs within the agency, including the veterans mortgage program. Because the boards maintain authority over a broad array of programs, the boards manage the veterans' mortgage program indirectly, as one of several components of the larger departments or corporations they administer. The staff of the departments or corporations retain control over the daily functions of the programs while the boards provide general oversight and regulation.

Exhibit 9 on page 21 provides a comparison between VHPB and the statutory veterans' mortgage programs in other states. Compared to the other states, Mississippi operates the second longest running program, has similar interest rates, closes less loans per month than other states (except Montana), and is one of only two states operating a revolving trust fund to support the program and its operations.

Refer to Exhibit 9 on page 21 for more information regarding statutory veterans' mortgage loan programs in other states. As shown in the chart, Mississippi is one of only six other states that operates a mortgage loan program established in state law.

[6] The West Virginia veterans mortgage program launched in September 2024 with the backing of a one-time appropriation of state funds. The program has currently allocated all funding and has stopped taking loan applications.

Exhibit 9: Comparative Characteristics of Statutory Veterans' Mortgage Programs in Mississippi and Other States

State	FFY 2025 Veteran Population	Year the Program was Created	Number of Loans Outstanding	Dollar Amount of Loans Outstanding	Average Number of Loans Closed Monthly	Interest Rate[1]	Maximum Loan Amount	Source of Funds for the Program
Alaska	69,000	1980	-	$280 million	20	5.625 to 6.125%	Dependent on loan type (e.g., VA, FHA, Conventional)	Qualified veterans mortgage bonds
California	1,381,000	1921	4,700	$1.1 billion	100	5.00% to 6.25%	Ranges by county from $1,008,125 to $1,512,187	Revenue bonds and veterans' general obligation bonds
Mississippi	**178,000**	**1936**	**1,300**	**$220 million**	**5 to 10**	**5.00% to 5.50%**	**$400,000**	**Revolving trust fund seeded by state appropriations**
Montana	86,000	2011	300	$57 million	1 to 2	4.50%	$517,020	Revolving fund seeded by principal from the Montana Coal Tax Trust Fund
Oregon	254,000	1945	1,600	$400 million	10 to 20	5.50% to 6.375%	$806,500	Qualified veterans mortgage bonds
Texas	1,519,000	1983	9,600	$2.5 billion	64	5.58% to 6.08%	$806,500	Taxable and tax-exempt bonds
West Virginia	118,000	2024	30	$8 million	-	-	-	One-time state appropriation

[1] Within the range of interest rates listed, the rate a veteran receives depends on a variety of factors in each state, such as loan length, type of funds used for the loan, credit score, loan-to-value ratio, and disability status.

- Indicates unavailable data. West Virginia, for example, has allocated all funding from the one-time state appropriation and, thus, does not have a current interest rate or maximum loan amount.

SOURCE: PEER analysis of National Center for Veterans Analysis and Statistics, publicly available program information, and other states' responses to PEER survey questions as of June 2025.

Other Efforts Made by VHPB to Help Mississippi Veterans

As part of VHPB's mission to serve veterans, the agency has implemented practices throughout the loan process to enhance applicant's opportunities to obtain loans and to promote their financial wellbeing.

To fulfill its statutory duty of rehabilitating veterans, in addition to its low interest rates, lower fees, and better loan terms, VHPB has implemented other efforts to help, including but not limited to:

- mortgage loan counseling;
- fewer credit check inquiries during the application process; and,
- thorough and thoughtful review of applications by the Board.

In PEER interviews with VHPB staff, staff feel that helping veterans is the best and most rewarding part of their job.

Mortgage Loan Counseling

During the application process, VHPB's loan processors provide counseling to veterans about the financial position, such as DTI ratio and credit score, that is necessary to receive a mortgage loan. If a veteran's financial status is close but not quite to the Board's standards for loan approval, the loan processor will offer guidance about the possible steps to take to improve the likelihood of getting approved for a loan (e.g., pay off debt, add a source of income). If the veteran's financial status is not resolvable in the short term, the processor will explain how the veteran can work on improving his or her finances (e.g., raise credit score, resolve late payment history) over the next few months and will encourage the veteran to reapply at a later date. While VHPB does not maintain data on this statistic, staff reported that some veterans will often take their advice and resubmit an application at a later date.

> DTI is defined as a percentage that compares total monthly debt payments to gross monthly income and is used to assess a person's ability to repay debt.

> A credit score is the number reported on a person's credit report that represents that individual's credit history and reliability to pay back debt. Presumably, a higher score represents a more reliable borrower.

Number of Credit Check Inquiries

Other mortgage lenders typically pull an applicant's credit report two to three times during the loan application process—once at the beginning, once at the end, and sometimes once in the middle. VHPB only pulls the applicant's credit report one time towards the end of the application process after the veteran has submitted a sales contract on a home. VHPB loan processors encourage applicants to utilize free credit check resources and self-report their credit scores prior to the official credit report inquiry to complete their financial profiles, but the agency does not mandate a credit check at the beginning of the process. By limiting the number of credit check inquiries, VHPB saves veterans from paying multiple credit report fees.

> It costs veterans $82 to pull their credit for their mortgage loan application. If the credit is pulled multiple times, the veteran would be required to pay this fee each time. VHPB's decision to only pull credit once has resulted in a savings for veterans applying for a mortgage loan.

Board Review and Approval of Applications

The Board does not approve or disapprove loans based on a single metric but takes a holistic view of an applicant's financial profile, which enables the Board to make loans that other financial institutions may not. While the Board usually approves applicants with a credit score above 600 and a DTI ratio below 38%, the Board has the flexibility to decide on loans based on each veteran's unique situation. For example, if a veteran has a low credit score but has no debt, the Board can assess the veteran's suitability for a loan by reviewing his or her regular income, military income, and disability status (e.g., Post-Traumatic Stress Disorder). Likewise, If the applicant is slightly above the acceptable DTI ratio, the Board may

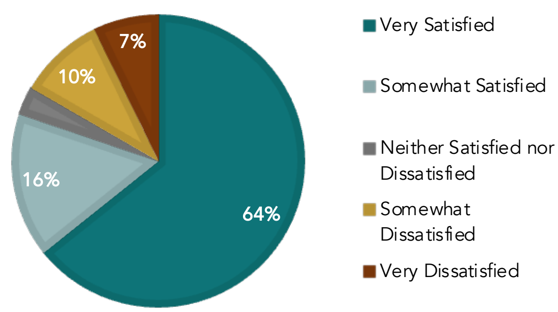
> Mississippi offers a unique program for veterans by allowing a Board to review and make decisions regarding the approval of applications. Decisions are based on each veteran's unique situation, instead of relying solely on DTI and credit history.

approve the loan with conditions that require the applicant to pay off some of his or her debt prior to closing on the loan.

Veteran Satisfaction with Benefits and Services Provided by VHPB

Of the 126 active loan holders responding to PEER's satisfaction survey, 80% are either very satisfied or somewhat satisfied with the program and services provided by VHPB. Further, respondents from the survey are extremely likely to recommend the program to other veterans.

With assistance from VHPB staff, PEER administered a satisfaction survey to 1,019 of its 1,319 active loan holders.[7] PEER received 126 responses, resulting in a 12% response rate. Approximately 90% of respondents chose VHPB due to lower interest rates and/or fees. Overall, 101 (80%) respondents are either very satisfied (81, 64%) or somewhat satisfied (20, 16%) with the benefits of the program and services provided by VHPB.



The majority of respondents were satisfied with the responsiveness and communication of VHPB processing and servicing staff, with:

- 83% stating that processing staff were responsive and provided good or excellent communication; and,
- 80% stating that servicing staff were responsive and provided good or excellent communication.

Further, in the survey, VHPB received a Net Promoter Score (NPS) (i.e., a common metric used to rate customer experience and likelihood of recommending services to others on scale of zero [not at all likely] to ten [extremely likely]). Scores can range from negative 100 to positive 100. Research shows that anything above zero is good, above 20 is favorable, above 50 is excellent, and above 80 is exceptional. VHPB's score of positive 67 is excellent and means that active loan holders responding to the survey are satisfied with the program and most likely to recommend the program to other veterans.

PEER notes that the score should be compared to what others in the industry are doing. However, specific NPS scores for mortgage companies in Mississippi were not readily available at the time of this report.

[7] At the time of the survey (March 14th to March 28th), VHPB did not have email addresses for all active loan holders.

Limitations of Current Board Member Qualifications

MISS. CODE ANN. Section 35-7-7 establishes the qualifications for members of the Board. The current qualifications limit membership to veterans with wartime service and require a background in either business, banking, real estate, or the legal profession. However, the statute does not require any members to have experience in mortgage lending. This chapter provides an overview of and discusses the limitations of current Board member qualifications.

Overview of Qualifications for VHPB Board Members

MISS. CODE ANN. Section 35-7-7 requires VHPB Board members to be veterans with wartime service and have a background in business, banking, real estate, or the legal profession.

As previously discussed, to be appointed to the Board by the Governor, individuals must fulfill the following criteria:

- be veterans of either:
    - World War II, the Korean Conflict, the Southeast Asia Conflict, the Persian Gulf Conflict; or,
    - have served in active duty for at least 180 days during a time of war or a conflict in which a campaign ribbon or medal was issued; and,
- possess a background in business, banking, real estate, or the legal profession.

In 1936, when the Mississippi Legislature first established the Veterans Farm and Home Board—the predecessor to VHPB—the statute included no qualifications for Board members except that they be appointed by the Governor. Veteran status and wartime service requirements for VHPB Board members were first added to state statute in 1973 and extended eligibility to veterans who had served in either World War I, World War II, the Korean Conflict, or the Southeast Asia Conflict.

In 1987, the Legislature amended the statute to add the stipulation that members must have professional experience in a related field and removed World War I as a potential period of wartime service.

In 1994, the Legislature amended the statute to extend eligibility to veterans of the Persian Gulf Conflict or who have served in active duty for at least 180 days during a time of war or a conflict in which a campaign ribbon or medal was issued.

Limitations of the Current Board Member Qualifications

By limiting the entire Board membership to wartime veterans with professional experience in a field tangentially related to the mortgage industry, the statute emphasizes wartime military service without placing an equivalent emphasis on expertise in mortgage lending. These Board member qualifications are overly restrictive and do not ensure that the Board will be composed of members with expertise in the mortgage industry.

The percentage of Mississippi citizens who qualify to serve on the Board under the current statutory requirements is very limited. According to data collected by the National Center for Veterans Analysis and Statistics, the estimated number of wartime veterans in Mississippi for Federal Fiscal Year (FFY) 2023 was 144,489, which represented approximately 6% of the state's population age 18 years and older.[8] PEER notes that the statistics for wartime service does not indicate the length of time served, so the number of veterans who qualify for the Board may be even lower to account for the 180-day active duty service requirement for veterans who did not serve in wars specifically listed in state law. Additionally, if accounting for the additional professional qualification requirements, the percentage of citizens eligible to serve on the Board would be even lower.

Further, as shown in Exhibit 10 on page 25, the more time that elapses from conflicts such as World War II, the Korean War, and the Vietnam War, the number of veterans who fulfill the wartime service requirements for Board membership will continue to decline.

Exhibit 10: Mississippi Wartime Veteran Population Estimates from FFY 2023 to 2030

Federal Fiscal Year	Estimated Number of Wartime Veterans
2023	144,489
2024	143,109
2025	141,759
2026	140,406
2027	139,075
2028	137,456
2029	135,698
2030	133,769

SOURCE: PEER analysis of data from the National Center for Veterans Analysis and Statistics.

Furthermore, VHPB's Board member qualifications are much stricter than the other six states with a statutory veterans' mortgage program. While some of the states require either professional

[8] According to the National Center for Veterans Analysis and Statistics' data, wartime service includes World War II, the Korean Conflict, the Vietnam Era, and the Gulf War Era.

expertise or veteran status for their board members, none of the states require both, and none require the veteran members to have served during a time of war.

For example, in Alaska, Montana, and Texas, the citizen board members must have expertise in a relevant professional field (e.g., finance, veterans' affairs, real estate, agriculture).[9] In California and Oregon, the members must be veterans in good standing with a congressionally chartered veteran service organization. West Virginia, meanwhile, provides no specific qualifications for its citizen board members except that no more than four may be from the same political party. All of the boards overseeing the veterans' mortgage program in other states also administer a variety of other programs, including affordable housing and veteran benefits programs, which may influence the board member qualifications.

Requiring VHPB Board members to be veterans with both wartime service and professional experience in business, banking, real estate, or the legal profession is overly restrictive. At the same time, these qualifications do not ensure that the Board will be comprised of members with expertise in the mortgage industry. Since state statute does not specify mortgage lending experience as a prerequisite for Board membership, the Board could be and is currently comprised of members with no experience in the mortgage industry. The Board's lack of expertise in the mortgage industry, permitted by the lack of specification in statute, could hinder the Board's level of effectiveness in administering VHPB and approving loans. By restricting Board membership to wartime veterans with professional experience in a field tangentially related to the mortgage industry, the statute emphasizes military service without placing an equivalent emphasis on expertise in mortgage lending.

It is important to have veterans serving on the Board because they can better understand an applicant's overall situation, but it could also provide a benefit to VHPB to have members with specific experience in the mortgage industry.

[9] The boards in Alaska, Texas, and West Virginia include both state government members and citizen members.

Issues with Limited Program Outreach and Populations Served

This chapter discusses the extent to which VHPB's program services its intended recipients.

Issues with Limited Program Outreach

VHPB relies primarily on word of mouth to advertise its loan program to eligible veterans rather than engaging in broad outreach efforts to make all veterans across the state aware of the program. Further, VHPB has not engaged in targeted outreach efforts to increase awareness for prioritized populations in state law (i.e., disabled veterans, first time Mississippi homebuyers). As a result, many veterans may be unaware of the program and may miss an opportunity to benefit, while some groups may disproportionately benefit from the program (e.g., individuals who live in close proximity to VHPB's office or whose friends have received VHPB loans).

MISS. CODE ANN. Section 35-7-15 (1972) states that it is the intent of the Legislature that access to the fund is available on an equitable basis to all eligible veterans throughout the state. Therefore, the Board is authorized to travel, conduct and attend meetings, advertise and announce through public service and commercial media, prepare and distribute audio/visual and printed publications, and otherwise announce and promote among veterans the provisions of the law.

In terms of priority preferences listed in statute, MISS. CODE ANN. Section 35-7-15 states that veterans with a service-connected, permanent disability[10] will receive priority over other applicants waiting for consideration. Further, veterans who have not purchased a home since their honorable discharge from active duty and have not owned a home in Mississippi while serving in the armed services may be given priority over other veterans waiting to make an application.

Deficiencies in Outreach Efforts

VHPB relies primarily on word of mouth to advertise its loan program to eligible veterans rather than engaging in broad outreach efforts. Forty-seven active loan holders (37%) who responded to PEER's survey learned about VHPB through other veterans who have used the program. The vast majority learned about VHPB through word-of-mouth sources (e.g., realtors, coworkers).

> VHPB believes it receives enough applications to negate the need for program outreach.

VHPB stated to PEER that it does not conduct much outreach to veterans because it consistently receives enough loan applications to process and approve,

[10] The veteran must have a disability rating of 50% or greater, as verified by the Veterans' Administration or a branch of the United States Armed Forces.

which indicates that veterans are aware of the program and ultimately negates the need to advertise.

To gauge awareness, knowledge, and use of the program, PEER surveyed realtors, veteran service officers/other veteran organizations, and other veterans. The survey showed the following:

- 84 (49%) of the realtors responding to PEER's survey had never heard of VHPB.
- five (25%) of the veteran service officers and others serving veterans had never heard of VHPB.
- 10 (36%) of veterans responding to PEER's survey had never heard of VHPB.

Additionally, VHPB does not engage in targeted outreach efforts to increase awareness for prioritized populations in state law—disabled veterans and first time Mississippi homebuyers. In fact, VHPB does not track the number of veterans it serves in either of these groups. To provide some context and additional information in this area, PEER determined the following:

- 187 veterans currently classified as disabled (14% of all active loan holders) have VHPB loans, although it is unknown as to whether they were classified as disabled when they applied for the program; and,
- from PEER's hardcopy file review of 196 active loans closed in Calendar Years 2015, 2017, and 2021, 44 (22%) indicated that the purchase was for a first-time homebuyer.

> From FY 2022 through FY 2024, VHPB spent $0 on advertising.

VHPB has recently begun planning to attend some outreach events, such as the Veterans Education and Outreach Event in June 2025 at the National Guard Armory in Oxford. However, until recently, a focus on outreach efforts since 2021 have decreased, as evidenced by the reduced discussion in Board meeting minutes regarding program marketing, which is a deviation from previous years. Further, the Board's expenditures in the budget category of "advertising and public information" decreased from approximately $6,000 in FY 2020 and $12,000 in FY 2021 to $0 in FYs 2022 through 2024.

PEER acknowledges that an increased focus on outreach will likely lead to more loan applications, and VHPB cannot process an excessive number of applications given its limited number of staff. However, PEER contends that Section 35-7-15 contemplates situations in which the number of applications might exceed the number of loans able to be processed, as it requires the prioritization of certain groups (e.g., first time homebuyers).

Also, PEER notes that when it attempted to conduct a survey of veterans' awareness of VHPB across the state, there was no centralized database of veteran contact information. The lack of contact information, email addresses in particular, hinders the ability to communicate with veterans in an easy and cost-effective manner.

As a result of the deficiencies in outreach efforts, many veterans may be unaware of the program and therefore may miss an opportunity to benefit, while other groups may be disproportionately benefitting from the program (e.g., individuals who live in close proximity to VHPB's office).

Deficiencies in the Monitoring of Application and Purchase Distribution Across the State

Pursuant to MISS. CODE ANN. Section 35-7-15, VHPB shall monitor application and purchase distribution throughout the state based upon available information concerning veteran population in certain geographic units such as districts, counties, and major metropolitan areas, and is authorized to halt, limit, or place temporary moratoriums on further purchase applications from areas determined by the Board to have excess purchases in relation to the veteran population of that area.

VHPB tracks the distribution of loans by county and presents those numbers to the Board each month. Although VHPB monitors U.S. Census Bureau data for the veteran population in each county of the state, VHPB staff has not indicated that the agency compares that data to the number of loans made to each county to assess whether certain counties are receiving an excess of loans relative to the veteran population in the area. VHPB has also not indicated that it monitors the distribution of applications across the state.

Exhibit 11 on page 31 provides a map of VHPB loans per 1,000 veterans by county as of March 2025.

Based on a comparative analysis of VHPB loan distribution and the veteran population in each county in Mississippi, PEER determined that VHPB loans are disproportionately distributed to a degree not reasonably attributable to chance.[11] On the high end, as shown in Exhibit 11 on page 31, Rankin County has nearly 30 loans per thousand veterans, which is 20% more than the next highest loan-to-veteran ratio in Smith County. The disparity in the loan-to-veteran ratio between the third and fourth highest counties is even greater, with Madison County possessing a ratio 30% higher than Copiah County. In addition to Rankin (30), Smith (24), and Madison (22), the following five counties also have a high number of loans per thousand veterans:

- Copiah (15);
- Lamar (13);
- Lauderdale (13);
- Newton (13); and,
- Simpson (12).

VHPB loans are currently disproportionately distributed across the state with some counties with a high number of loans per thousand veterans, and some counties with a much lower number of loans per thousand veterans. Most notably, many veterans with VHPB loans reside in Rankin County, which is home to VHPB's only office.

On the low end, eight counties (i.e., Holmes, Humphreys, Issaquena, Sharkey, Tunica, Benton, Prentiss, and Wilkinson) have no loans. Meanwhile, Clay and Marshall—the counties with the lowest non-zero loan-to-veteran ratios—have only one loan per thousand veterans, which is 97% less than Rankin County.[12]

In the absence of other considerations, the loan-to-veteran ratio in each of the counties would ideally be equivalent to one another. For example, if Rankin County received 30 loans per thousand veterans, so would Issaquena and Clay Counties. However, since a variety of factors, such as housing availability and financial wellbeing, make achieving a perfect equivalence unlikely,

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[11] PEER's calculation concluded that the probability of replicating the current VHPB loan distribution under the null hypothesis was less than 2.0×10^{-6} based on a Monte Carlo-simulated Fisher's exact test with 500,000 replications. If more simulations were conducted, the true probability would likely be considerably lower.

[12] PEER notes that there is no direct correlation between Board member residence and the reception of a disproportionately high amount of loans. While three Board members live in counties that receive a disproportionately high number of loans, three live in counties with a disproportionately low numbers of loans.

reducing the disproportionality at the upper and lower ends of the statewide spectrum would help to resolve the overall distribution disparities.

Since VHPB does not maintain records of the number of applicants from each county, PEER could not establish whether the disproportionate distribution of loans results from a disproportionality in the number of applications that are submitted or from a disproportionality in the number of applications that are approved for each county. Monitoring application distribution could provide additional statistical insight into whether certain counties are more likely to submit applications and/or whether they achieve higher success rates in receiving loans after the submission of an application.

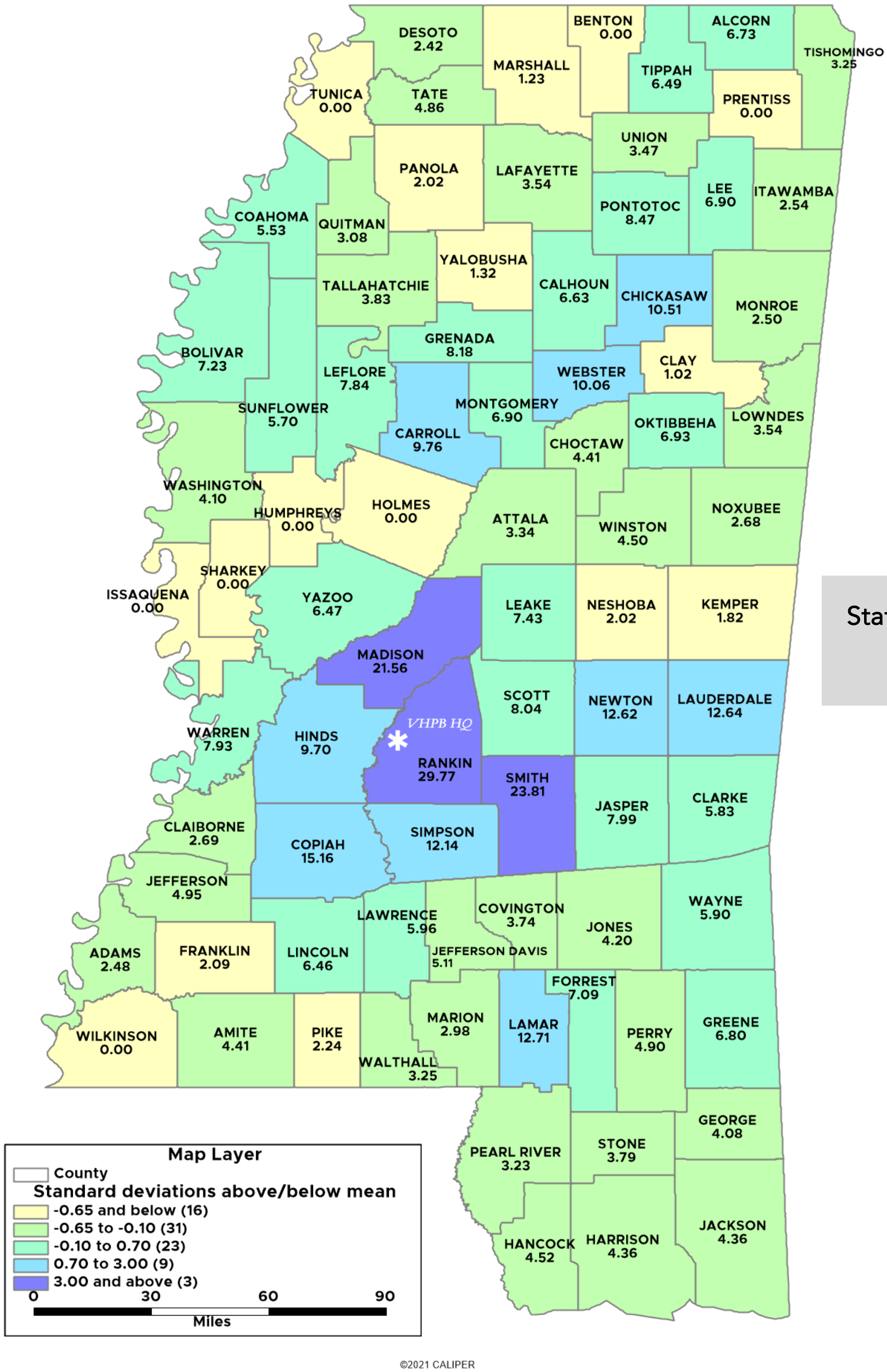
Although PEER staff cannot attribute the cause of the inequitable loan distribution to differences in loan volume or loan approval, the density of loans in and around the location of VHPB's headquarters in Rankin County, suggest that VHPB's reliance on word-of-mouth publicity could unevenly benefit counties with greater access to and familiarity with the agency.

The proportion of veterans who take advantage of VHPB's benefits is ultimately affected by the county in which the veterans reside. The disparity in veteran population and loan density in certain counties indicates that veterans have not received an equal opportunity to enjoy the benefits of a low-interest VHPB loan. While some borrowers have received multiple VHPB loans, many other veterans have never received a loan. VHPB is, therefore, not adequately meeting the statutory intent of the program to provide an even distribution of loans across the state nor is it meeting the statutory requirement to track application distribution in the state.

VHPB is not meeting the statutory requirement to track the distribution of loan applications across the state and therefore is not adequately fulfilling the program's intent to ensure equitable access to veterans across the state.

Appendix D on page 83 provides information on PEER's statistical analysis of VHPB loan distribution and veteran population by Mississippi county. As shown in the Appendix, while the statewide average number of loans per thousand veterans is 5.72, Rankin County has more than five times as many loans per veteran, with nearby Smith and Madison counties having similar numbers. By contrast, there are eight counties with no loans at all, and thus zero loans per thousand veterans. The further from the mean a county is, the more likely its disproportionality is to be of concern.

Exhibit 11: VHPB Loans per Thousand Veterans by County as of March 2025



Statewide Average

5.72

SOURCE: PEER analysis of Mississippi Veterans' Home Purchase Board active loan holder data as of March 21, 2025, and National Center for Veterans Analysis and Statistics' population estimates for FFY 2024.

Issues with Population Served

MISS. CODE ANN. Section 35-7-39 (1972) states that the intent of the program is to "provide a one-time benefit to the veteran." However, VHPB does not consider whether a veteran has had a previous loan with VHPB when determining loan eligibility. As a result, some loan holders have received multiple VHPB loans over time, which is inconsistent with state law and could prevent other veterans from receiving the benefit of the program.

MISS. CODE ANN. Section 35-7-39 (1972) states that the intent of the law is to "provide a one-time benefit to the veteran." Further, the Board shall not consider applications for the purchase of a second home as long as there are eligible veterans on the waiting list to apply for a first purchase. However, in its loan eligibility determination process, VHPB does not consider whether a veteran has received a previous VHPB loan.

Veterans Receiving More than a One-time Benefit

Because of changing information technology systems over the years, VHPB cannot provide the exact number of loan holders who have received multiple VHPB loans over time. Prior to 2021, VHPB was collecting information from loan applicants regarding whether they had previous VHPB loans; however, that information is not currently being collected.

To provide some context and additional information in this area, PEER determined the following:

- 33 (25%) of the active loan holder survey respondents reported that they have had more than one mortgage loan from VHPB. One respondent indicated that he or she has received five loans from VHPB over time; and,
- six (9%) of the active loan holders who received a loan in CY 2024 have VHPB listed as a creditor on their credit reports, indicating that they had a loan with VHPB within approximately the past ten years.

The Executive Director indicated that VHPB does not interpret the law as meaning that a veteran cannot have more than one VHPB loan over his or her lifetime. Rather, VHPB contends that the law prohibits a veteran from having more than one VHPB loan at any given time, primarily to protect against using funds for the purchase of a second home or investment property.

The law requiring VHPB to provide a one-time benefit is clearly stated in MISS. CODE ANN. Section 35-7-39. Some loan holders have received multiple VHPB loans, which could be inconsistent with state law. These funds could have been loaned to veterans who have not already received the one-time benefit, thereby expanding the number of Mississippi veterans benefitting from the program.

> VHPB was unable to report to PEER the number of active loan holders who have had previous VHPB loans.

Issues with Interest Rate Setting

While VHPB has operated within its statutory authority in its setting of loan interest rates, adjustments or non-adjustments to the rates beyond what is typical (i.e., one to two percentage points below the market rate) could create the appearance of favoritism or preferential treatment to a certain group. Between June and December 2022, VHPB kept its rates between 2.41 percentage points and 3.87 percentage points below market, a deviation from common practice. As a result, this group of individuals receiving loans during that time could be perceived as receiving preferential treatment. Further, PEER questions whether this was the best use of funds.

MISS. CODE ANN. Section 35-7-25 (1972) states that VHPB loan interest rates are fixed by the Board and are in no case less than 2.5% per annum and can in no case be higher than the rate of interest authorized and permitted by the VA for loans guaranteed under the certain provisions.

Exhibit 12 on page 34 shows VHPB's interest rates from July 2017 through January 2025.

VHPB has operated in compliance with state law. However, VHPB indicated to PEER that it aims to keep its loan interest rate between one and two percentage points below the market rate. This has mostly held true except for in the following cases:

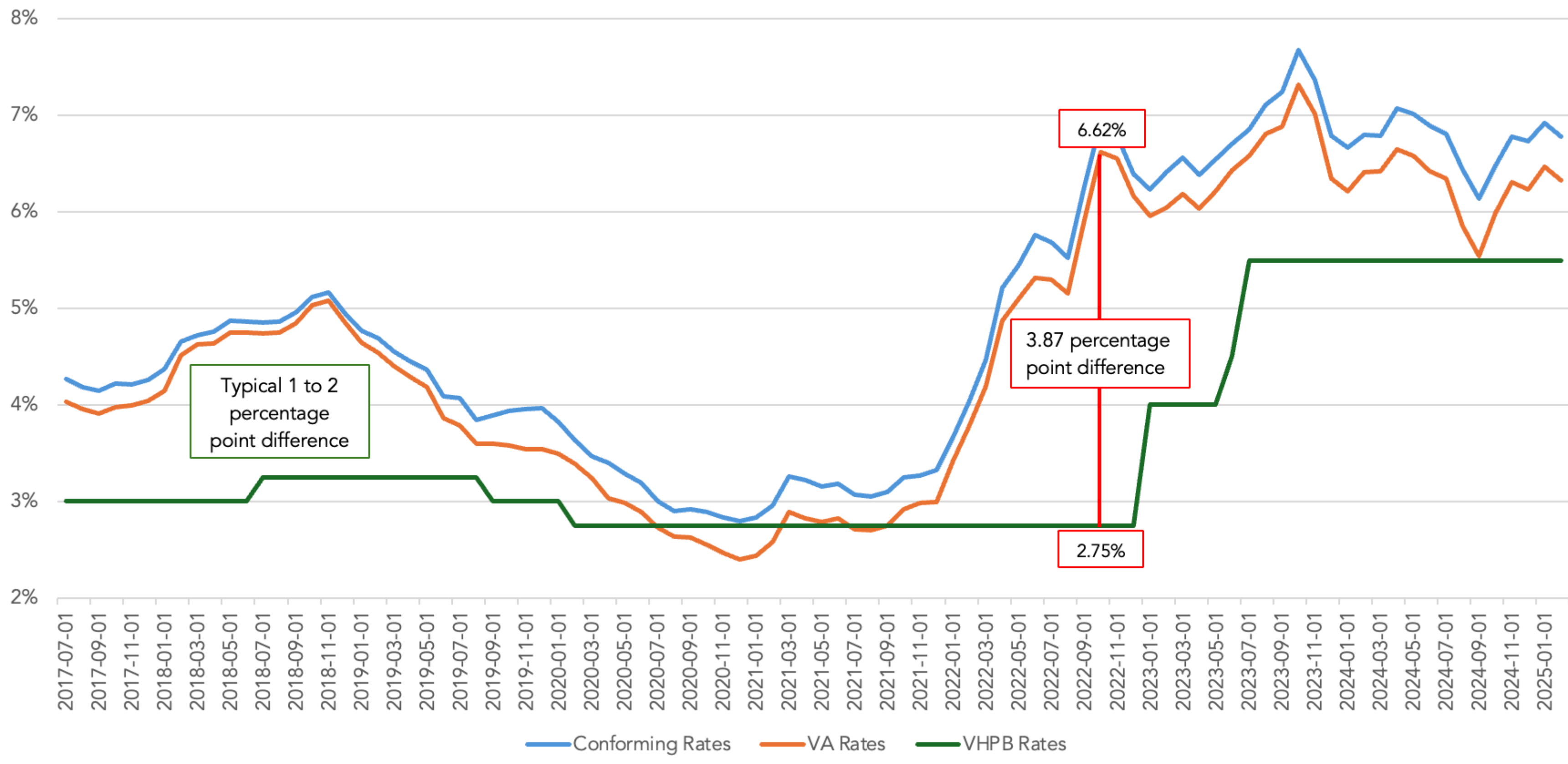
- In 2020 and 2021, the conforming[13] and VA interest rates were as low as the VHPB rate. VHPB is not statutorily authorized to decrease its interest rates to lower than 2.5% (the rate was 2.75% for 30-year loans and 2.5% for 15-year loans).
- Between June and December of 2022, the Board kept its rates between 2.41 percentage points and 3.87 percentage points below the market, representing a notable gap between VHPB and the conforming and VA rates. This was a deviation from common practice since 2017, as evidenced in Exhibit 12 on page 34.

While state law does provide a minimum and maximum rate by which VHPB must comply, the Board has broad discretion to set its interest rates within the minimum and maximum range. VHPB contends that it kept interest rates low in 2022 to help veterans buy homes during this time of increasing interest rates in the market and to spend down its fund balance which had greatly exceeded $50 million. Veterans who received a VHPB loan during the period from June to December 2022 enjoyed substantial savings over a private market VA loan, including approximately $535 (31%) less in monthly payments and $193,000 (58%) less in interest payments over the life of the loan. In order to avoid the appearance of favoritism or preferential treatment of certain individuals or groups, VHPB should be consistent in the rates they offer relative to the market.

From June through December 2022 (i.e., the period in which the interest rates were well below the conforming and VA rates), VHPB closed 114 loans with an average loan balance of $305,753. Thirty-three of the 114 loans (29%) were for veterans living in Rankin County. Ten loans were for over $500,000.

[13] The average conforming rate accessible through the Federal Reserve Bank of St. Louis, which is calculated from actual rates from consumers across over one-third of all mortgage transactions nationwide, provides an analog for private market non-VA guaranteed loans.

Exhibit 12: VHPB, VA, and Conforming Interest Rates for 30-Year Mortgage Loans from July 2017 through January 2025



Note: VHPB is not statutorily authorized to decrease its interest rates to lower than 2.5%; the rates in 2020 and 2021 were 2.75% for 30 years (as reflected in the exhibit) and 2.5% for 15 years.

SOURCE: PEER analysis of information provided by the Mississippi Veterans' Home Purchase Board and the Mississippi State Economist.

Issues with Current Members Obtaining Loans while Serving on the Board

There are currently two members of the Board who applied for and received a VHPB loan while serving on the Board. This appears to be a violation of Mississippi's ethics laws.

Upon review of active loan holder data, confirmation hearings, and Board meeting minutes provided by VHPB, PEER determined that two members serving on the Board currently have loans with VHPB.

Pursuant to Article 4 Section 109 of the *Mississippi Constitution of 1890,* no public servant shall be interested, directly or indirectly, in any contract with the state authorized by any law passed or order made by any board of which he may be or may have been a member. According to the Mississippi Ethics Commission (MEC), obtaining a loan while serving as a member of the Board violates the laws established by both the constitution and statutes. MEC staff stated that while MISS. CODE ANN. Section 25-4-105 (4) (1972) lists several situations where public servants are exempt from MISS. CODE ANN. Section 25-4-105 (2), the current Board members would not meet these exemptions.

Overview of Loan Approval in Board Meeting Minutes

The following provides a timeline of the Board members, such as when they were appointed to the Board and when their loans were approved.

Timeline for Board Member A

August 2, 2021

- Board member term begins.

August 26, 2021

- Board member sworn into VHPB.

May 26, 2022

- VHPB votes to maintain low interest rates of 2.75% for 30-year loans and 2.5% for 15-year loans. The Board member is present and recuses himself on interest rate vote.

May 27, 2022

- VHPB approves a 30-year loan at 2.75% interest for the Board member. Board member is present.

July 15, 2022

- Board member closes on a 15-year loan at 2.5% interest, marking an adjustment to the loan terms initially approved by the Board. VHPB has provided the closing disclosure of the loan to PEER, but it has not provided the application used for the initial 30-year loan approved by the Board.

Timeline for Board Member B

October 4, 2022

- Board member term begins to fill a vacancy left by a member who exited the Board prior to the expiration of his term.

June 29, 2023

- Board member officially sworn into the Veteran's Home Purchase Board.

August 24, 2023

- VHPB approves a 30-year loan at 5.5% interest for the Board member. Board member is present.

Additionally, the minutes do not provide enough information to indicate how the Board voted on each loan approval. Instead, the loans are split into categories such as "new construction" or "denied." Therefore, it cannot be determined whether or not the Board members recused themselves from voting.

Issues with the Management of the Program

While VHPB operates a program that provides a substantial benefit to the veterans it serves, and leadership has taken steps to improve efficiency, there are areas of the program which VHPB could better manage, including:

- the amount of funds it keeps in its reserve fund balance;
- the timeliness in processing loans;
- efforts to rehabilitate veterans, including no longer reporting to credit bureaus and not implementing an online account portal; and,
- lack of performance measurement over time.

This chapter also discusses improvements VHPB has made to its internal controls through external audit findings.

Excessive Reserve Fund Balance

State law authorizes VHPB to keep a reserve fund "judged necessary" by the Board. The purpose of this reserve fund is to cover financial losses and to maintain the financial stability of the program. Since at least 2015, the Board has maintained a minimum reserve fund balance of $50 million. Based on historical data—including reserve fund balances, loan default rates, and operational expenses—the current reserve balance appears to exceed what it reasonably necessary to protect the program's financial stability.

MISS. CODE ANN. Section 35-7-45 (b) (1972) states all funds in the revolving fund in excess of the administrative expense allowance shall be expended or committed for new loans with the exception of the reserve judged necessary by the Board.

The Board has informally set its reserve fund to approximately $50 million. VHPB's Executive Director stated to PEER that the agency sets its reserve based upon two years of operational expenses. However, PEER notes that a conservative two-year estimate of operational expenses equals approximately $4 million. The Board maintains that $50 million is an amount that is needed to maintain the financial stability of the program.

According to the Executive Director, VHPB set its reserve based upon two years of operational expenses. PEER notes that a conservative two-year estimate of operational expenses equals approximately $4 million, not $50 million.

While maintaining a reserve is prudent, the size of the reserve should be aligned with historical risk and statutory intent, rather than excessively conservative. Further, to help VHPB and its management better manage the reserve, the Board should produce a more transparent financial report that identifies how much is set aside for loan loss, to cover unexpected operational costs, and how much the Board has for loans.

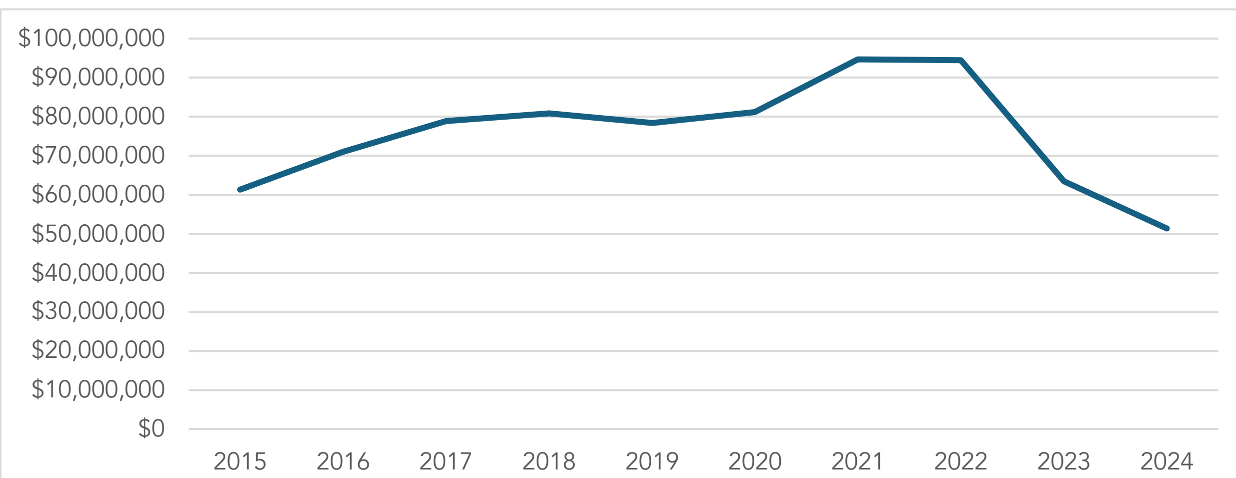
Historical Data

In its FY 2024 audit report, VHPB states that the Board adopts a fiscally conservative approach by keeping the reserve between $50 and $55 million. This amount has not been set based on historical data on the reserve fund balance, loan defaults, and operational expenses, as evidenced by the following:

- Regarding the reserve fund balance, the fund has had a 10-year average balance of approximately $76 million, peaking in FY 2021 with $94.7 million and FY 2022 with $94.5 million. It should be noted that the reduction of the reserve fund in FY 2023 and FY 2024 was the direct result of the Board keeping rates well below the market during that time and receiving a significant increase in loan applications and approvals.
- Regarding loan defaults, the Board has a relatively low number of delinquent loans. In 2024, the Board had 20 delinquent loans totaling approximately $2.2 million in outstanding loan balances (approximately 1% of the total). This suggests that the Board's loans are relatively low risk. Additionally, approximately 93% of the Board's loans are VA-guaranteed, and the Board now requires a VA guarantee on all of its loans, thereby reducing the risk of financial loss in the future.
- Regarding program expenses, in FY 2024, VHPB spent approximately $2 million on operational expenses. Therefore, a conservative two-year estimate of operational expenses would be no more than $4 million.

Refer to Exhibit 13 on page 38 for VHPB's reserve fund balance from FY 2015 through FY 2024.

Exhibit 13: VHPB Reserve Fund Balance from FY 2015 Through FY 2024



SOURCE: PEER analysis of Mississippi Veterans' Home Purchase Board audited financial statements from FY 2015 through FY 2024.

PEER notes that VHPB has limits on its escalation authority set by the Legislature, which would need to be adjusted should the Board decide to reduce its reserve fund. For FY 2026, the Board's escalation authority in its appropriation bill may not exceed $10 million for the purpose of making new home loans.

VHPB's decision to maintain a reserve in excess of a reasonable amount could cause veterans and other stakeholders to question certain Board decisions, such as charging each veteran approved for a loan an additional fee to help offset costs of its new loan servicing software.

By maintaining a reserve in excess of a reasonable amount, these funds are not actively being used to expand access to loans in accordance with statute or to adjust interest rates accordingly. In addition, veterans and other stakeholders might question certain Board decisions given the $50 million reserve fund. For example, in June 2023, the Board voted to approve the purchase of a loan servicing software and charge each veteran approved for a loan an additional amount (approximately $150)[14] at closing to offset the cost. Given that that the Board has a substantial reserve fund, the Board does not typically expend its entire operational budget for the year, and software purchases are typically considered an operational expense, veterans and the public could question this decision by the Board.

Technical Error in State Law Regarding Administrative Expenses

The state law governing VHPB has contradictory language regarding the costs of administering the program.

MISS. CODE ANN. Section 35-7-9 (1972) establishes that the costs of administering VHPB cannot exceed 2% of the mortgage loans in force in any one fiscal year. MISS. CODE ANN. Section 35-7-45 (b) (1972) also refers to the administrative expense of the program. However, instead of the 2% listed in the previous section of the law, it refers to the administrative expense as 1%.

MISS. CODE ANN. Section 35-7-9 (1972) states:

The cost of administering this chapter shall not exceed in any one (1) fiscal year two percent (2%) of mortgage loans in force.

MISS. CODE ANN. Section 35-7-45 (b) (1972) states:

All funds in the revolving fund in excess of the one percent (1%) administrative expense allowance shall be expended or committed for new loans with the exception of the reserve judged necessary by the board.

[14] Prior to June 2023, VHPB charged loan holders for insurance and tax tracking. The cost to offset the servicing software was rolled into the insurance and tax tracking costs. Loan holders now must pay an additional $300 servicing fee as part of their closing costs.

While the percentages are different, it appears that these two statutes are referring to the same administrative expenses for VHPB. The percentage listed in MISS. CODE ANN. Section 35-7-9 should take precedent over the percentage provided by MISS. CODE ANN. Section 35-7-45 (b) because it specifically defines what is included in administrative expenses for the agency (e.g., personnel, travel, contractual services). The reference to the 1% administrative expense is most likely an error and should actually reflect 2%. PEER notes that during its 2015 Regular Session, the Mississippi Legislature amended MISS. CODE ANN. Section 35-7-9 from 1% to 2%, but did not amend MISS. CODE ANN. Section 35-7-45 (b), which is most likely how the contradiction occurred.

Lack of Timeliness in Loan Processing

Based on a sample of VHPB's active loan files from CY 2015 to CY 2025, loan processing times from application to closing have been highly inconsistent and have fallen short of the industry standard of 30 to 50 days. Processing times from January 2024 through March 2025 are lower than previous years, which suggests some possible internal improvements. However, until VHPB is aligned with industry standards for processing loans, borrowers might be dissuaded from applying, thereby preventing them from receiving the benefit of the program.

According to the general consensus among mortgage industry representatives who responded to PEER's request for information, including the VHPB Executive Director, the president of the American Association of Residential Mortgage Regulators, and other states with statutory veterans mortgage programs, the standard time to process a loan from application to closing is between 30 and 50 days. To assess whether VHPB meets these industry standards, PEER staff conducted a sample review of active VHPB loan files. PEER staff located the actual or proxy application date on the physical or electronic files for all currently active loans closed in CYs 2015, 2017, 2021, 2024, and 2025[15] and calculated the difference between the application and closing dates for those loans.[16]

PEER's analysis was hampered by the lack of a consistent and accurate recording of application dates and closing dates by VHPB for the period reviewed.

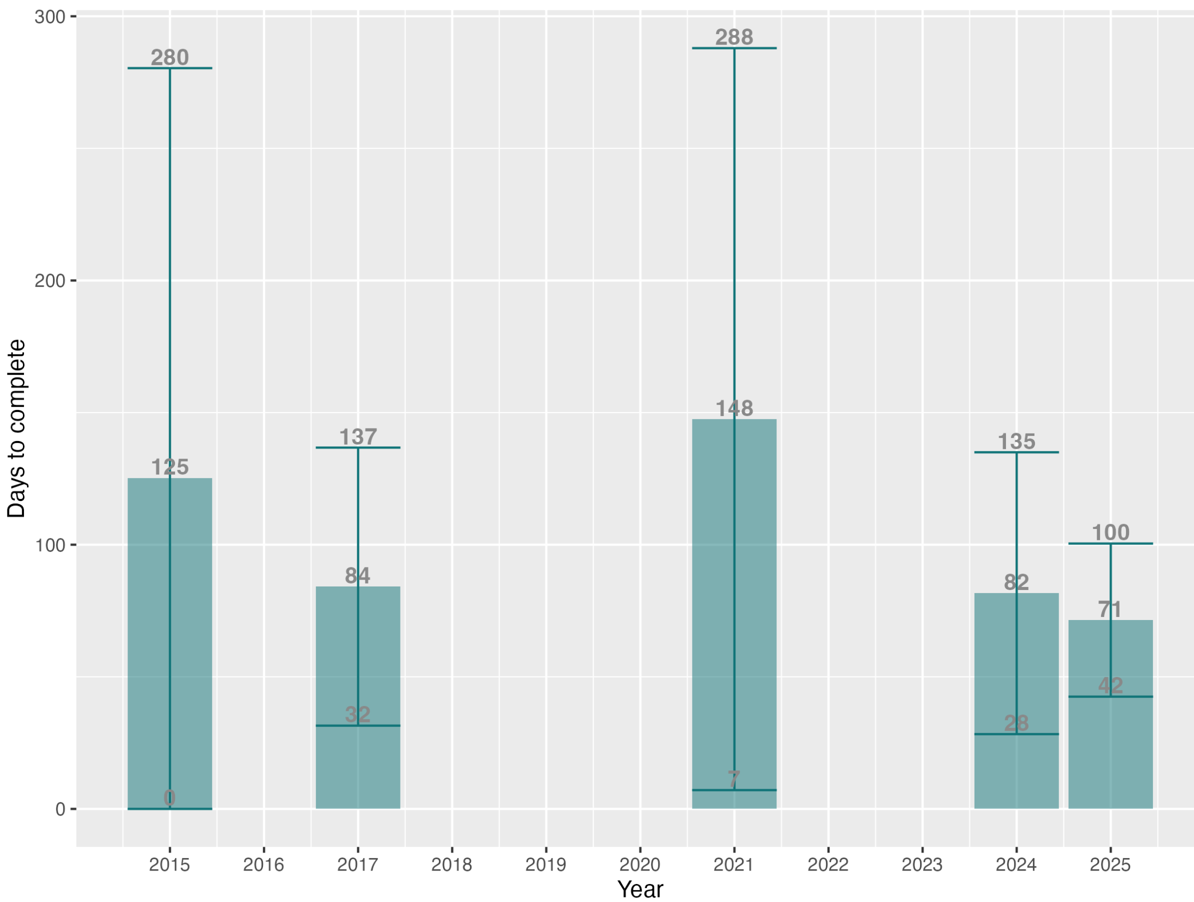
As illustrated in Exhibit 14 on page 41, PEER's sample review of VHPB's active loan files from CY 2015 to CY 2025 found that the timeliness of VHPB's loan processing is highly variable and does not meet industry standards. Across the years under review, the mean time between loan application and loan closing was 102 days, which is more than double the standard 30-to-50-day

[15] For most of the physical files, PEER used the date stamped on the application by VHPB. If the application was missing a stamp, PEER used the date when the applicant signed and dated the application instead. For the electronic files, PEER used application start dates recorded in the loan account number. Only a small minority of loans had a start date recorded in the account number in this fashion, so PEER's sample was dictated by the availability of this convention.

[16] Because of the difficulty in determining the actual application date from VHPB's electronic files, PEER completed a non-random sample, which reduces the conclusions that may be drawn from the sample analysis. In particular, summary data and trends cannot be generalized from the observed years to any unobserved years, and it is not clear without further data and analysis whether any apparent trends observed are the result of some specific changes or simple random variation.

timeframe. The level of variability in timeliness indicated by the standard deviation—the measure of how far from the mean the typical member of the population is located—was also high. The standard deviation of the sample was 86 days, which signifies that a person whose loan was completed in 188 days would be considered "typical" but so would a person whose loan was completed in only 16 days.

Exhibit 14: Sample Review of the Timeliness of VHPB Loan Processing



CY 2025 only includes data from January through March 2025.

SOURCE: PEER analysis of VHPB data.

The length and variability of processing times registered in CY 2024 and CY 2025 are generally lower than the preceding years and suggest internal improvements in timeliness. Nonetheless, with average processing times of 82 days (CY 2024) and 71 days (CY 2025), VHPB still does not meet industry standards for timeliness in loan processing.

The obstacles potentially preventing VHPB from meeting industry standards for the timeliness of loan processing are varied. Vacant positions in the loan processing department, for one, have resulted in heavy workloads for the agency's two loan processors and processing supervisor. The Executive Director's decision to have loan processors handle loans from application to closing has also contributed to the processors' heavy workload. Administering applications in the first step of the loan process—loan origination—can be particularly time-consuming because it requires gathering multiple personal and financial documents from applicants, some of whom may not be eligible for a loan or who may ultimately decide not to continue with the application process.

Additionally, while the Board conducts phone or email polls to approve loans for applicants at risk of losing the sales contract on the home they wish to purchase, the approval of all other loans occurs only once a month at the Board's monthly meeting, which delays closing proceedings. Pursuant to MISS. CODE ANN. Section 35-7-7, Board members appointed on a full-time basis to the loan committee that approves loans have no set per diem limitations, granting them the authority to meet more than once a month if they so choose.

Some of the delays in the loan process, however, result from circumstances beyond the control of VHPB, such as the slow submission of documents from applicants and long waiting periods to receive an appraisal from a VA appraiser. In previous years, VHPB also encountered delays when a home under construction was approved for a loan but was not completed for several weeks or months later. VHPB no longer accepts applications for loans on homes under construction until the construction is approximately 30 days from completion.

Overall, the lack of timeliness in loan processing could lead to increased stress and inconvenience for borrowers and loan processors. The lengthy timeline could, furthermore, dissuade veterans from applying for a VHPB loan, thereby preventing them from benefitting from the savings in housing costs that VHPB offers as a reward for their service.

In the surveys submitted to active loan holders, realtors, and veterans the results showed the following regarding timeliness:

- approximately 9% of active loan holders did not agree that their application was processed in a timely manner and 8% did not agree that loan closing was timely (seven of these individuals have had a loan with VHPB for at least six years or more);
- approximately 14% of realtors responding to the survey, who have had veteran clients utilize VHPB, stated timeliness of loan processing was unsatisfactory; and,
- approximately 11% of veterans responding to the survey stated that they did not pursue a VHPB loan because of the lengthy application process.

Management Decisions Impacting the Rehabilitation of Veterans

While the primary purpose of VHPB is to provide mortgage loans to help rehabilitate veterans, its management has made decisions that could have a negative impact on veterans served by the program, such as no longer reporting information to credit bureaus and not implementing an online customer account portal. In the satisfaction survey provided to active loan holders, there were some veterans concerned about VHPB's decision regarding these matters.

While VHPB has made efforts to rehabilitate veterans through its program, it has made a few management decisions over the last few years that could have a negative impact on the rehabiltation of veterans it serves. Specifically:

- due to the fact that reporting loan payment history to credit bureaus would cost VHPB $99 per month, VHPB made the decision to no longer report veterans mortgage loan payment history to credit bureaus.
- VHPB does not implement an online account portal that would give veterans access to their accounts, documents, and information, reportedly due to the additional costs and the Executive Director not being ready to implement such a system.

No Longer Reporting to Credit Bureaus

According to the Consumer Financial Protection Bureau (CFPB), a credit report is a statement that has an individual's credit history and financial behavior over time (e.g., payment history, amounts owed, length of credit). It often demonstrates the reliability of a borrower. It is compiled by credit reporting agencies,[17] also known as credit bureaus or consumer reporting agencies, utilizing financial data that is submitted to the companies by creditors, such as lenders, credit card companies, and other financial companies. The information on the credit report is used to calculate a credit score, which typically ranges from 300 to 850. A higher score represents a more reliable borrower and can often result in better terms and lower interest rates.

While the VA requires lenders to report loan information (e.g., funding fees) to the VA for VA-guaranteed mortgage loans, it does not require lenders to report loan information to credit bureaus.[18]

> Rebuilding and improving credit after service is an important part of helping to rehabilitate veterans and ensuring they have better financial opportunities and stability. However, VHPB is no longer reporting veterans' payment history to credit bureaus for credit reports.

Other lenders (e.g., credit card companies), other businesses (e.g., internet, cell phone service, utilities), and some employers also utilize the information that is reported on a credit report to assess the credit of an individual prior to lending money or offering services. Therefore, a credit report can be an important tool for individuals to signify their trustworthiness to pay back their debts in a timely manner. Proper credit reporting allows individuals to rebuild their credit score and increase chances of obtaining credit in the future. In contrast, a credit report that shows late payments and a large amount of unpaid debt, can have a negative impact on an individual's chances of obtaining additional credit.

> According to the Executive Director, he does not want to pay the additional fee that the new servicing software company charges to complete this task. This decision negatively impacts veterans with VHPB loans, especially those making timely payments and working hard to rebuild their credit.

According to VHPB's Executive Director, the agency stopped reporting to the credit bureaus when it switched from its previous servicing system to the new servicing system, TMO. In order for VHPB to report the information to the credit reporting agencies, it would need to pay an additional fee of $99 to TMO. According to the Executive Director, while VHPB could afford to pay the additional

[17] Equifax, Experian, and TransUnion are the three major credit bureaus.

[18] In general, there is no legal mandate requiring creditors to report financial data to the credit reporting agencies.

fee, he does not think there should be a fee for this, and does not want to pay the fee, purely based on the principle of the matter.

It is frustrating to some veterans that VHPB is no longer reporting payment history to credit bureaus. This is especially true for veterans who are working to rebuild their credit after years of accurate and timely payments. Additionally, VHPB did not inform veterans that they were no longer reporting information to the credit reporting agencies.

The Executive Director stated that because VHPB no longer reports payment history to the credit agencies, it no longer receives phone calls from upset veterans regarding their late payments being reported and affecting their credit scores. However, during its fieldwork, PEER witnessed VHPB receiving complaints regarding its decision not to report its payment history to the credit bureaus. One survey respondent stated that it would have been beneficial for VHPB to let borrowers know they would no longer be reporting timely payments to the credit bureaus, especially since this individual has been trying to rebuild credit after years of faithful payments.

No Access to Online Accounts

While VHPB accepts and processes online applications for the program, it does not provide veterans with online access to their accounts like a typical banking institution would.

Approximately 49% of active loan holder survey respondents providing suggestions for improvements stated that VHPB needed an online portal that would allow loan holders to view their account information (e.g., current balance), make monthly payments without having to reenter the information each time, and view property and tax documents. Included in this are those that also think that VHPB should improve its website by providing up-to-date information.

> Providing an online customer portal to allow veterans to view their accounts was the number one recommendation from active loan holders responding to PEER's satisfaction survey. It can be frustrating for veterans to reenter their payment information each month and not be able to access their account information when needed.

More than half of VHPB's active loan holders utilize the free ACH autopay option to make their monthly payments, but ACH does not allow for the flexibility of manual online payments. An online portal that provides borrowers with more flexibility in their payments and access to their account history would make it easier for loan holders to make extra payments towards their principal and/or escrow and potentially help to reduce errors made by staff. While VHPB currently offers a one-time monthly online payment option, this option does not display the borrower's account information, such as the remaining loan balance and payment history. The cost to utilize the one-time payment option is also relatively high, with borrowers paying $3.25 per transaction for the service.

According to VHPB staff, switching from the current one-time monthly payment platform to the online portal embedded in TMO would reduce the transaction fee for loan holders and would allow borrowers to view their account information. The Executive Director is considering implementation of an online portal, but he stated to PEER that it would be at least six months to a year before they move forward with any type of implementation.

Further, respondents would like VHPB to improve its website by making it easier to navigate and to provide more helpful information about the loan process, such as posting a pre-application checklist of required documents that an applicant can use to expedite the process prior to applying for a loan. Some veterans and realtors reported that they did not move forward with VHPB because they did not understand the process or the benefit.

Improvements Made to Internal Controls through External Audit Findings

While an external auditor reported deficiencies in VHPB's internal controls specifically related to its management of loans in FYs 2017, 2018, 2022, and 2023, VHPB worked to improve its internal controls and received a clean audit assessment in FY 2024.

The Mississippi Office of the State Auditor contracts with an independent Certified Public Accountant (CPA) firm to conduct an annual audit of VHPB.[19] The audit contains a review of VHPB's financial statements, supplementary financial information, and an independent auditors' report on the agency's internal control over financial reporting and on compliance with other matters based on the audit.

From FY 2015 to FY 2024, the auditor identified what it defined as "significant deficiencies" with the agency's internal controls in FY 2017, FY 2018, FY 2022, and FY 2023. These deficiencies included the following:

- issues reconciling the escrow account balance;
- lack of annual escrow analyses;
- unapplied credits from ACH loan payments; and,
- lack of reconciliation between actual interest received and the amount reported to the Internal Revenue Service.

As reported in the audit, to resolve the deficiencies identified in the reports, VHPB took the following corrective actions:

- revised its reconciliation policy and procedures for the escrow account to resolve discrepancies with the account;
- hired an employee to conduct analysis of escrow regularly at the loan anniversary date;
- implemented a new servicing software system that automatically applies all payments based on the posting order established by the staff; and,
- utilized the new servicing software system to produce an interest audit report that allows for the reconciliation of the amount of interest reported and the amount of interest received.

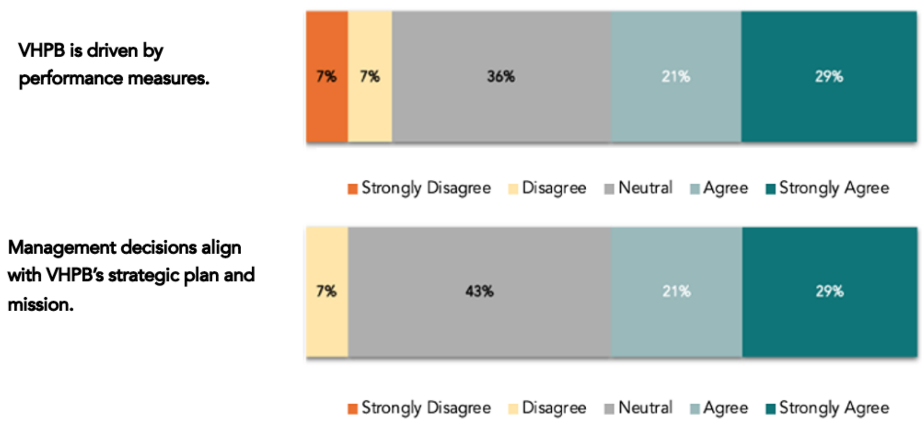
Because of these internal improvements, VHPB received a clean audit assessment in FY 2024 and was reported to have taken the corrective actions necessary to resolve the deficiencies identified in prior years.

[19] The Auditor's Office contracted with Breazeale, Saunders & O'Neil, Ltd. from FY 2015 to FY 2021 and with Matthews, Cutrer, and Lindsey, P.A. from FY 2022 to FY 2024.

Improvements Needed in Performance Measurement

VHPB includes a list of performance indicators in its strategic plan; however, these measures lack all of the necessary components to demonstrate accountability (e.g., measurable targets and timeframes) and are not tracked over time to measure progress towards long-term goals or to inform decision making.

In the organizational culture survey, 50% of respondents stated that VHPB is driven by performance measures, and 50% of respondents felt that management decisions align with VHPB's strategic plan and mission.



VHPB includes a list of performance indicators in its strategic plan; however, these measures lack all of the necessary components to demonstrate accountability and are not tracked over time to measure progress towards long-term goals or to inform long-term decision making. VHPB's reported indicators in its strategic plan include but are not limited to:

- number of qualified veterans served;
- number of closed loans added to the servicing portfolio;
- number of loans closed more timely;
- number of applications received each month;
- number of fully compliant files for VA review;
- growth of the trust fund;
- number of completed packages with fewer errors;
- improved quality and compliance of closed loans; and,
- fewer errors discovered during VA audits.

While the Executive Director reported that he regularly assesses information and data and provides prior year comparisons to the Board for some of the performance indicators (e.g., number of closed loans added to the servicing portfolio), VHPB can improve upon its efforts. Each performance measure should be stated in terms that can be measured.

For example, the measure "number of loans closed more timely" cannot be measured as written. The measure should state the level of timeliness that VHPB is expected to achieve by a specific date. Until these measures are stated in measurable terms and tracked over time, the Board cannot demonstrate its own effectiveness in achieving its goals.

Instead of:	Consider:
Number of loans closed more timely	*For each year included in the strategic plan, reduce the number of days from application to closing by five days.*

Issues with High Staff Turnover

This chapter provides an overview of employee separations and turnover from CY 2015 to CY 2024. Most notably, VHPB has experienced a high percentage of turnover from CY 2021 to CY 2024. Multiple current and former staff reported several reasons for high turnover, including:

- inefficiencies in the management of organizational and operational changes;
- deficiencies in the Executive Director's management of people; and,
- negative staff perceptions of VHPB's management decisions.

Annual Turnover Rate from CY 2015 to CY 2024

Prior to CY 2021, VHPB had a relatively low turnover rate, with only seven employees leaving the agency from CY 2015 through CY 2020. However, from CY 2021 to CY 2024, 22 employees have vacated their employment with VHPB, resulting in 75% of its staff having less than five years of experience working for the agency. In CY 2024, VHPB had an annual turnover rate of 42%, which is 24 percentage points (nearly 2.5 times) higher than the national turnover rate for state and local government employees of 18%.

According to the Mississippi Human Resources Best Practices Guide (Guide),[20] employee retention is an organization's effort to hold onto its most prized asset, its employees. While some employee turnover is inevitable (e.g., retirements), employee retention is key to an organization's performance, production, and culture. While there are temporary disruptions that occur with turnover, it can have a lasting impact on employees who stay. As these employees watch their colleagues leave, either voluntarily or involuntarily, the workloads often increase. This can lead to frustrated, overworked employees, and even further departures.

According to Gallup, Inc. (i.e., a workplace consulting firm), 10% turnover is healthy but can vary by industry and organization.

Employee Separations from CY 2015 to CY 2024

To determine the number of employees leaving VHPB, PEER requested employee separation data from the Mississippi State Personnel Board (MSPB) from CY 2015 to CY 2024. During this time,

[20] MSPB created the Guide for Mississippi state government agencies in CY 2023, to help address the biggest challenges facing human resources in state government, including recruitment, retention, employee development, and succession planning. According to MSPB, the Guide should be used by each department to determine appropriate measures based on the agency's unique characteristics and specific needs.

VHPB had 37 PIN separations, of which eight were employees transferring from one position to another within the agency. Therefore, there have been 29 employees to leave VHPB from CY 2015 to CY 2024. Agency separation reasons can include being dismissed, resigning, retiring, or transferring to another agency. PEER notes that a resignation could be because the employee chose to leave or because the employee was given the option to either resign or be dismissed. It is also important to note that if a person resigned that means they resigned from state government and did not transfer to another state agency.

Exhibit 15 on page 49 shows the number of employees leaving VHPB each year by separation reason. As shown in the chart, the majority (69%) of employees leaving the agency either resigned or transferred to another state agency, and 66% of separations occurred between CY 2022 and CY 2024.

Exhibit 15: Number of Employees Leaving VHPB by Reason and Year, from CY 2015 to CY 2024

Reason	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Total
Dismissed	0	0	0	0	0	0	0	0	0	1	1
Resigned	0	1	0	0	1	2	1	3	3	4	15
Retired	0	0	0	1	0	0	2	1	2	2	8
Transfer to Another Agency	1	0	0	1	0	0	0	2	0	1	5
Total	1	1	0	2	1	2	3	6	5	8	29

SOURCE: PEER analysis of employee data for the Mississippi Veterans' Home Purchase Board provided by the Mississippi State Personnel Board (MSPB).

Of the 22 employees leaving between CY 2021 and CY 2024, eight (36%) of those employees left the agency prior to their one-year anniversary with VHPB, with six of those eight leaving before their six-month anniversary.[21]

From CY 2021 to CY 2024, eight (36%) employees leaving the agency resigned prior to their one-year anniversary.

VHPB Turnover Rate from CY 2015 to CY 2024

For the purposes of this report:

[21] This count includes one employee dismissed by VHPB (i.e., involuntary separation) within a month of being hired.

- **Agency turnover** is defined as any employee leaving the agency, voluntarily or involuntarily.
- **Position turnover** is defined as any employee separating from their position, which not only inculdes leaving the agency, but can also include employees transferring to another position within the agency (i.e., internal transfers). While internal transfers do not impact the number of employees in the agency, it is still a change within the organization that requires adjustments to be made and can result in some disruptions.

Utilizing the data provided by MSPB, PEER calculated VHPB's agency and position turnover rate from CY 2015 to CY 2024, by dividing the total number of separations by the average number of employees and multiplying the result by 100. PEER then compared VHPB's turnover rate to the national turnover rate for state and local government employees[22] for the same time period. Refer to Appendix E on page 87 for the methodology used to calculate turnover for state and local government employees.

Exhibit 16 on page 51 provides the turnover comparisons for VHPB and national turnover rate for state and local government employees. As shown in the Exhibit, from CY 2015 to CY 2021, VHPB's agency and position turnover was lower than the national turnover rate for state and local government employees each year, which ranged from a low of 18% in CY 2015 to a high of 23% in CY 2020. Additionally, during that timeframe, VHPB often had a turnover rate lower than 10%, with no turnover in CY 2017.

However, from CY 2022 to CY 2024, VHPB has seen a significant increase in agency turnover, with 33% in CY 2022, 26% in CY 2023, and a high of 42% in CY 2024. Further, in CY 2024, several employees transferred from one position to another within the agency, resulting in a position turnover rate of 63% during that time. While those employees did not leave the agency, internal turnover also requires adjustments to be made and can result in some disruptions.

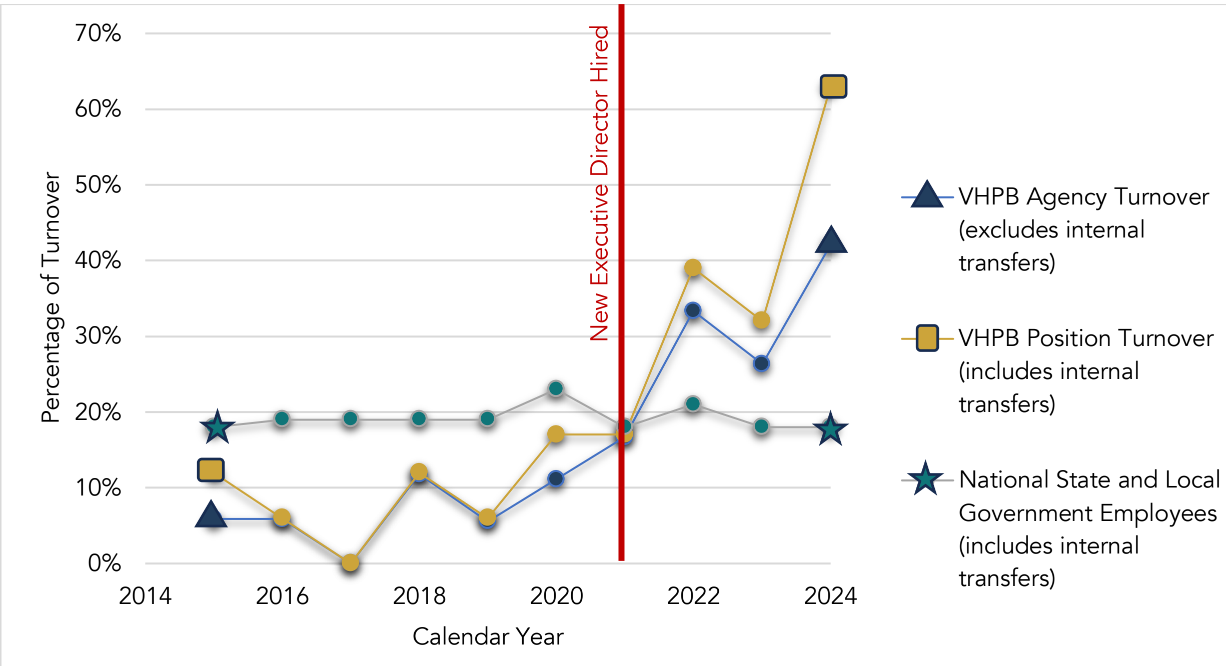
VHPB had a high agency turnover rate of 42% in CY 2024, which was 24 percentage points higher than the national turnover rate of 18% and 32 percentage points higher than the healthy 10% agency turnover rate reported by Gallup.

Refer to Exhibit 16 on page 51 for a chart showing VHPB's annual agency and position turnover rate from CY 2015 to CY 2024 and compared to the national turnover rate for state and local government employees during the same period. PEER notes that the data used to calculate the turnover rate for state and local government employees includes internal and external agency transfers.

Appendix E on page 87 provides the methodology used by PEER to calculate turnover rate for state and local government employees.

[22] National turnover for state and local government employees includes internal and external agency transfers.

Exhibit 16: VHPB Agency and Position Turnover Compared to the National Turnover Rate for State and Local Government Employees from CY 2015 to CY 2024



PEER notes that between January 1, 2025, and July 1, 2025, one employee resigned, one employee retired, and one employee was dismissed by the Board.

SOURCE: PEER analysis of employee data for the Mississippi Veterans' Home Purchase Board provided by the Mississippi State Personnel Board and data obtained from the U.S. Bureau of Labor Statistics.

According to VHPB's Executive Director, a majority of the turnover within the agency has been unavoidable. He believes that VHPB is doing well and that most of the people who have left have had minimum to no impact on the agency. While he stated that there were several people who retired because of their reluctance to change, PEER notes, as shown in Exhibit 15 on page 49, there were more resignations and external state agency transfers than there were retirements during the Executive Director's tenure with VHPB. Most concerning is the number of employees leaving the agency prior to their one-year employment anniversary.

While some turnover is unavoidable, according to a study conducted by Gallup in CY 2024, 42% of employee turnover is preventable. This means that organizations included in the study could have intervened to prevent employees from leaving their job, but they missed the opportunity to do so.

To determine the reasons why employees may choose to leave VHPB, PEER:

- administered an organizational culture survey to VHPB employees as of March 10, 2025;[23]

[23] PEER did not provide the survey to the Executive Director. Additionally, PEER received 14 out of 16 responses, resulting in a response rate of 88%.

- interviewed current VHPB staff as of March 31, 2025;[24]
- conducted interviews with six former staff leaving the agency between CY 2015 and CY 2024; and,
- interviewed the Executive Director.

Through this review, current and former staff reported several causes for VHPB's high annual turnover rate. The next sections provide an overview of these reported causes and issues.

Reported Inefficiencies in the Management of Organizational and Operational Changes

While current and former staff can agree that the Executive Director has a vision for VHPB and has implemented some of his vision during his time leading the agency, multiple staff expressed concerns with how quickly the changes occurred and felt the changes were not clearly and effectively communicated, resulting in not only tenured staff leaving but newly hired employees leaving the agency as well.

As previously discussed, over the last four years, VHPB has made many changes to its organization and operations. According to *Leadership in Organizations,* by Gary Yukl, leading change is one of the most important and difficult leadership responsibilities. Efforts to implement change in an organization are more likely to be successful if a leader understands the reasons for resistance to change, the sequential phases in the change process, and different strategies of change. Additionally, large scale change in an organization usually requires some change in the organizational culture as well as direct influence over individual subordinates. Primary ways to influence culture includes:

> Organizational culture is the underlying assumptions, beliefs, values, attitudes, and expectations that guide and form the actions of all employees.

- **Attention**: What leaders ask about, measure, comment on, praise, and criticize communicates their priorities, values, and concerns.
- **Reactions to crises**: Because of the emotionality surrounding crises, a leader's response can send a strong message about values and assumptions.
- **Role modeling**: Leaders can communicate values and expectations by their own actions, especially by showing loyalty, self-sacrifice, and service beyond the call of duty.
- **Allocation of rewards**: The criteria used as the basis for allocating rewards signal what is valued by the organization.
- **Criteria for selection and dismissal**: Leaders influence culture by choosing criteria for recruiting, selecting, promoting, and dismissing people.

[24] One employee chose to opt out of the interviews and one employee started on April 1, 2025, and was not interviewed for this review.

Secondary ways to influence culture include mechanisms such as design of organizational structure, systems, and procedures, and design of facilities. Further, the essential role of top management is to formulate a vision and general strategy, build a coalition of supporters who endorse the strategy, and guide and coordinate the process by which the strategy will be implemented.

Management of Change at VHPB

When the Board hired the Executive Director at the beginning of 2021, he realized that there were many processes and systems within the agency that were outdated and inefficient, such as the way applications were received, the large amount of paperwork and hardcopy files created, issues within the servicing department (e.g., large escrow balances for some veterans), and software systems nearing their expirations. He created a vision for the agency through his strategic plan with the goal of:

> PEER notes that it is not the changes themselves, some of which have improved the agency, that are the issue, but rather the method, magnitude, and speed with which the Executive Director oversaw the changes that is at issue.

- utilizing technology to streamline the agency's operations;
- utilizing all avenues to reach out to veterans and service members;
- continuously improving marketing and branding for the program;
- providing superior customer service from pre-application through the life of the loan; and,
- restructuring the organization to create a succession plan and promotion of employees.

As previously discussed, the Executive Director has not completed all of the goals in his strategic plan. However, he has:

- purchased and transitioned to two new software systems for processing applications and servicing loans;
- implemented a paperless system to include online applications and a digital filing system;[25]
- changed the way processors handle applications by requiring one processor to be responsible for an application from origination to closing in order to prevent a veteran from being passed from processor to processor;
- improved internal controls within the servicing department, especially regarding the issues with escrow accounts;
- remodeled the building, eliminated the reception area, and moved some staff to offices upstairs while leaving processing and servicing staff downstairs; and,
- restructured the agency several times over the last few years, including adding a level of supervision to the processing and servicing departments and moving positions in and out of different departments.

[25] PEER notes that the digital filing system is not easy to use and does not always contain the necessary files or have a consistent nomenclature for documents from account to account.

While many current and former staff can agree that the Executive Director has a vision for the agency and has taken steps to improve efficiency (e.g., online applications), there are concerns that his vision and the changes happened too quickly, were not communicated clearly and effectively, and lacked adequate training for staff and supervisors. However, the Executive Director feels that the issues within the agency are due to the resistance of employees to accept the changes. The following are examples of issues concerning the organizational and operational changes to VHPB:

- **Lack of clear, concise, and thoughtful communication:** According to current and former staff, when the current Executive Director took over the agency, he waited a few months before making many changes, but then after those first few months, he began to change everything, all at once, and very quickly. Processes, job functions, organizational structure, and expectations changed often, and employees were uncertain about what they were supposed to be doing and when they were supposed to be doing it. Employees felt it was a very chaotic time within the organization. Changes were not explained but expected.

  > While there have been positive changes made to improve the efficiency and effectiveness of the agency, it appears those changes were implemented haphazardly and with no regard to the impact on the staff and organizational culture.

  During this time, there became a clear divide between staff that work upstairs (management and administration) and staff that work downstairs (processing and servicing). This divide still appears to exist today.

- **Inadequate training during the change:** According to some staff, the lack of training has contributed to some of the turnover over the last few years, especially for those employees leaving within one year. It can be difficult to learn and understand the job, especially when processes and procedures change so often, without any clear guidance. Former staff stated that some areas of the agency, such as the accounting department, had adequate training, but other areas did not have enough training to supplement all the changes.

- **Resistance of employees to accept change:** According to the Executive Director, employees have left the agency due to their own resistance and unwillingness to change. He feels that when he wanted to make changes to the agency, many employees were insistent that they continue doing things the way they have always been done. He stated that this resistance was led by a former employee in the processing department, who left the agency in 2022, and whose absence is still felt by the agency today. The Executive Director stated that if there is a divide among the upstairs and downstairs, it is due to this former employee.

  > Successful leaders understand and recognize the root causes for resistance to change (e.g., fear, anxiety, sadness) and can develop targeted approaches to address concerns and build support for the change.
  >
  > It appears that the Executive Director did not have an approach to address resistance, other than for employees to leave the agency if they could not accept the change.

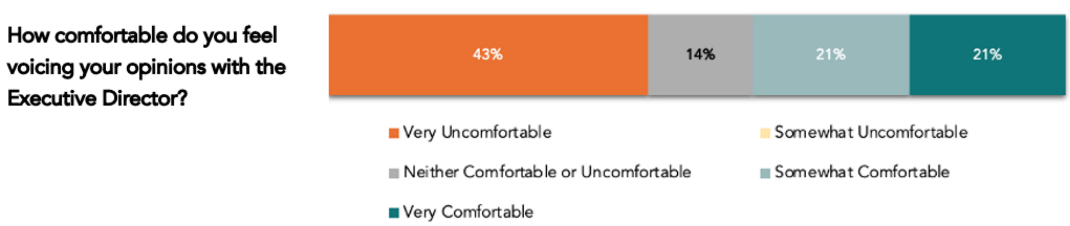
  There are some current staff that agree with the Executive Director, that the issues within the agency are due to the unwillingness of some individuals to accept change. Some staff stated that individuals hired before 2021 were unwilling to change, and this resulted in conflict with the Executive Director that led to resignations and retirements.

In an interview with PEER, the Executive Director did state that he had made the decision to put a halt on making any more changes to the agency in order to allow his staff time to "catch up." However, PEER notes that the Director also referenced upcoming changes during a separate meeting.

Reported Deficiencies in the Executive Director's Management of Employees

According to the results of the organizational culture survey, 43% of respondents stated that they feel very uncomfortable voicing their opinions with the Executive Director. Further, during interviews, multiple current and former staff reported instances of unprofessional behavior by the Executive Director.

In the organizational culture survey, 43% of respondents stated that they feel very uncomfortable voicing their opinions with the Executive Director.



According to the Executive Director, employees can come to his office to talk to him, but they choose not to. He admitted that he "likes to argue with people" but "expects them to take ownership of what they are arguing for and understand that it will fall on them if it does not work out." Further, the Executive Director stated that he feels he has a very relaxed leadership style, but he knows that because he has a military service background, some perceive him to be tough and unyielding. He admits that his communication style might be perceived by others as "abrupt" or "snarky."

Approximately half of the current staff and former employees interviewed for this review, reported to PEER that the Executive Director has exhibited unprofessional behavior toward some staff over the course of his time as director, including:

- name calling;
- yelling and cursing;
- door slamming;
- use of condescending words and attitude;
- becoming easily angered by requests;

- threatening to fire staff, including everyone working downstairs;
- bullying; and,
- sending rash, abrupt, and snarky responses to employees in emails.[26]

While there was one incident that resulted in the Executive Director apologizing to staff for his behavior, it does not appear that there are measures in place to hold the Executive Director accountable for unprofessional behavior.

According to multiple current staff and former employees, the Executive Director has been biased in his management of employees who were hired before he was director. During the course of the review, some individuals reported to PEER that they felt the Executive Director worked to terminate any employees who were not hired by him. As such, there are currently only four employees who worked for the agency before the Executive Director's appointment.

As of May 1, 2025, approximately 75% of employees were hired by the current Executive Director, who was hired in 2021.

The Executive Director often had conflicts with male employees that resulted in those individuals leaving the agency. As of May 1, 2025, other than the Executive Director, all VHPB employees are female.

PEER notes that it was reported that the Executive Director often had conflicts with former male employees that resulted in those individuals leaving the agency. According to the Executive Director and some VHPB staff, these former male staff members exhibited unprofessional behavior, such as yelling and cursing at the director and making inappropriate comments toward female staff. The Executive Director held these staff members accountable by asking them to resign. As of May 1, 2025, other than the Executive Director, all VHPB employees are female. An all-female staff is not inherently a concern. However, this shift to an all-female staff over the course of the director's tenure, coupled with other concerns (e.g., reported unprofessional behavior demonstrated by the director), may suggest underlying culture or leadership issues rather than coincidence.

Staff Perceptions of Management Decisions

While there are a few staff who have no complaints and are very happy with VHPB's organizational culture and the Executive Director's management of the agency, there are some staff who have concerns that the agency feels unstructured and disorganized.

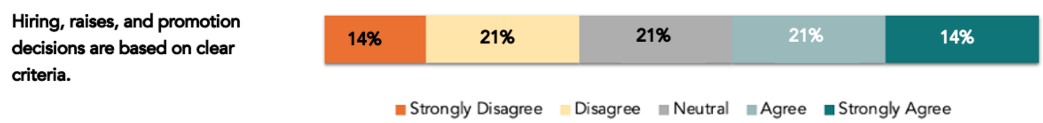
During interviews, multiple staff had concerns that the culture of the agency has changed over time and, due to management decisions, agency affairs currently feel unstructured and disorganized. There appears to be concerns with perception of promotions, perception of

[26] The individuals reporting these issues were afraid of retaliation, such as being fired. It should be noted that MISS. CODE ANN. Section 25-9-171 et. seq. (1972) protects state employees from retaliation when they report misconduct by government agencies to investigative bodies, such as PEER.

employee favoritism, communication, hiring unqualified supervisors, training, and accountability that has resulted in a negative organizational culture.

PEER notes that while some staff are clearly unhappy with current the culture of the agency, there are a few individuals who have no complaints and are very happy with VHPB and the Executive Director.

- **Promotions:** While staff do not feel they are given opportunities for advancement and promotion, management feels that staff are not working towards advancement and have not earned the promotions they are seeking. In the organizational culture survey, only 42% of staff felt hiring, raises, and promotion decisions were based on clear criteria.



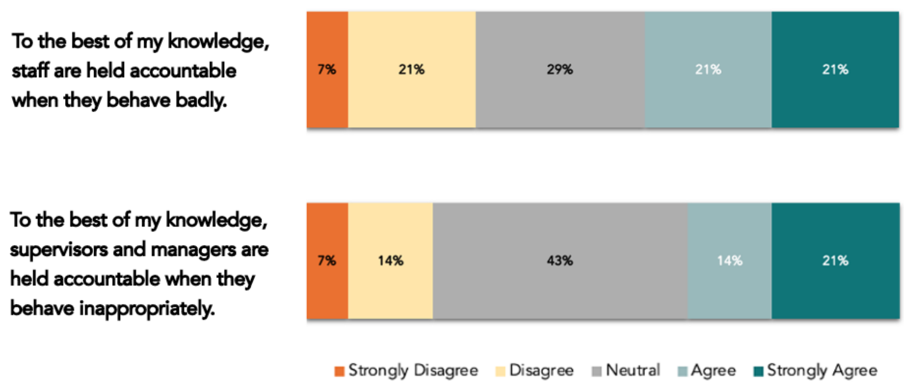
- **Unqualified supervisors:** Current and former staff reported concerns regarding the management decision to hire employees into supervisory positions who do not meet the minimum qualifications of the positions and have limited supervisory experience. Of the former staff interviewed, two of the employees stated that the current Executive Director hiring unqualified staff into supervisory positions contributed to their decision to look for other employment. One former employee, who left the agency prior to 2021, stated that even though they loved working at VHPB, they did not want to come back to the agency when given the opportunity because they heard this had occurred and impacted morale. Current staff feel that it is unfair for outside unqualified staff to be hired into supervisory roles over internal staff who could qualify for the positions. These staff are then required to train the supervisors that are hired.

- **Favoritism:** Staff believe the Executive Director shows favoritism in promotions and gives considerations and preferences to some and not all. Of the former staff interviewed, two individuals left because of this, and one individual chose not to return to apply for positions they initially wanted and thought they would return for.

- **Communication:** During the interviews, a majority of staff discussed issues with communication at all levels of the organization, but especially amongst supervisors, who do not effectively communicate with one another. This creates tension amongst themselves, which is observed by and stressful for other staff. The agency has implemented weekly supervisor meetings to hopefully help improve the communication amongst the supervisors.

- **Training:** During interviews with VHPB staff, approximately 64% of staff mentioned issues with training and felt that the agency needed to improve its orientation, training, and professional development opportunities available to staff and supervisors. Over the last four years, VHPB has undergone many changes, specifically as it relates to how it processes and services mortgage loans for veterans, including the implementation of two new software systems. A former employee stated that implementing and utilizing the new systems became the priority of upper-level management, which resulted in other priorities, such as training, being pushed to the side during the transition.

- **Accountability for unprofessional behavior:** In the organizational culture survey, only 42% of respondents agreed or strongly agreed that staff were held accountable when they behave inappropriately, and only 35% agreed or strongly agreed that supervisors and managers were held accountable when they behave inappropriately.



The Executive Director feels that any issues with turnover and employee morale could be fixed by allowing VHPB to create its own agency-specific job titles and hire staff in at much higher salaries. According to the director, it is difficult to hire qualified and professional people to do the work at such low salaries.

Deficiencies in VHPB's Management of Human Resources

In addition to issues with the management of the program as a whole, VHPB has also demonstrated deficiencies in its management of human resources, including the inefficient recruitment, selection, and retention of its employees. This chapter discusses these issues and their ramifications.

PEER notes that VHPB hired someone with years of experience in human resources to take over the role of Human Resources Supervisor in May 2024. This individual has since worked to address some of the issues and concerns addressed in this chapter.

Issues with VHPB's Management of Human Resources

While the Executive Director believes VHPB's issues with recruitment and retention are related to the current job classifications for mortgage loan processors and servicers, PEER determined that VHPB has been ineffective and inefficient in its recruitment, selection, and retention efforts by not following best practices as it relates to human resources.

Through MSPB's classification and compensation system, VHPB's mortgage processors and servicers are currently classified as customer service representatives, which have four levels. According to MSPB's website, jobs with these classifications assist users of services and facilities of a state agency by providing general and/or specialized information. These positions require a high school diploma or high school equivalency (e.g., GED) and varying years of experience dependent on the classification level of the position (e.g., a Customer Service Representative II requires at least two years of experience, and a Customer Service Representative IV requires at least five years of experience). Supervisors in the processing and servicing departments are classified as either benefit program supervisor or benefit program manager. These positions require at least a bachelor's degree and at least four to six years of experience.

According to the Executive Director, VHPB has a difficult time recruiting and retaining qualified, professional staff into processing and servicing positions, including having staff who are stagnant and unpromotable. He believes VHPB needs agency-specific job classifications (e.g., mortgage loan processors) and a higher level of compensation. Through its review, PEER determined that VHPB has not followed best practices as it relates to recruiting, selecting, and retaining its employees, including but not limited to:[27]

- utilizing recruitment tools to advertise and hire for positions;

[27] PEER utilized MSPB's Guide as a tool for analyzing VHPB's best practices as it relates to the management of human resources.

- offering new employee orientation;
- properly classifying and compensating employees;
- hiring and promoting qualified employees into supervisory positions;
- providing opportunities for professional development of employees;
- properly training staff and supervisors; and,
- conducting and utilizing exit interviews as a recruitment and retention tool.

The next sections briefly discuss each of these issues.

Poor Utilization of Recruitment Tools to Advertise and Hire for Positions

Pursuant to MISS. CODE ANN. Section 25-9-119 (2) (c) (1972), MSPB administers the recruitment program for state agency positions and advertises open positions for agencies on its website. While agencies are required to utilize the official MSPB job title in the posting, according to MSPB staff, agencies can also choose to use a more functional title in the advertisement as well. For example, VHPB could use mortgage loan processor along with the formal customer service representative classification, when advertising on MSPB's website. VHPB has implemented this technique occasionally, but not consistently over the last few years. Further, MSPB allows agencies to provide more information about the position and lists preferred qualifications. In a review of VHPB job postings, the agency does take advantage of this offering in its recruitment efforts.

Prior to the current Human Resources Supervisor being hired in May 2024, VHPB did not have a thorough interviewing and selection process. For example, VHPB did not utilize a formal set of questions when interviewing employees. The Human Resources Supervisor has implemented a set of questions to be used during interviews and customizes the questions based on the position.

> Since being hired in May 2024, the Human Resources Supervisor has been working on improving VHPB's recruitment efforts. Since May 2024, the agency has recruited for, hired, and retained all five of the employees it has hired under the new supervisor.

Insufficient New Employee Orientation

According to the Guide, the first day can set the tone for an employee's tenure with the agency. Historically, even prior to current VHPB leadership, new hires have been limited on the information that they are provided on their first day. Other than the state employee handbook, VHPB does not provide orientation or training materials to new staff. According to the Human Resources Supervisor, each supervisor should be responsible for preparing and providing orientation and training materials for new hires in their departments.

Improperly Classifying and Compensating Employees

In January of 2022, MSPB implemented an updated state employee classification and compensation system to provide more consistent, fair, and equitable compensation for employees. The new system groups similar positions into the same classification and assigns a pay plan and pay grade based on the relevant labor market to each position. Each pay grade consists of a minimum, market, and maximum salary. Each employee can be paid between the minimum and maximum salary based on experience and qualifications.

Through the new system, there are various ways in which agencies can increase compensation for employees, including a title change, promotion, in-range salary adjustment, legislative increase, or job offer match. There are three mechanisms for awarding in-range salary adjustments, including:

- salary progression (e.g., moderate changes in duties which are at a higher level);
- equity (e.g., ensuring employee salaries with comparable education, experience, performance, and same or similar duties are fair); and,
- immediate labor market changes (e.g., allows agencies to address immediate changes in the labor market that may impact retention).[28]

While VHPB's Executive Director would like agency-specific job classifications, the state's new employee classification and compensation system was designed to allow more flexibility for agencies to offer in-range salary adjustments for current employees and to also vary the salary range used to advertise positions.

Currently, VHPB processors and servicers have salaries ranging from a low of $30,133 (entry-level staff) to a high of $45,864 (more experienced staff). PEER requested information regarding salaries for processors from the American Association of Residential Mortgage Regulators (AARMR) and one of AARMR's mortgage industry members. According to these organizations, on average processors can make between $40,000 to $60,000, but this can vary based on the strength of the market, loan volume, and geographic location.

Because employees in VHPB's customer service representative positions are below the market rate salary for their positions, VHPB has been advertising positions for recruitment below the market rate. Although VHPB could advertise at $35,743, it has been advertising between $26,185 to $30,133. However, if VHPB chose to advertise at the market rate, without aligning current employee salaries, it could create equity issues.

According to MSPB staff, currently, VHPB's average customer service employee is 9% below the market rate salary for their positions, with employees in the entry level customer service classification making 17% below the market rate. In addition, based on MSPB data, VHPB has not offered any in-range adjustments to its employees this year. As of May 7, 2025, VHPB could have given each of its customer service employees a 3% in-range salary adjustment and still be in compliance, and it could have done so at the beginning of FY 2025.

Further, over the past 12 months, VHPB has advertised the minimum salary for the Customer Service Representative II position from $26,185 to $30,133, when the market rate for the position is $35,743. However, because current employees in those positions are below market rate, offering that amount to new employees would create equity issues. If VHPB had been continuously progressing the salaries of their employees, it would be easier for them to advertise for new employees at a higher rate.

While MSPB will consider agency-specific job classifications based upon compelling documentation from the agency regarding the need for such, since the implementation of the

[28] At no point will an employee be allowed to receive more than a cumulative seven percent increase in compensation, using in-range salary adjustments, within a single fiscal year.

classification and compensation system, it has only been approved once. According to MSPB staff, when an agency is experiencing recruitment and retention issues this route would not be the first option in dealing with such issues. As of May 1, 2025, the Executive Director has not conducted research or compiled compelling documentation to warrant consideration of agency-specific job classifications.

PEER notes that a few of the former staff interviewed stated that in addition to some of the issues reported, they also left for higher salaries.

Refer to Appendix F on page 88 for more information regarding VHPB's current job classifications and average VHPB employee salary. As shown in the Appendix, the average salary for each VHPB positions is above the minimum but below the market rate.

Inconsistency in Hiring and Promoting Qualified Employees into Supervisory Positions

MSPB identifies state agency employees as either state service or non-state service. MISS. CODE ANN. Section 25-9-107 (c) (1972) designates which positions within Mississippi state government may be considered non-state service (e.g., legislative staff, staff of the Governor, judges, prisoners). Specifically, MISS. CODE ANN. Section 25-9-107 (c) (xvi) (1972) allows for some staff positions to be excluded from the hiring authority of MSPB if the employees determine and publicly advocate substantive program policy and report directly to the agency head, or the employees are required to maintain a direct confidential working relationship with a key excluded official. These employees are referred to as non-state service X-16 employees and often include administrative officers, deputies, bureau chiefs, and directors.[29]

PEER notes that pursuant to MSPB's Policies and Procedures, employees and positions with the designation of non-state service X-16 are exempt from the hiring and recruitment policies of MSPB. State agencies hiring employees into these positions are not required to hire from a referred list (i.e. a list of candidates applying for the selected position and found minimally qualified by MSPB) or use MSPB's recruitment program. Agencies are required to submit position and employee data along with a copy of the current application to MSPB. However, MSPB only acknowledges the appointment of non-state service personnel and do not check to ensure the minimum qualifications of the position are met (i.e., a person does not have to qualify for a non-state service X-16 position). While non-state service X-16 employees are exempt from the hiring authority of MSPB, they are subject to MSPB salary-setting authority.

All applicants accepting appointment to a non-state service position are required to be given written notice by the hiring agency that state service status will not be attained while employed in the position and the state of Mississippi is under no obligation to continue employment in the position. This is to ensure that employees understand that they are considered will and pleasure employees and could be terminated without cause. Non-state service employees may be dismissed or otherwise adversely affected as to compensation or employment status, with or without cause and are not entitled to due process of law.

[29] MISS. CODE ANN. Section 25-9-107 (c) (xv) (1972) designates the agency head as non-state service. This is often referred to as non-state service X-15.

Excessive Non-state Service, X-16 Employees at VHPB

As of May 1, 2025, six of VHPB's 18 staff positions are designated as non-state service X-16,[30] accounting for approximately 33% of employees. These positions include:

- two benefit program supervisors;
- one benefit program manager;
- one benefit program team lead (vacant);
- one accounting manager; and,
- one Auditor II position.[31]

> Six (33%) of VHPB's positions are exempt from the hiring authority of MSPB due to their non-state service status. In comparison, similarly sized state agencies often have either one or two non-state service positions.

As shown in VHPB's org chart for FY 2025 (Appendix A on page 79), only three of these positions report directly to the Executive Director, and one employee who does report directly to the director is in a state service position. VHPB is inconsistent in how it has designated positions as state service and non-state service. Further, it is not common practice for small agencies, such as VHPB, to maintain a large number of non-state service positions. According to MSPB staff, a state agency the size of VHPB should have one or two (at most) non-state service positions. PEER reviewed organizational charts for 10 state agencies similar to the size of VHPB to determine the number of non-state service X-16 positions in each agency. Of the 10 agencies:

- one had no X-16 positions;
- four had one X-16 position;
- three had two X-16 positions;
- one had three X-16 positions; and,
- one had six X-16 positions.

PEER notes that the agency with six X-16 positions has experienced a similar amount of turnover as VHPB.

> Exempt positions are not subject to the same conditions of employment as state service positions. As a result, VHPB has hired employees into supervisory positions who do not meet the minimum qualifications. This negatively impacts morale and has reportedly contributed to high turnover.

Unlike employees hired into state service positions, employees hired into non-state service positions are not required to be selected from list of eligible candidates and do not have to meet the minimum qualifications of the position. VHPB has taken advantage of the non-state service designation by hiring

[30] This count excludes the Executive Director position.

[31] PEER notes that all employees in non-state service positions at VHPB are aware of their status and understand that they are will and pleasure employees.

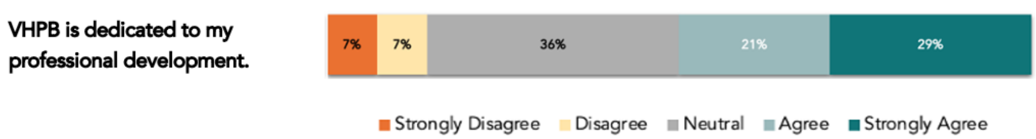
staff into supervisory positions who do not meet the minimum qualifications (e.g., no college degree) and do not have the supervisory experience required to manage staff. VHPB is in the process of hiring another individual into a non-state service position who does not meet the minimum qualifications required by MSPB.

On May 1, 2025, the Executive Director stated that he hired these employees into these positions knowing that they did not meet the minimum qualifications, but that they were trainable and could be molded into what the agency needed. However, PEER notes that on June 9, 2025, the Executive Director stated that one of his supervisors has caused problems within the agency because she was not qualified for the position.

It is important to hire qualified managers and equip them with the tools, training, and support needed to ensure that not only they excel but their employees excel as well.

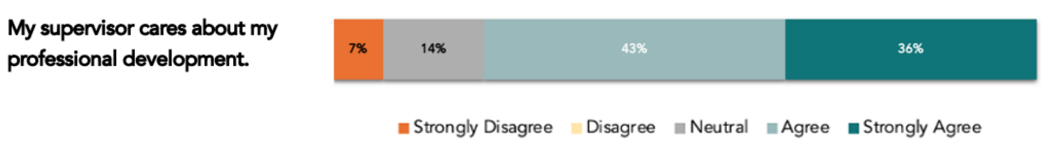
Few Opportunities for Professional Development

According to the Guide, employee development should be organized rather than haphazard. In the organizational culture survey, only 50% of respondents agreed or strongly agreed that VHPB was dedicated to the professional development of its employees.



In interviews, staff stated that they have not been given professional development opportunities, and therefore, are not given opportunities for promotions and advancement. Upper Management believes that staff should look for opportunities to make themselves more promotable and not expect promotions just because they have been employed by the agency for many years.

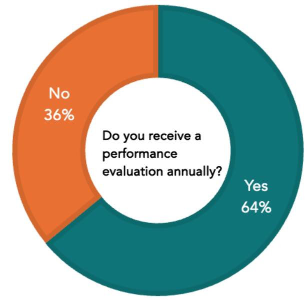
In the organizational culture survey, 79% of respondents did agree or strongly agree that their immediate supervisor cared about their professional development. One individual stated that the operations manager had been working to find professional development opportunities for staff to build their qualifications for higher paying positions.



Failure to Utilize Annual Performance Reviews as a Tool for Employee Development

Performance reviews can serve as a helpful tool for leadership in promotions, to address issues, and inform staff of areas in which they are performing well and areas in which they can improve. Historically, VHPB has not conducted performance reviews of its staff, and some staff stated that they were not clear on their job duties or what was expected of them (i.e., items that would be included in a performance review).

In the organizational culture survey, approximately 36% of respondents stated that they had not received an annual performance evaluation. According to the Human Resources Supervisor, before she started in May of 2024, the agency had not implemented performance reviews for staff. One individual stated that the person previously responsible for performance reviews felt that they were not necessary.



Upon request, as of April 10, 2025, VHPB provided the job description portion of the performance appraisals for each employee. According to the Human Resources Supervisor, she began implementing Performance Review Appraisals (PRA) for the entire staff in February 2025, to ensure that everyone currently employed by the agency would be on the same timeframe.

Insufficient Training of Staff and Supervisors

For VHPB staff, training is learned "as you go" by shadowing or asking other employees for assistance, which can work well for some but not for others. Processing and servicing staff are provided and use the VA guidelines for providing guaranteed loans to veterans, and they also have training guides for the new computer systems. However, some staff felt that this was not an adequate amount of training, and more internal materials and in-person training is needed to help staff feel more comfortable and confident in their jobs.

While processing and servicing staff are supposed to meet weekly to be trained on and discuss the two software systems, those meetings are often cancelled and not rescheduled.

Further, VHPB has hired individuals into supervisory positions who do not meet the minimum qualifications. A lack of knowledge from supervisors trickles down to staff and causes confusion and results in errors in both processing and servicing that must be fixed by the internal auditor (e.g., processing errors) or within the accounting department (e.g., servicing errors). This causes processes to be slowed down and takes staff away from other duties.

Pursuant to the job classifications of VHPB's supervisory positions, employees in the positions should have at least a bachelor's degree. Currently, two of the employees in supervisory positions do not have college degrees, and one supervisor has an associate's degree but not a bachelor's degree.

Failure to Conduct Exit Interviews

According to the Human Resources Supervisor, exit interviews were not part of the process before or after she started with the agency. Since she became the Human Resources Supervisor, only two employees have resigned from the agency, both of which voluntarily resigned effective immediately.

The six former staff interviewed for this review did not receive exit interviews upon their departure from the agency. VHPB management has missed opportunities for organizational improvement by not conducting exit interviews to track the reasons why employees leave the agency.

Three of the former employees interviewed stated that while they did speak to Human Resources to inform them they were leaving, they did not have a formal meeting or exit interview with the current Executive Director to discuss their reasons for leaving. Information obtained from exit interviews could be utilized for managerial training purposes and to improve the experiences employees have within the agency.

The Impact of High Staff Turnover on VHPB and its Organizational Culture

For an agency with only 19 PINs, 16 of which were filled at the time of this report, the loss of so many employees in such a short amount of time has negatively impacted VHPB's organizational culture and has resulted in:

- increased costs to recruit, hire, and train new employees;
- poor organizational culture;
- low employee morale;
- employee disengagement;
- loss of institutional knowledge within the agency; and,
- decreased staff productivity.

This chapter briefly describes the impact of high turnover on VHPB and its organizational culture.

High Costs of Turnover

Research shows that the estimated costs of turnover can vary by organization but often can cost about one-fifth of the position's annual salary to replace an exiting employee. Utilizing this methodology, in CY 2024, with an agency turnover rate of 42%, VHPB had an estimated annual cost of turnover of $92,329.

According to research, it can be costly for agencies to replace employees who leave. There are often direct and indirect costs associated with turnover. Direct costs are tangible with dollar amounts assigned to them, including but not limited to:

- processing paperwork;
- paying out employee leave;
- interviewing;
- conducting reference and background checks; and,
- training new hires.

Indirect costs are less easily assigned dollar values, including but not limited to:

- the productivity difference between the exiting employee and the replacement employee;
- errors by the new employee due to lack of knowledge; and,

- decrease in employee morale and productivity from other employees.

An agency can use indirect and direct costs to calculate the annual costs of turnover. Further, some research shows that organizations spend from one-fifth (20%) to one-third (33%) of an employee's annual salary to replace that employee. For employees earning more it may be slightly higher and for employees earning less it could be slightly lower. To remain conservative in its estimation, PEER utilized the one-fifth (20%) methodology to determine the annual estimated costs of turnover for VHPB in CY 2024.

In CY 2024, VHPB had an estimated annual cost of agency turnover of $92,329. PEER calculated these costs by taking the salary of each exiting employee and multiplying it by 20%.[32]

If VHPB had an 18% turnover rate (e.g., national turnover rate for state and local government employees) in CY 2024, the annual estimated costs of turnover would range from $23,312 to $47,674. PEER calculated these costs by using the three lowest salaries of employees leaving in CY 2024 and the three highest salaries of employees leaving in CY 2024.

Poor Organizational Culture

According to the results of the organizational culture survey, only 28% of respondents agreed or strongly agreed that VHPB has a positive culture. Further, only 35% of respondents agreed or strongly agreed that leadership demonstrates through their actions that staff wellbeing is a priority.

While a poor organizational culture can negatively impact an employee's wellbeing and result in low productivity, disengagement, and high turnover, a strong organizational culture can have a positive impact on employees by making them feel happier, more productive, and less likely to leave the organization.

An organization's culture is established by its leadership and permeates throughout all levels of the organization.

Key characteristics of a strong organizational culture include:

- having a clear vision and values that create a framework for employee decision-making and behavior;
- having a leader who acts with integrity and puts their employees first;
- allowing employees to take responsibility for their jobs and make significant contributions;
- establishing an environment that values open communication and transparency to promote trust and teamwork;
- acknowledging accomplishments; and,

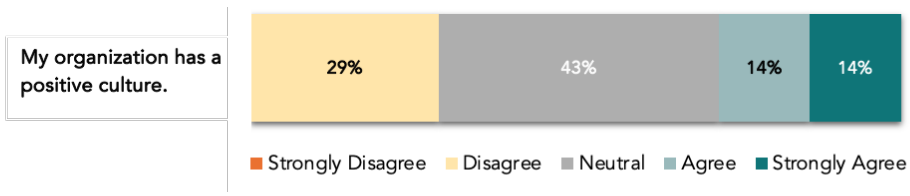
[32] There were three employees during this timeframe who were with the agency for less than one year, and their salary information was not available in the change in compensation report provided by MSPB. Therefore, PEER used the salaries of the employees currently in those three positions. PEER notes that these salaries could be more or less than the exiting employees actually made.

- prioritizing giving employees access to learning materials and developing a growth mentality.

Creating a strong organizational culture is a continuous process that requires cooperation, commitment, and alignment from all levels. Leadership, including upper and lower management, can have the most impact on employees and the culture of an organization starts at the top.

VHPB's Organizational Culture

In the organizational culture survey provided to VHPB staff, only 28% of respondents agreed or strongly agreed that VHPB has a positive culture. Additionally, only 35% of respondents agreed or strongly agreed that leadership demonstrates through their actions that staff wellbeing is a priority.



Again, PEER notes that during interviews there were a few staff who felt that VHPB had a great organizational culture and were surprised that others did not feel the same way. This could imply that some employees within the agency are being treated better than others.

Low Employee Morale

Only 14% of staff responding to the organizational culture survey agreed or strongly agreed that employee morale was high at VHPB. Further, only 21% felt that it had improved over the last year.

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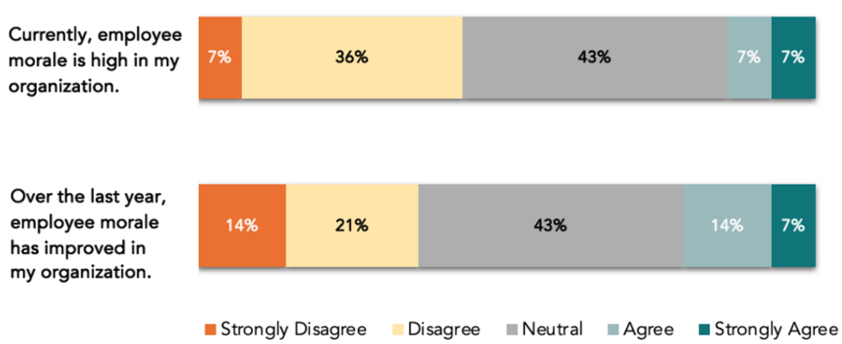


During the interviews, these results were confirmed when approximately 78% of employees interviewed stated that morale is either low to nonexistent (36%), somewhere in the middle (21%), or goes up and down (21%). As previously discussed, employees reported many reasons contributing to low morale in the agency. Some of the former staff interviewed also stated that when they left their positions, morale in the agency felt low due to the frequency and magnitude of changes in work processes and the overall leadership of the agency.

When asked about his thoughts on employee morale, the Executive Director provided the following response:

> *I have been thinking about your question regarding morale. I told you it was below average. That is not a fair answer. Morale varies from day to day from employee to employee. I think we have employees that are inherently negative. They have been with the agency for 14 years and have been stagnant in their role and do not see a future within the agency. They also realize there is nowhere else they can go at this stage of their life and start over. When you have someone like this in your office, they tend to be extremely negative. They bring the morale down for themselves and anyone working around them for that day. We also have supervisors that are over their head and cannot supervise. When they are put in a position where they have to make a decision, or be a supervisor, and cannot, it affects their morale and those around them.*
>
> *For the employees that do not come into contact with frustrated employees or overwhelmed supervisors, I feel the morale is generally good or better.*

Employee Disengagement

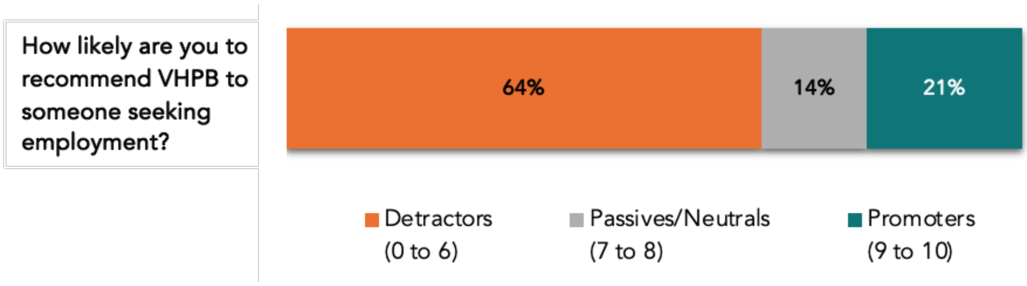
Over 60% of employees responding to the survey and being interviewed are disengaged and would not recommend VHPB to individuals seeking employment. Reasons reported include tension with supervisors, lack of communication, current leadership style, and workload levels.

The organizational culture survey asked respondents to select how likely they would be to recommend VHPB to someone seeking employment. PEER used the Employee Net Promoter Score (eNPS), which is a tool used by companies to measure and improve employee satisfaction and engagement. Respondents selected a rating between zero (not at all likely) and ten (extremely likely). Employee ratings fell into the following categories:

- individuals selecting nine or ten were classified as **promoters**, which includes employees who are highly satisfied and loyal to the organization;
- individuals selecting seven or eight were classified as **passives/neutrals,** which includes employees who are moderately satisfied but not actively engaged or enthusiastic about the organization; and,
- individuals selecting zero through six were classified as **detractors**, which includes employees who are dissatisfied and unhappy with the organization.

These categories were then used to calculate the eNPS (i.e., percentage of promoters minus percentage of detractors). Scores can range from a negative 100 to a positive 100. Research shows that anything above zero is deemed an acceptable score (i.e., an equal split between promotors and detractors), with scores between 10 and 30 considered to be good and scores between 50 and 70 considered to be excellent. Negative scores indicate more detractors than promoters, which often means most employees are disengaged with the organization and boosting employee morale should be a priority.

For VHPB there are more detractors (9 respondents) than promoters (3 respondents). VHPB's eNPS score is negative 43, which indicates that most employees are disengaged with the organization and would not recommend VHPB to those seeking employment.



PEER followed up with staff during interviews regarding this question, and the responses matched the survey results, with the majority of employees stating they would not recommend VHPB to others. Reasons employees would not recommend VHPB included tension with supervisors, lack of communication, inadequate training, current leadership style, and workload levels (which is a result of high turnover).

Loss of Institutional Knowledge within the Agency

Approximately 75% of VHPB employees have been with VHPB for five years or less. The loss of institutional knowledge can lead to decreased productivity and increased mistakes.

Prior to CY 2021, there were 13 employees with at least five years of experience with the agency. As previously stated, there are only four employees who have worked for the agency for longer than five years. Exhibit 17 on page 71 shows the total years of service of current VHPB staff. As shown in the Exhibit, approximately 75% of VHPB staff are new and still learning.

According to the Guide, succession planning is a strategic process for identifying essential positions in the organization and creating a process to prepare a pipeline of employees to fill vacancies in the agency as others retire or move on. It also involves identifying crucial job skills, knowledge, social relationships, and organizational practices so these ideals and beliefs can be passed on to future leaders of the agency. One of the goals of VHPB's strategic plan is to create a succession and promotion plan for employees.

When an agency loses experienced staff, it loses valuable expertise and efficiency, which has an overall impact on productivity, morale, and the customer experience. There is currently a supervisor in the processing department that has been with the agency for over ten years. During fieldwork, PEER witnessed other staff constantly calling or stopping by this employee's office to ask questions and obtain help regarding mortgage loans. If this person were to retire or resign, it appears VHPB would

> The loss of institutional knowledge has an overall impact on productivity, morale, and the customer experience.

have issues replacing the institutional knowledge of this employee, especially if there is no system in place to transfer knowledge of experienced employees to less skilled employees.

Exhibit 17: Years of Service for Current VHPB Staff as of May 1, 2025

Range of Years	Employee Count	Percentage
1 year or less	7	44%
>1 to 5	5	31%
>5 to 10	1	6%
>10 to 15	3	19%

SOURCE: PEER analysis of employee data provided by the Mississippi State Personnel Board.

Decrease in Productivity

Increased workload, combined with hiring new employees and shifting responsibilities due to high turnover, can increase the probability of errors and impact productivity.

High staff turnover can impact productivity by increasing staff workload and increasing the number of errors made by staff.

Increased Workload

According to some VHPB staff, high turnover has increased the workload. This is especially true for supervisors, who are required to pick up the slack when those they manage leave. As of May 1, 2025, the Executive Director does not believe the workload is unmanageable for any of the staff, except for the operations manager, who has had to take on additional responsibilities, such as handling IT-related matters and getting all new hires set up (e.g., setting up email accounts). He stated that he knows the person in that position is overloaded with work.[33]

During fieldwork, PEER observed the work of processors and servicers. With only two processors and one supervisor responsible for processing loans, the processing department appears to be overworked and overloaded with the number of applications VHPB receives on a weekly basis. Currently, processors are responsible for managing 10 to 15 loan applications at a time, with the processing supervisor sometimes managing close to 20 in addition to supervisory duties. PEER notes that through the new approach of handling loans from origination to closing, the processors are managing applications in various stages of the process, with some stages, such as origination and closing, being more cumbersome.

According to staff, processors have been told by the Executive Director that they should be able to handle 30 loans each through the various phases of this approach. However, according to the Executive Director, while it is unlikely that the current processors could manage more than 10 to

[33] As of June 25, 2025, VHPB terminated the operations manager.

15 loans at a time, processors in the private sector are responsible for managing more than 30 at one time.

According to the AARMR president most private mortgage companies split responsibilities for origination, processing, and closing between different individuals.

PEER reached out to the president of AARMR and other states' veterans programs to obtain more information about how processing responsibilities are divided and the typical number of loans that a loan processor is responsible for handling. While it can vary depending on the private mortgage company, most companies split responsibilities for origination, processing, and closing by different individuals. However, there are some very small companies where one person would handle all three phases, but they are usually brokers instead of lenders. Further, the workload for staff depends on a variety of factors, including:

- the individual's skills;
- the type of loans they handle; and,
- the tools available to them.

According to the AARMR president, in small companies in which one person handles all three phases of a loan, each individual usually processes between eight to 12 loans at a time.

According to the AARMR president, if the person is fully trained and has good skills, and they are not handling a lot of complex loans, they can usually process between eight to 12 loans at a time. If the processor is responsible for handling more complex loans, they can process fewer at a time.

Increased workload, combined with hiring new employees and shifting responsibilities due to high turnover, can increase the probability of errors. In return, this can reduce the agency's standing as a responsible and compliant mortgage lender and impact the veterans served by the program.

Increased Number of Errors

In interviews with VHPB staff, it became apparent that the high turnover has contributed to errors. The learning curve associated with onboarding and adapting to changing processes and roles across the agency has led to mistakes. For example, one staff member noted that there are "often" errors in files during loan processing that must be corrected. Additionally, multiple staff reported that errors made by others directly affect their own workload, often requiring them to spend additional time correcting mistakes or duplicating efforts. This situation not only strains individual workloads but also has the potential to impact overall team morale.

Conclusion

Over the course of PEER's review of VHPB, one of the emergent themes that unites state statute, staff interviews, and stakeholder surveys is a belief in the inherent value of VHPB's mission to assist veterans in securing one of their most valuable assets—their homes. As with any organization, the level of excellence VHPB can achieve in fulfilling its mission correlates directly to the strength of its operations and the employees who oversee its daily functions. The maximization of the benefits of VHPB's mortgage program for Mississippi's veterans depends on the institutional wellbeing of the agency and its staff.

While VHPB successfully provides financial benefits to numerous veterans, the issues identified in this report regarding the agency's operational management and employee morale indicate limitations to its overall effectiveness. Whether internal or external, these issues create negative consequences for veterans by diminishing the quality of service VHPB can offer. Improving VHPB's functions and organizational practices would contribute not only to the benefit of the agency and its employees but also to the veterans the agency was created to serve.

Recommendations

Board Structure

1. The Legislature should consider amending MISS. CODE ANN. Section 35-7-7 (1972), effective with the Board's reconstitution in January 2028, to remove the wartime service requirements for Mississippi Veterans' Home Purchase (VHPB) Board members and to allow for the appointment of non-veteran members with experience in the mortgage industry. The new Board composition should include at least two members who are Mississippi citizens with at least five years of experience in the mortgage industry and the remaining members should have been members of the armed forces of the United States.

Populations Served

2. Pursuant to MISS. CODE ANN. Section 35-7-15 (1972), VHPB should begin monitoring the distribution of applications across the state and consider analyzing whether certain counties submit a higher volume of applications and/or achieve higher success rates in receiving loans after the submission of applications.
3. VHPB should begin analyzing the relationship between loan distribution and the veteran population in each county of the state to identify and address disparities in loan distribution.
4. VHPB should conduct:
    a. Broad outreach efforts to help ensure that all veterans are made aware of VHPB and its loan program. These efforts could include:
        i. annual trainings/webinars for realtors, veteran service officers, and other veteran organizations (e.g., Friends of Mississippi Veterans, Wounded Warrior Project, American Legion); and,
        ii. advertising in veteran-focused publications (e.g., Mississippi Salute magazine, podcast, social media).
    b. Targeted outreach efforts for disabled veterans and first-time home buyers. These efforts could include:
        i. partnering with organizations serving disabled veterans (e.g., Disabled American Veterans); and,
        ii. reaching service members transitioning out of the military (e.g., transition assistance programs, social media, veterans' and military services offered by universities).
    c. Targeted outreach efforts in counties with a disproportionately low amount of loans compared to the veteran population. VHPB may also consider marketing to the eight counties that currently hold no loans (i.e., Benton, Holmes, Humphreys, Issaquena, Prentiss, Sharkey, Tunica, and Wilkinson).

5. If necessary, VHPB could employ its statutory authority to halt, limit, or place temporary moratoriums on further purchase applications from counties receiving a disproportionately high number of loans compared to the veteran population.
6. VHPB should comply with the limitations established in MISS. CODE ANN. Section 35-7-39 (1972) regarding the one-time benefit of the program to a veteran over the course of his or her lifetime.
7. VHPB should consider conducting an annual survey to its active loan holders to assess satisfaction of the program and services provided by VHPB staff, and to identify any areas that could be improved to enhance program satisfaction.

Technical Error regarding Administrative Expense Allowance

8. To eliminate any confusion that could occur, the Legislature should consider amending MISS. CODE ANN. Section 35-7-45 (b) (1972) to ensure that the statute references the two percent administrative expense allowance established in MISS. CODE ANN. Section 35-7-9 (1972).

Interest Rates

9. The Legislature should amend MISS. CODE ANN. Section 35-7-25 (1972) to require that VHPB set its interest rates consistently between one and two percent below the market rate in order to ensure there is no favoritism or preferential treatment to a certain group.

Reserve Funding

10. VHPB should use historical data on loan defaults, operational expenses, and reserve fund balances to establish a reasonable reserve fund amount specifically for:
    a. funds to cover potential financial losses resulting from loan defaults (i.e., a loan loss reserve);
    b. funds to cover one to two years of operational expenses (i.e., an operational reserve) to cover unexpected expenses or other financial shortfalls; and,
    c. funds to distribute as loans.

    While these amounts may be commingled in the State Treasury, the Executive Director should produce a report at each monthly Board meeting that separates the reserve into these three categories for transparency and decision-making purposes.
11. VHPB should report its efforts to establish a reasonable reserve fund amount as part of its annual budget request submitted to the Mississippi Legislative Budget Office for FY 2027. This information could be used by the Legislature to consider increasing VHPB's escalation authority in order for it to spend down its reserve fund to a reasonable amount.

Timeliness of Loan Processing

12. In order to ensure it meets its stated goal and industry standards regarding timeliness in loan processing, VHPB should identify the root causes of delays in loan processing and take steps to improve data quality to enable the agency to begin internally tracking the length of time between loan application and loan closing. If VHPB determines that one of the causes of untimely loan processing is due to the limited number of Board meetings, the Board should consider approving

loans more frequently than once a month, as permitted by MISS. CODE ANN. Section 35-7-7, whether virtually or in-person.

Conflict of Interest

13. The Executive Director of PEER should direct a copy of this report to the Mississippi Ethics Commission for their review and consideration due to the fact that two Board members received mortgage benefits while serving on the Board.

14. VHPB should request that the Executive Director of the Mississippi Ethics Commission provide an ethics training to all current and future Board members, specifically noting that VHPB Board members cannot receive a VHPB loan while serving on the Board.

Management Decisions Impacting the Rehabilitation of Veterans

15. To comply with its mission to rehabilitate veterans, moving forward, VHPB should:

    a. Work with its current servicing software company to ensure that it reports payment history to credit bureaus for each veteran with an active VHPB loan.

        i. To provide transparency to applicants and current active loan holders, if VHPB decides not to pay the additional fee to its servicing software company to report payment history to the credit reporting agencies, then VHPB should establish a policy to inform veterans that this will not be an option if they obtain or currently have a loan with VHPB.

    b. Present data and documentation to its Board regarding implementation of an online customer portal. The Board should utilize the information provided to make the final decision regarding this matter.

High Turnover and its Impact on Employee Morale and Organizational Culture

16. Due to the large amount of turnover that has impacted employee morale and the organizational culture of VHPB, the Board should use the information in this report and/or conduct its own set of interviews with employees to better understand perceptions of the current culture and identify strengths and weaknesses. This information should be used to determine areas of improvement and to define the core values that should be implemented throughout the agency. These values and expectations should not only be stated but written down and provided to all employees, including the Executive Director. Rebuilding the organizational culture will take time and clear and open communication from the Board, as well as all levels of the organization. As part of this process, the Board should:

    a. require the Executive Director and Human Resources Supervisor to use resources and tools, such as Mississippi's Human Resources Best Practices Guide, to develop a plan and steps to improve employee retention and recruitment, including but not limited to:

        i. defining a clear career path for employees to ensure there are opportunities for career progression within the agency;

        ii. identifying the core competencies, skills, and abilities needed for each position to aid the agency in identifying skill gaps and training needs;

iii. developing employees through teaching soft skills, encouraging professional development, and providing feedback regularly;

iv. ensuring employees are provided annual performance reviews and utilizing this information to inform management decisions, such as updating job descriptions, offering promotions, addressing issues, and informing staff on areas where they are performing well and areas in which they can improve;

v. creating a process for recording institutional knowledge and platform for knowledge transfer; and,

vi. conducting exit interviews with all employees leaving the agency to help determine if any issues exist and tracking the information overtime to help training management and improve employee morale;

b. require the Executive Director to produce internal policies and procedures that clearly outlines the operating procedures for staff;

c. require the Executive Director to document and provide to the Board and staff any changes that are made within the agency that will impact the responsibilities, duties, and expectations of VHPB employees (e.g., changes to how loans should be processed);

d. review the vacancies in the processing department and determine if workload and timeliness could be improved by hiring someone to be responsible for only handling applications in the origination phase of the process;

e. ensure the Executive Director is hiring employees that meet the minimum qualifications for positions as set by MSPB;

f. require the Executive Director to change the status of any PINs not reporting directly to him and not publicly advocating substantive program policy from non-state service X-16 to state service status (as such, VHPB would need to follow MSPB policies and procedures to ensure employees in the positions are qualified);

g. require the Human Resources Supervisor to identify any career enhancement courses (e.g., Crucial Conversations) provided by MSPB that would be beneficial for VHPB staff to participate in over the next six months, report this information to the Board, and work to get all agency staff signed up for courses;

h. require any supervisors, who have not already taken the course, to participate in the Basic Supervisory Course offered by MSPB; and,

i. require the Executive Director to participate in (a minimum of) the following courses offered by MSPB:

   i. the Basic Supervisory Course;

   ii. Adapting Your Leadership Style;

   iii. Communicating as a Manager; and,

   iv. Effectively Managing Change.

17. The Board should conduct monthly assessments of progress, and after six months, if such efforts are not successful in addressing the organizational culture, the Board should consider taking

personnel actions to improve VHPB's work environment and ensure the agency is successful in implementing its mission.

18. VHPB should create a process for tracking and maintaining data for its performance indicators in its strategic plan in order to better use the information to assess areas of improvement and where there may be deficiencies.

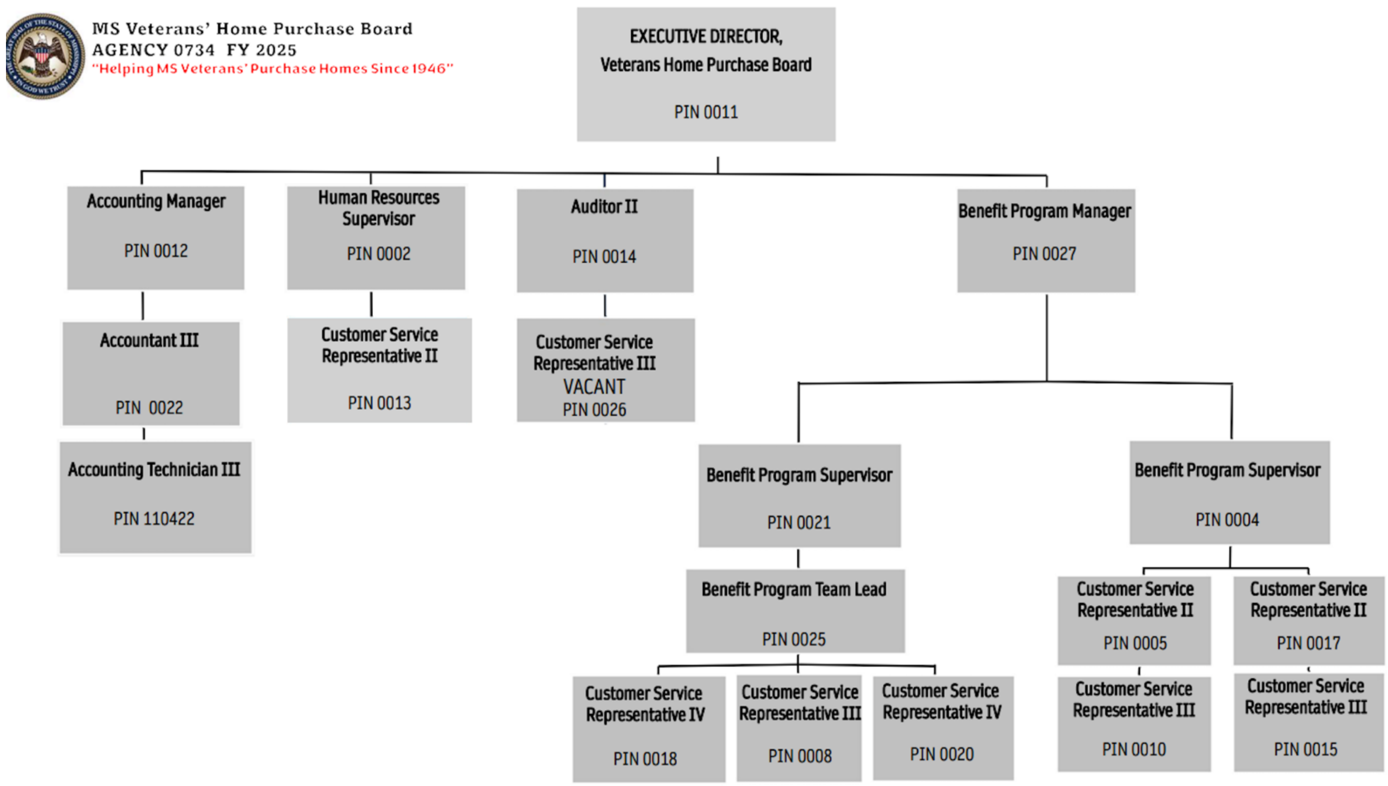
19. VHPB should review the salaries for all employees, especially those in customer service representative positions, to determine if in-range salary adjustments could be used to bring employees closer to the market rate salary for their positions. In-range salary adjustments should be made utilizing current appropriations, and VHPB should consult with MSPB prior to making adjustments to ensure it remains in compliance. The Executive Director should provide a report to the Board on how VHPB employee salaries compare to the market rate for staff in similar positions.

    a. After completing its review of current salaries, VHPB should consider recruiting for its customer service positions at the market rate salary to help with its recruitment and retention issues.

20. VHPB should consistently use the functional title (e.g. mortgage loan processor) for its positions when advertising on the Mississippi State Personnel Board's website.

21. During its six-month follow-up of VHPB, the PEER Committee should conduct another survey of organizational culture to determine if there have been any improvements.

Appendix A: VHPB's Organizational Chart as of July 1, 2024



SOURCE: Mississippi Veterans' Home Purchase Board.

Appendix B: VHPB's Statement of Revenues, Expenses, and Changes in Net Position for FY 2024

OPERATING REVENUES	
Interest on loans	$ 6,776,888
Fees	262,899
Other	2,371
Total operating revenues	7,042,158
OPERATING EXPENSES	
General and administrative	1,449,313
Contractual services	351,358
Commodities	44,885
Loan closing costs	112,604
Depreciation and amortization	31,791
Total operating expenses	1,989,951
Operating income	5,052,207
NONOPERATING REVENUES (EXPENSES)	
Interest and other investment income, net	1,877,419
Income before transfers	6,929,626
TRANSERS	
Transfers in	28,608
CHANGE IN NET POSITION	6,958,234
NET POSITION, BEGINNING OF YEAR	261,616,769
NET POSITION, END OF YEAR	$ 268,575,003

SOURCE: Mississippi Veterans' Home Purchase Board annual financial audit from FY 2024.

Appendix C: VHPB Mortgage Loan Eligibility and Priority Status Requirements

VHPB Mortgage Loan Eligibility Requirements

In order to be eligible for a VHPB mortgage loan, the applicant must:

- meet the definition of "veteran" established in MISS. CODE ANN. Section 35-7-5 (1972); and,
- select a property which meets the requirements set forth in MISS. CODE ANN. Sections 35-7-17, 35-7-19, 35-7-25, 35-7-29, and 35-7-39.

VHPB utilizes VA guidelines to evaluate an applicant's financial ability to repay the mortgage loan. This information is presented to and used by the Board to help it render a decision on approval or disapproval of each application.

Definition of "Veteran"

To qualify as a "veteran" under MISS. CODE ANN. Section 35-7-5, the applicant must:

- be eligible for and obtain a certificate of eligibility for a home loan guaranty from the VA;
- have been discharged under conditions other than dishonorable and present a record of service or original discharge (DD 214) to the Board; and,
- have lived in Mississippi for two years immediately preceding entry to extended active duty or the filing of the application with VHPB or have married a person who has been a legal resident of Mississippi for at least two consecutive years immediately preceding the marriage and application.

Spouses of those individuals meeting the above listed criteria may qualify for participation in the VHPB mortgage loan program, if they fall into one of the following three categories:

- unremarried surviving spouses of the above-described veterans who died as a result of the service or of service-connected injuries, provided the surviving spouse has not purchased a home since the veteran's death;
- the spouse of any member of the armed forces serving active duty who is listed as missing in action or is a prisoner of war and has been so listed for a total of more than ninety days; or,
- under MISS. CODE ANN. Section 35-7-41, the unremarried spouse of a veteran who dies after filing his or her application and the Board subsequently approves the application.

Property Requirements

A "home" is defined by state law as a parcel of real estate upon which there is a single-family dwelling house that will suit the needs of the purchaser and the purchaser's family as a place of residence.

The property is required to:

- be the applicant's primary residence;
- be located in Mississippi; and,
- have a title that is good.

The veteran may own title to the land at the time of application.

VHPB Mortgage Loan Priority Status Requirements

MISS. CODE ANN. Section 35-7-15 describes when VHPB must/may grant priority status in the processing of applications. Any applicant who qualifies under the first category listed below must be placed above a second category applicant on the prioritized list.

- VHPB must grant priority status to applicants who have service connected, permanent disability of fifty percent (50%) or greater (as verified by the VA or a branch of the United States Armed Forces).
- VHPB may grant priority status to applicants who have not purchased a single family, permanent home since their honorable discharge from active duty and have not owned a single-family residence in Mississippi while serving in the armed services. This priority only applies during the first five years following discharge, except for Vietnam veterans, who have no time limitation.

Additionally, because it is the intent of the law for VHPB to provide a one-time benefit for the veteran, the law prohibits the Board from considering applications for the second purchase of a home through VHPB if there are eligible veterans on the waiting list to apply for first purchases. Further, the veteran may not obtain a VHPB mortgage loan for the purpose of refinancing a home with adequate permanent financing, unless VHPB has funds more than those necessary to meet the demands of all other qualifying applicants.

SOURCE: PEER analysis of state law governing VHPB.

Appendix D: Statistical Analysis of VHPB Loan Distribution and Veteran Population by Mississippi County

Exhibit D.1 on page 84 presents the following categories for each county in the state:

- total veteran population;
- percentage of the veteran population;
- number of active VHPB loans;
- percentage of active VHPB loans;
- the number of loans per 1,000 veterans; and,
- standard deviations above or below the mean of loans per 1,000 veterans (i.e., 5.72 loans).

The Exhibit illustrates the statewide disproportionality in several ways. The "Loans per 1,000 Veterans" column shows that, while the statewide mean number of loans per thousand veterans is 5.72, Rankin County has more than five times as many loans per veteran, with nearby Smith and Madison counties close behind. By contrast, there are eight counties with no loans at all, and thus zero loans per thousand veterans. The exhibit as a whole is ordered by the "Loans per 1,000 Veterans" column, and the further from the mean in this column a county is, the more likely its disproportionality is to be of concern. That is not to say that the extreme ends of the table are the only ones of note. The disproportionality of VHPB loans is statewide, and some counties with a relatively small degree of disproportion (e.g., Harrison) may also warrant attention because of the large absolute number of individuals affected.

The "Standard Deviations Above or Below the Mean" column is a measure of the degree of disproportion of a county. The higher the absolute value of this column, the more unusual the county. It is intended to identify "outliers" and to show how extreme a given outlier is. While the definition of an outlier depends on the purposes of an analysis, one could reasonably surmise that an absolute value in this column above "1" possesses a ratio of loans to veterans unlikely in a "typical" observation.

The "Percentage of Total Veteran Population" and "Percentage of Total Number of Loans" columns provide another way of assessing the proportionality of each county's loans and veteran population. In a world of perfectly even loan distribution across all veterans, every county's percentage of the veteran population would be exactly equal to its percentage of the total number of loans. Thus, comparison between these two numbers is another way to understand the relative disproportion of each county.

SOURCE: PEER analysis of Mississippi Veterans' Home Purchase Board active loan holder data as of March 21, 2025, and National Center of Veterans Analysis and Statistics' population estimates for federal fiscal year 2024.

Exhibit D.1: Statistical Analysis of VHPB Loan Distribution and Veteran Population by Mississippi County as of March 2025

County	Veteran Population	Percentage of Total Veteran Population	Number of Loans	Percentage of Total Number of Loans	Loans per 1,000 Veterans	Standard Deviations Above or Below the Mean
Rankin	9575	5.32%	285	21.61%	29.77	4.76
Smith	672	0.37%	16	1.21%	23.81	3.58
Madison	4824	2.68%	104	7.88%	21.56	3.14
Copiah	1319	0.73%	20	1.52%	15.16	1.87
Lamar	4013	2.23%	51	3.87%	12.71	1.38
Lauderdale	5380	2.99%	68	5.16%	12.64	1.37
Newton	1426	0.79%	18	1.36%	12.62	1.37
Simpson	1400	0.78%	17	1.29%	12.14	1.27
Chickasaw	571	0.32%	6	0.45%	10.51	0.95
Webster	497	0.28%	5	0.38%	10.06	0.86
Carroll	410	0.23%	4	0.30%	9.76	0.80
Hinds	13504	7.50%	131	9.93%	9.70	0.79
Pontotoc	1417	0.79%	12	0.91%	8.47	0.55
Grenada	1100	0.61%	9	0.68%	8.18	0.49
Scott	1120	0.62%	9	0.68%	8.04	0.46
Jasper	876	0.49%	7	0.53%	7.99	0.45
Warren	2647	1.47%	21	1.59%	7.93	0.44
Leflore	893	0.50%	7	0.53%	7.84	0.42
Leake	1076	0.60%	8	0.61%	7.43	0.34
Bolivar	1106	0.61%	8	0.61%	7.23	0.30
Forrest	5221	2.90%	37	2.81%	7.09	0.27
Oktibbeha	1875	1.04%	13	0.99%	6.93	0.24
Lee	4057	2.25%	28	2.12%	6.90	0.23
Montgomery	580	0.32%	4	0.30%	6.90	0.23
Greene	588	0.33%	4	0.30%	6.80	0.22
Alcorn	1635	0.91%	11	0.83%	6.73	0.20
Calhoun	603	0.34%	4	0.30%	6.63	0.18
Tippah	771	0.43%	5	0.38%	6.49	0.15
Yazoo	1236	0.69%	8	0.61%	6.47	0.15
Lincoln	1548	0.86%	10	0.76%	6.46	0.15
Lawrence	671	0.37%	4	0.30%	5.96	0.05
Wayne	847	0.47%	5	0.38%	5.90	0.04

County	Veteran Population	Percentage of Total Veteran Population	Number of Loans	Percentage of Total Number of Loans	Loans per 1,000 Veterans	Standard Deviations Above or Below the Mean
Clarke	857	0.48%	5	0.38%	5.83	0.02
Sunflower	877	0.49%	5	0.38%	5.70	0.00
Coahoma	904	0.50%	5	0.38%	5.53	-0.04
Jefferson Davis	587	0.33%	3	0.23%	5.11	-0.12
Jefferson	202	0.11%	1	0.08%	4.95	-0.15
Perry	816	0.45%	4	0.30%	4.90	-0.16
Tate	1440	0.80%	7	0.53%	4.86	-0.17
Hancock	3761	2.09%	17	1.29%	4.52	-0.24
Winston	1112	0.62%	5	0.38%	4.50	-0.24
Amite	681	0.38%	3	0.23%	4.41	-0.26
Choctaw	454	0.25%	2	0.15%	4.41	-0.26
Harrison	27059	15.03%	118	8.95%	4.36	-0.27
Jackson	12848	7.14%	56	4.25%	4.36	-0.27
Jones	3093	1.72%	13	0.99%	4.20	-0.30
Washington	2197	1.22%	9	0.68%	4.10	-0.32
George	1225	0.68%	5	0.38%	4.08	-0.32
Tallahatchie	522	0.29%	2	0.15%	3.83	-0.37
Stone	1319	0.73%	5	0.38%	3.79	-0.38
Covington	1069	0.59%	4	0.30%	3.74	-0.39
Lafayette	1979	1.10%	7	0.53%	3.54	-0.43
Lowndes	4525	2.51%	16	1.21%	3.54	-0.43
Union	1153	0.64%	4	0.30%	3.47	-0.45
Attala	897	0.50%	3	0.23%	3.34	-0.47
Walthall	615	0.34%	2	0.15%	3.25	-0.49
Tishomingo	924	0.51%	3	0.23%	3.25	-0.49
Pearl River	4026	2.24%	13	0.99%	3.23	-0.49
Quitman	325	0.18%	1	0.08%	3.08	-0.52
Marion	1341	0.75%	4	0.30%	2.98	-0.54
Claiborne	372	0.21%	1	0.08%	2.69	-0.60
Noxubee	373	0.21%	1	0.08%	2.68	-0.60
Itawamba	1180	0.66%	3	0.23%	2.54	-0.63
Monroe	2000	1.11%	5	0.38%	2.50	-0.64
Adams	1615	0.90%	4	0.30%	2.48	-0.64
Desoto	11155	6.20%	27	2.05%	2.42	-0.65
Pike	2232	1.24%	5	0.38%	2.24	-0.69

County	Veteran Population	Percentage of Total Veteran Population	Number of Loans	Percentage of Total Number of Loans	Loans per 1,000 Veterans	Standard Deviations Above or Below the Mean
Franklin	479	0.27%	1	0.08%	2.09	-0.72
Panola	1486	0.83%	3	0.23%	2.02	-0.73
Neshoba	1488	0.83%	3	0.23%	2.02	-0.73
Kemper	549	0.31%	1	0.08%	1.82	-0.77
Yalobusha	756	0.42%	1	0.08%	1.32	-0.87
Marshall	1632	0.91%	2	0.15%	1.23	-0.89
Clay	983	0.55%	1	0.08%	1.02	-0.93
Holmes	616	0.34%	0	0.00%	0.00	-1.13
Humphreys	320	0.18%	0	0.00%	0.00	-1.13
Issaquena	43	0.02%	0	0.00%	0.00	-1.13
Sharkey	156	0.09%	0	0.00%	0.00	-1.13
Tunica	391	0.22%	0	0.00%	0.00	-1.13
Benton	349	0.19%	0	0.00%	0.00	-1.13
Prentiss	1218	0.68%	0	0.00%	0.00	-1.13
Wilkinson	328	0.18%	0	0.00%	0.00	-1.13

*The mean of the loans per 1,000 veterans is 5.72.

SOURCE: PEER analysis of Mississippi Veterans' Home Purchase Board active loan holder data as of March 21, 2025, and National Center for Veterans Analysis and Statistics' population estimates for federal fiscal year 2024.

Appendix E: Turnover Calculation Methodology

To calculate the rate of turnover for VHPB and for state and local government employees nationwide, PEER staff utilized the following equation for each year under review:

Turnover Rate = Number of Separations / Average Number of Employees x 100[1]

PEER staff used VHPB employee data from the Mississippi State Personnel Board to calculate the turnover rate for VHPB and data from the U.S. Bureau of Labor Statistics to calculate the national turnover rate for state and local government employees.

The BLS data utilized for the national turnover rate calculation derives from two different survey programs—the Job Openings and Labor Turnover Survey (JOLTS) and the Current Employment Statistics (CES) program. JOLTS produces monthly and annual estimates of job openings, hires, and separations throughout the nation using data from a sample of approximately 21,000 U.S. business establishments. CES provides detailed industry estimates of nonfarm employment, hours, and earnings of workers on payrolls based on a survey of approximately 121,000 businesses and government agencies.

One of the statistical employment categories that JOLTS tracks is total separations, which includes quits, layoffs, discharges, and other separations, such as retirement, death, disability, and transfers to other locations within the same firm. For the national turnover rate calculation, PEER staff divided the total annual number of separations reported by JOLTS by the average of the monthly total employment numbers for state and local government reported by CES[2] and multiplied that quotient by 100.[3]

Notes:

1. Several organizations, such as Built In, Indeed, Academy to Innovate HR, and the Society for Human Resource Management, support the legitimacy of this equation.
2. CES monthly estimates are preliminary and subject to adjustment for up to two months after their initial publishing. The final sample-based estimates are published two months after the initial release. To obtain the finalized estimates, PEER staff used monthly figures posted on reports published at least three months later except for December 2024 since the March 2025 estimates had not yet been published on BLS's website at the time the calculation was performed.
3. Since the JOLTS annual separation numbers were not seasonally adjusted, PEER staff also utilized CES total employment numbers without seasonal adjustment.

SOURCE: PEER analysis of data provided by the Mississippi State Personnel Board and information and data obtained from the U.S. Bureau of Labor Statistics.

Appendix F: VHPB Job Classifications and Average VHPB Employee Salary

Job Title	Number of Employees	Minimum Position Salary	Market Rate Salary	Maximum Salary	Average VHPB Employee Salary
Benefit Program Manager	1	$66,944.47	$91,379.20	$114,224.00	**$70,000**
Benefit Program Supervisor	2	$56,345.82	$76,912.05	$96,140.06	**$73,098.12***
Customer Service Representative II	3	$26,185.60	$35,743.34	$44,679.18	**$30,569.40**
Customer Service Representative III	2	$28,185.60	$38,960.24	$48,700.31	**$37,525.00**
Customer Service Representative IV	2	$33,600.00	$45,864.00	$57,330.00	**$44,981.00**
Accounting Manager	1	$74,308.36	$101,430.91	$126,788.64	**$74,308.36**
Accountant III	1	$56,345.82	$76,912.05	$96,140.06	**$63,000.00**
Accounting Technician III	1	$33,600.00	$45,864.00	$57,330.00	**$39,000.00**
Auditor II	1	$47,425.15	$64,735.33	$80,919.16	**$47,425.15**
Human Resources Supervisor	1	$61,416.94	$83,834.13	$104,792.66	**$75,800.78**

*This includes the salary of the individual previously in the servicing supervisor position prior to retiring at the end of April 2025 and is most likely inflated.

SOURCE: PEER analysis of data provided by the Mississippi State Personnel Board (MSPB) at the beginning of January 2025 and data provided by the Mississippi Veterans' Home Purchase Board (VHPB) at the end of April 2025.

Agency Response

July 18, 2025

Via email
Ted Booth
Executive Director
Joint Committee on Performance Evaluation and Expenditure Review
Woolfolk Building, Suite 301-A
501 N. West Street
Jackson, Mississippi 39201

Re: A Review of the Mississippi Veterans Home Purchase Board

Mr. Booth:

In preparing the responses for the review I discovered several recommendation that would have helped the process. But at the end of the day the only one that really impacted our ability to provide you with the information requested is the issue that I addressed multiple times. It would have been beneficial to VHPB to have been provided with a copy of the draft report to review while preparing VHPB's response to the PEER report. It is very difficult to reference a document, for validation of information and ensure accuracy, without a copy of the document. The length of the PEER process is 6 or 7 months, so even adding a few weeks to the process to ensure the draft is complete and can be handed to the organization, would have little to no impact and I feel would be very beneficial.

In summary, while I have had the opportunity to be a part of numerous inspections, this is my first exposure to PEER and the PEER review process. PEER should be a valuable resource for state agencies by providing the agency an unbiased and accurate evaluation with the goal to improve operations, but in its current status it falls short.

Although I may disagree with some of the PEER recommendations, I feel some of the recommendations are worth exploring.

Thank you for your time,

Ron Beckham

VPHB RESPONSE TO RECOMMENDATIONS:

Board Structure

1. Legislature should consider amending MISS. CODE ANN. Section 35-7-7 (1972), effective with the Board's reconstitution in January 2028, to remove the wartime service requirements for Mississippi Veterans' Home Purchase (VHPB) Board members and to allow for the appointment of non-veteran members with experience in mortgage industry. The new Board composition should include at least two members who are Mississippi citizens with at least five years of experience in the mortgage industry and the remaining members should have been members of the armed forces of the United States.

VHPB Response to Recommendation No. 1:

With regard to Peers' recommendation that the Legislature broaden the eligible candidates for board candidates, that is outside VHPB's control as it is a matter for the Legislature. However, if asked, I believe VHPB would recommend the option of adding one or two non-voting members to the Board with banking experience to act as a resource to the Board. I believe it is imperative to continue to have military service members on the board, and it be a requirement to serve on the board. It is a program for service members administered by service members.

Populations Served

2. Pursuant to MISS. CODE ANN. Section 35-7-15 (1972), VHPB should began monitoring the distribution of applications across the state and consider analyzing whether certain counties submit a higher volume of applications and/or achieve higher success rates in receiving loans after the submission of applications.

VHPB Response to Recommendation No. 2:

VHPB will continue to comply with the statutory requirements set forth in MISS. CODE ANN. Section 35-7-15 (1972).

Populations Served

3. VHPB should begin analyzing the relationship between loan distribution and the veteran population in each county of the state to identify and address disparities in loan distribution.

VHPB Response to Recommendation No. 3:

VHPB will continue to comply with the statutory requirements set forth in MISS. CODE ANN. Section 35-7-15 (1972), -but we will not discriminate against a service member needing a loan purely based on their zip code.

Populations Served

4. VHPB should conduct:
    a. Board outreach efforts to help ensure that all veterans are made aware of VHPB and its loan program. These efforts could include:

i. annual trainings/webinars for realtors, veteran service officers, and other veteran organizations (e.g., Friends of Mississippi Veterans, Wounded Warrior Project, American Legion); and
ii. advertising in veteran- focused publications (e.g., Mississippi Salute magazine, podcast, social media).

b. Targeted outreach efforts for disabled veterans and first-time home buyers. These efforts could include:
   i. partnering with organizations serving disabled veterans (e.g., Disabled American Veterans); and,
   ii. reaching service members transitioning out of the military (e.g., transition assistance programs, social media, veterans' and military services offered by universities).
c. Targeted outreach efforts in counties with a disproportionately low amount of loans compared to the veteran population. VHPB may also consider marketing to the eight counties that currently hold no loans (i.e., Benton, Holmes, Humphreys, Issaquena, Prentiss, Sharkey, Tunica, and Wilkinson).

VHPB Response to Recommendation No.4:
VHPB will explore expanding its outreach initiative by:

- Offering annual training and webinars for realtors, veteran service officers, and partner organizations;
- Advertising and awareness campaigns in veteran-focused publications and platforms;
- Targeted efforts for disabled veterans and first-time homebuyers, including partnerships with relevant service organizations and transition assistance programs;
- Focused outreach to counties with no or disproportionately low loan activity, including the eight counties currently holding no loans.

Populations Served

5. If necessary, VHPB could employ its statutory authority to halt, limit, or place temporary moratoriums on further purchase applications from counties receiving a disproportionally high number of loans compared to the veteran population.

VHPB Response to Recommendation No.5:
VHPB will continue to work within its statutory authority, but we will not discriminate against a service member needing a loan purely based on their zip code.

Populations Served

6. VHPB should comply with the limitations established by MISS. CODE ANN. Section 35-7-39 (1972) regarding the one-time benefit of the program to a veteran over the course of his or her lifetime.

VHPB Response to Recommendation No.6:
VHPB will continue to comply with the requirements set forth in MISS. CODE ANN. Section 35-7-15 (1972), and seek clarification.

Populations Served

7. VHPB should consider conducting an annual survey to its active loan holders to assess satisfaction of the program and services provided by VHPB staff, and to identify any areas that could be improved to enhance program satisfaction.

VHPB Response to Recommendation No.7:

VHPB will consider implementing an annual survey for active loan holders to evaluate satisfaction with the program and services provided by VHPB staff.

Technical Error Regarding Administration Expense Allowance

8. To eliminate any confusion that could occur, the Legislature should consider amending MISS. CODE ANN. Section 35-7-45(b) (1972) to ensure that the statute references the two percent administrative expense allowance established in MISS. CODE ANN. 35-7-9 (1972).

Interest Rates

9. The Legislature should amend MISS. CODE ANN. Section 35-7-25 (1972) to require that VHPB set its interest rates consistently between one and two percent below the market rate in order to ensure there is no favoritism or preferential treatment to a certain group.

VHPB Response to Recommendation Nos. 8 & 9:

It is the responsibility of the Legislature, not VHPB, to make statutory changes to MISS. CODE ANN. Section 35-7-45 and 35-7-25 (1972).

Reserve Funding

10. VHPB should use historical data on loan defaults, operational expenses, and reserve fund balances to establish a reasonable reserve fund amount specifically for:
    a. funds to cover potential financial losses resulting from loan defaults (i.e., a loan loss reserve);
    b. funds to cover one to two years of operational expenses (i.e., an operational reserve) to cover unexpected expenses or other financial shortfalls; and,
    c. funds to distribute as loans.

    While these amounts may be commingled in the State Treasury, the Executive Director should produce a report at each monthly Board meeting that separates the reserve into these three categories for transparency and decision-making purposes.

Reserve Funding

11. VHPB should report its efforts to establish a reasonable reserve fund amount as part of its annual budget request submitted to the Mississippi Legislative Budget Office for FY 2027. This information could be used by the Legislature to consider increasing VHPB's escalation authority in order to spend down its reserve fund to a reasonable amount.

VHPB Response to Recommendations Nos. 10 and 11:
VHPB will continue to work collaboratively with its external auditor, accounting manager, and the Mississippi Legislative Budget Office to evaluate the agency's current reserve funding structure. As part of this effort, VHPB will use historical data on loan defaults, operational expenses, and reserve fund balances to determine an appropriate reserve fund allocation, which will include:

a.) a loan loss reserve to cover potential financial losses resulting from loan defaults;
b.) an operational reserve sufficient to cover one to two years of operating expenses and address unexpected financial needs; and
c.) funds available for loan distribution.

Although reserve funds are commingled in the State Treasury, VHPB will ensure transparency by presenting a report to the Board that categorizes the reserve into these three distinct components.

VHPB will also consider including a summary of its efforts and findings in its FY 2027 annual budget request to the Mississippi Legislative Budget Office. This information will support the Legislature's consideration of adjustments to VHPB's escalation authority, allowing for more effective management and utilization of reserve funds.

Timeliness of Loan Processing

12. In order to ensure it meets its stated goal and industry standards regarding timeliness in loan processing, VHPB should identify the root causes of delays in loan processing and take steps to improve data quality to enable the agency to begin internally tracking the length of time between loan application and loan closing. If VHPB determines that one of the causes of untimely loan processing is due to the limited number of Board meetings, the Board should consider approving loans more frequently than once a month, as permitted by MISS. CODE ANN. Section 35-7-7, whether virtually or in-person.

VHPB Response to Recommendation No. 12:
VHPB is extremely proud to report that loan processing times have been significantly reduced, from six to eight months down to just six weeks. This represents a major achievement and a reduction of more than four months. Of the current six-week timeline, three weeks are allocated to necessary external processes: two weeks for VA appraisals and one week for attorneys to provide title work. The remaining time is efficiently used to complete veteran loan analysis worksheet and other internal processes to determine eligibility. Most contracts allow for ample time to close within this improved window.

VHPB has implemented measures such as phone polling with the Board and simultaneous ordering of appraisals and title work to further expedite the process when needed. These proactive steps illustrate our commitment to ensuring timely processing from origination to closing for our veterans.

While VHPB continues striving to further shorten processing times, VHPB acknowledges it may not be able to match the speed of large financial institutions or mortgage companies that rely on automated underwriting and have segmented teams dedicated to each phase of the process. However, VHPB's dedication to service, accuracy, and timeliness remains unmatched.

VHPB support all efforts to identify the causes of any remaining delays and improve our systems to accurately measure the full loan cycle, from origination to closing. Should it be determined that the current frequency of Board meetings contributes to processing delays, VHPB is open to exploring whether more frequent board meetings as authorized by MISS. CODE ANN. Section 35-7-7, are need.

The progress VHPB has made is substantial, and VHPB is committed to building on this momentum to serve our veterans with even greater efficiency, transparency, and care.

Conflict of Interest

13. The Executive Director of PEER should direct a copy of this report to the Mississippi Ethics Commission for their review and consideration due to the fact that two Board members received mortgage benefits while serving on the Board.

14. VHPB should request that the Executive Director of the Mississippi Ethics Commission provide an ethics training to all current and future Board members, specifically noting that VHPB Board members cannot receive a VHPB loan while serving on the Board.

VHPB Response to Recommendation Nos. 13 & 14:
Board Member "A" is a native Mississippian and a veteran. He has practiced law with a firm in Laurel for 44 years and served in the Mississippi Army National Guard for over 27 years. His service included a deployment to Iraq with the 155th BCT in 2005. He finished his military career as the State Judge Advocate General and retired at the rank of Brigadier General. He has served on the Board since 2021.

Board Member "B" is a native Mississippian and a veteran. He served more than 32 years in the Mississippi Army National Guard with more than 22 years of active duty culminating as the Director of Military Personnel. He retired as a Brigadier General in September 2020. He is currently a HR Officer for the United States Corp of Engineers. He has served on the board since 2022.

MISS. CODE ANN. Section 25-4-105, which, after stating the general rule that public servants are prohibited from having an interest in a contract with a state Board on which they serve, sets forth in subsection (4) a number of exceptions to the prohibition including the following:

> (4) Notwithstanding the provisions of subsection (3) of this section, a public servant or his relative:
>
> (g) May contract with the Mississippi Veteran's Home Purchase Board, Mississippi Housing Finance Corporation, or any other state loan program for the purpose of securing a loan; however, public servants shall not receive favored treatment

Board Members “A” and “B” applied for and received loans. The loans were processed and approved without favoritism or preference in the same manner and on the same terms as any of the other veterans’ loans that came before the board at the same times. The actions of the Board and those of Board Members “A” and “B” were not improper and did not result in a conflict of interest or violations of the Ethics Law.

Management Decisions Impacting the Rehabilitation of Veterans

15. To comply with its mission to rehabilitate veterans, moving forward, VHPB should:
    a. Work with its current servicing software company to ensure that it reports payment history to credit bureaus for each veteran with an active VHPB loan.

        i. To provide transparency to applicants and current loan holders, if VHPB decides not to pay the additional fee to its servicing software company to report payment history to credit reporting agencies, then VHPB should establish a policy to inform veterans that this will not be an option if they obtain or currently have a loan with VHPB.

    b. Present data and documentation to its Board regarding implementation of an online customer portal. The Board should utilize the information provided to make the final decision regarding this matter.

VHPB Response to Recommendation No. 15:

VHPB is committed to supporting the long-term financial health of our veterans, which includes evaluating the potential benefits of reporting loan payment history to credit bureaus. However, the decision to not implement credit reporting at this time was not based solely on the $99 monthly software conversion fee. This cost reflects only the data file conversion in a much broader and more complex process.

Additional financial and operational burdens include:

- Monthly fees to transmit data to each credit bureau.
- The need for added software systems to handle disputes and ensure compliance with the Fair Credit Reporting Act.
- The current instability in payment posting processes, due in part to new software implementation and the recent on boarding of two new staff members. Payment posting errors are still occurring, and we believe it would be premature—and potentially harmful to veterans—to report potentially inaccurate data to credit bureaus.

Until VHPB can ensure accuracy and consistency in its internal processes, VHPB believes withholding credit reporting is a more responsible approach in the interest of protecting VHPB veterans' credit histories.

That said, VHPB recognizes the importance of transparency. If VHPB maintains its current position, VHPB will consider developing a clear policy informing current and prospective borrowers that credit bureau reporting is not currently supported.

VHPB acknowledges the importance of improving access and communication for its veterans. While VHPB currently allows veterans to make online payments through our website, this feature was originally designed as an emergency convenience, not a recurring monthly payment system. Nonetheless, many veterans choose to use this method, even with the associated fee.

In response to ongoing feedback, VHPB plans to look into the feasibility of implementing a full-service borrower portal. Such a portal would allow:

- Secure access to loan information.
- Online payment management.
- Submission of forms and documentation.

VHPB is compiling data and documentation on potential vendors, costs, and implementation timelines, to present to the Board for final determination.

VHPB remains committed to its mission to rehabilitate veterans, not only through housing but also through thoughtful, responsible financial practices. VHPB will continue to prioritize accuracy, transparency, and sustainability as we explore improvements to our servicing systems. These efforts reflect our broader goal: to protect and support the financial well-being of those we serve.

High Turnover and its Impact on Employee Morale and Organizational Culture.

17. Due to the large amount of turnover that has impacted employee morale and the organizational culture of VHPB, the Board should use the information in this report and/or conduct its own set of interviews with employees to better understand perceptions of the current culture and identify strengths and weaknesses. This information should be used to determine areas of improvement and to define the core values that should be implemented throughout the agency. These values and expectations should not only be stated but written down and provided to all employees, including the Executive Director. Rebuilding the organizational culture will take time and clear and open communication from the Board, as well as all levels of the organization. As part of this process, the Board should:
    a. require the Executive Director and Human Resources Supervisor to use resources and tools, such as Mississippi's Human Resources Best Practices Guide, to develop a plan and steps to improve employee retention and recruitment, including but not limited to:
        i. defining a clear career path for employees to ensure there are opportunities for career progression within the agency;
        ii. identifying core competencies, skills, and abilities needed for each position to aid the agency in identifying skill gaps and training needs;
        iii. developing employees through teaching soft skills, encouraging professional development, and providing feedback regularly;
        iv. ensuring employees are provided annual performance reviews and utilizing this information to inform management decisions, such as updating job descriptions, offering promotions, addressing issues, and

informing staff on areas where they are performing well and areas in which they can improve;
  v. creating a process for recording institutional knowledge and platform for knowledge transfer, and,
  vi. conducting exit interviews with all employees leaving the agency to help determine if any issues exist and tracking the information overtime to help training management and improve employee morale.

b. require the Executive Director to produce internal policies and procedures that clearly outlines the operating procedures for staff;
c. Require the Executive Director to document and provide the Board and staff any changes that are made within the agency that will impact the responsibilities, duties, and expectations of VHPB employees (e.g., changes to how loans should be processed);
d. review the vacancies in the processing department and determine if workload and timeliness could be improved by hiring someone to be responsible for only handling applications in the origination phase of the process;
e. ensure the Executive Director is hiring employees that meet the minimum qualifications for the positions set by MSPB;
f. require the Executive Director to change the status of any PINs not reporting directly to him and not publicly advocating substantive program policy from non-state service X-16 to state service status (as such, VHPB would need to follow MSPB policies and procedures to ensure employees in the positions are qualified);
g. require the Human Resources Supervisor to identify any career enhancement courses (e.g., Crucial Conversations) provided by MSPB that would be beneficial for VHPB staff to participate in over the next six months, report this information to the Board, and work to get all agency staff signed up for courses;
h. require any supervisors, who have not already taken the course, to participate in the Basic Supervisor Course offered by MSPB; and,
i. require the Executive Director to participate in (a minimum of) the following courses offered by MSPB:
  i. the Basic Supervisory Course;
  ii. Adapting Your Leadership Style;
  iii. Communicating as a Manager; and,
  iv. Effectively Managing Change.

18. The Board should conduct monthly assessments of progress, and after six months, if such efforts are not successful in addressing the organizational culture, the Board should consider taking personnel actions to improve VHPB's work environment and ensure the agency is successful in implementing its mission.

19. VHPB should create a process for tracking and maintaining data for its performance indicators in its strategic plan in order to better use the information to assess areas of improvement and where there may be deficiencies.

20. VHPB should review the salaries for all employees, especially those in customer service representative positions, to determine if in-range salary adjustments could be used to bring employees closer to the market rate salary for their positions. In-range salary adjustments should be made utilizing current appropriations, and VHPB should consult with MSPB prior to making adjustments to ensure it remains in compliance. The Executive Director should provide a report to the Board on how VHPB employee salaries compare to the market rate for staff in similar positions.
    a. After completing its review of current salaries, VHPB should consider recruiting for its customer service positions at the market rate salary to help with its recruitment and retention issues.

21. VHPB should consistently use the functional title (e.g. mortgage loan processor) for its positions when advertising on the Mississippi State Personnel Board's website.

22. During its six-month follow-up of VHPB, the PEER Committee should conduct another survey of organizational culture to determine if there have been any improvements.

VHPB Response to Recommendation Nos.: 16 through 21: VHPB appreciates the work of the PEER Committee in reviewing the agency's internal operations and culture. VHPB acknowledges the concerns raised and the opportunity this review presents to enhance its workplace environment, improve retention, and align more closely with best practices in human resources management. However, VHPB would also like to clarify several points and provide additional context critical to understanding the agency's current state and leadership.

Executive Leadership Qualifications. The Executive Director of VHPB is a retired Lieutenant Colonel (LTC) of the Mississippi Army National Guard and the U.S. Army Reserves, with 28 years of service, including a one-year deployment to Afghanistan and three months on the Mississippi Gulf Coast following Hurricane Katrina. Prior to his retirement, he served for five years as an instructor for the Command and General Staff College, teaching master's-level leadership courses to field-grade officers in organizational leadership, leadership styles, change management, and strategic planning.

In the financial industry, he rose from Branch Manager to Operations Manager, overseeing 60+ branch locations and supporting a team of 16 area managers. His responsibilities included leading organizational change, resolving employee and customer concerns, and coordinating directly with senior executives and legal counsel on sensitive issues. Across these roles—military, state, and private sector—he has maintained a professional record with no substantiated complaints or disciplinary issues.

The statements in the PEER report alleging abusive conduct such as yelling, door-slamming, and cursing are categorically false. These claims likely originated from a disgruntled former employee who had been formally reprimanded prior to their PEER interview.

Context on Turnover and Staffing. While VHPB acknowledges that employee turnover has occurred, many of the employees who left did so due to retirement after many years of dedicated service to the state. The Executive Director has only directly participated in one termination since assuming leadership. Several staffing issues, many predating his tenure with the Board, were inherited.

Despite these challenges, VHPB has taken deliberate steps to retain talent and promote employment advancement from within. In the last four years, eight employees have been promoted or assigned to positions of greater responsibility, accompanied by salary increases. These efforts reflect a commitment to professional development and internal advancement.

PEER's survey metrics, including the question about whether employees would refer a friend to work at the agency, fail to distinguish between issues related to VHPB specifically and broader state-level employment concerns. Notably, four current employees were referred to the agency by existing staff, which is evidence of internal confidence not captured in the survey's data.

Efforts to Improve Organizational Culture. VHPB welcomes the PEER Committee's recommendations and has already begun discussions with the Mississippi State Personnel Board (MSPB) regarding key structural and compensation-related reforms. Unfortunately, some efforts have met with limited flexibility under existing state policies. Despite these barriers, VHPB remains committed to working collaboratively with MSPB to improve pay equity, define career paths, and clarify job responsibilities.

Going forward, VHPB is exploring engaging a qualified third-party consultant to assist in possibly implementing some recommendations, including:

- Conducting an internal assessment of organizational culture;
- Defining core agency values;
- Improving performance evaluation processes;
- Enhancing recruitment and retention through strategic planning;
- Formalizing internal policies and communication protocols;
- Tracking and using performance data to guide decision-making.

VHPB is also committed to conducting exit interviews, preserving institutional knowledge, and pursuing professional development courses for employees through MSPB where available and appropriate. Supervisory and leadership training will be encouraged across all levels of the organization.

CONCLUSION

VHPB appreciates the PEER Committee for its review and input. While VHPB disagrees with some characterizations in the report, VHPB is fully committed to constructively utilizing the relevant feedback. Under the direction of a proven and experienced leader, and with the support of the Board and external expertise, VHPB will stive to continue to foster a professional, accountable, and respectful workplace for all staff.

We respectfully request that future evaluations also consider the complexity of legacy issues, the positive changes already in motion, and the qualifications and proven leadership of those charged with moving the agency forward.

James F. (Ted) Booth, Executive Director

Reapportionment
Ben Collins

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Quality Assurance and Reporting
Tracy Bobo
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