

# Enrolled House Bill 2155

Ordered printed by the Speaker pursuant to House Rule 12.00A (5). Pre-session filed (at the request of Governor Theodore R. Kulongoski for Department of Veterans' Affairs)

CHAPTER .....

AN ACT

Relating to amortization of veterans' loans; creating new provisions; and amending ORS 407.275.

**Be It Enacted by the People of the State of Oregon:**

**SECTION 1.** ORS 407.275 is amended to read:

407.275. (1) Loans may be made bearing interest at the rate per annum prescribed as provided by ORS 407.325. Loans may be amortized over a period of not more than [30] **40** years for homes other than mobile homes [*and not more than 40 years for farms*]. Loans for mobile homes may be amortized over a period not exceeding the expected life of the mobile home, as determined by the Department of Veterans' Affairs. The limitations contained in this subsection [*shall*] **do** not preclude the department from later extending the amortization period.

(2) If the ownership of the secured property is transferred by deed or otherwise to anyone other than [*the original borrower*] **a veteran eligible for a loan under this chapter and Article XI-A of the Oregon Constitution**, the **veteran's** surviving spouse[,] **or** unremarried former spouse, **the veteran's** surviving child or stepchild [*of the original borrower*], **another veteran eligible for a loan under this chapter and Article XI-A of the Oregon Constitution who assumes the previous loan for the property as described in ORS 407.305 or** a governmental entity when the secured property is transferred for public use [*or a veteran eligible for a loan under this chapter and Article XI-A of the Oregon Constitution, who assumes the previous loan for the property as described in ORS 407.305*], the interest from the date of transfer shall be at the rate per annum then fixed as provided by ORS 407.335. However, the department, during the term of the loan, may periodically prescribe the interest rates to be paid by the transferee.

(3) Ownership of property that constitutes security for a loan made **to a veteran** under this chapter and Article XI-A of the Oregon Constitution may not be transferred by deed or otherwise to anyone other than the **veteran's** surviving spouse, unremarried former spouse, surviving child or stepchild [*of the original borrower, or a*] **or another** veteran eligible for a loan under this chapter and Article XI-A of the Oregon Constitution[,] who assumes the previous loan **for the property** as described in ORS 407.305, unless the property is used primarily as the principal residence of the transferee for at least two years after the transfer or such shorter period of time as the department for good cause may allow.

(4) Mortgages, trust deeds or security agreements on property given to secure any loan made under ORS 407.125 or statutes supplementary thereof may provide that the taxes and insurance premiums may be paid by the department from the Oregon War Veterans' Bond Sinking Account. The amount so paid may be added to and become part of the principal of the loan and be repaid as prescribed by the department. The department may prescribe any method or period for repayment

of the amount so paid that is not in conflict with the mortgage, trust deed or security agreement. The department may prescribe any method or period for repayment of interest on the amount so paid that is not in conflict with the mortgage, trust deed, security agreement or a separate agreement with the borrower.

**SECTION 2. The amendments to ORS 407.275 by section 1 of this 2007 Act apply to loans or transfers of ownership made on or after the effective date of this 2007 Act.**

**Passed by House June 6, 2007**

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Chief Clerk of House

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Speaker of House

**Passed by Senate June 19, 2007**

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President of Senate

**Received by Governor:**

.....M.,....., 2007

**Approved:**

.....M.,....., 2007

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Governor

**Filed in Office of Secretary of State:**

.....M.,....., 2007

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Secretary of State