

**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.

## Q 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.

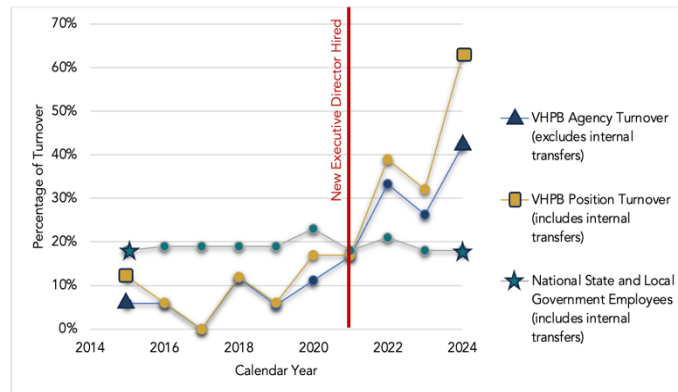
## Management of VHPB's Personnel

- 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.