

House Bill 2897

Sponsored by Representative EVANS; Representatives BOONE, ESQUIVEL, HUFFMAN, PARRISH, PILUSO

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure **as introduced**.

Directs Department of Veterans' Affairs to develop program under which department, pursuant to contracts with credit unions, provides loan guarantees or credit guarantees for qualified veterans for purpose of refinancing existing purchase-money mortgages or similar mortgages of homes used primarily as principal residence by veterans.

Establishes Veterans Refinancing and Reintegration Services Fund. Continuously appropriates moneys in fund to department.

A BILL FOR AN ACT

1
2 Relating to refinancing options for veterans.

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

4 **SECTION 1. (1) As used in this section:**

5 (a) "Credit union" means a credit union organized under ORS chapter 723, an interstate
6 credit union doing business in this state or a federal credit union.

7 (b) "Veteran" means:

8 (A) A veteran as defined in ORS 408.225;

9 (B) A person who is a member of the Oregon National Guard who has been demobilized
10 after serving on federal active duty for more than 30 days; or

11 (C) A person who is an Oregon resident, is a member of the reserves and has been de-
12 mobilized after serving on federal active duty for more than 30 days.

13 (2) The Department of Veterans' Affairs shall develop a program under which the de-
14 partment, pursuant to contracts with credit unions, shall provide loan guarantees,
15 coinsurance in conjunction with other providers of loan guarantee programs or other forms
16 of credit guarantees for qualified veterans for the purpose of refinancing existing purchase-
17 money mortgages or similar mortgages of homes used primarily as a principal residence by
18 veterans.

19 (3) In administering the program, the department shall consult and cooperate with credit
20 unions located or doing business in this state. The program shall be administered so that
21 administrative procedures and application procedures are as responsive to the needs of
22 qualified veterans and credit unions as practicable, consistent with prudent investment and
23 lending practices and criteria.

24 (4) The department shall prescribe by rule the loan or credit guarantee application pro-
25 cedure for a credit union on behalf of a qualified veteran and the eligibility standards for
26 qualified veterans. At a minimum, the rules must provide that the negotiated interest rate
27 may not exceed three percent above the prime lending rate at the time of entering into the
28 contract with the credit union.

29 (5) When the department approves a loan or credit guarantee, the department shall enter

NOTE: Matter in **boldfaced** type in an amended section is new; matter [*italic and bracketed*] is existing law to be omitted. New sections are in **boldfaced** type.

1 into a loan or credit guarantee agreement with the credit union. The agreement shall specify:

- 2 (a) The fee to be charged to the credit union, if any;
- 3 (b) The evidence of debt assurance of, and security for, the loan or credit guarantee;
- 4 (c) A loan or credit guarantee that does not exceed 15 years; and
- 5 (d) Such other terms and conditions considered necessary or desirable by the depart-
- 6 ment.

7 (6) The department, with due regard for the possibility of losses and administrative costs,
8 shall set fees and other terms at levels sufficient to reasonably assure that the program is
9 self-financing.

10 **SECTION 2.** (1) There is established in the State Treasury, separate and distinct from the
11 General Fund, the Veterans Refinancing and Reintegration Services Fund. Interest earned
12 on the Veterans Refinancing and Reintegration Services Fund must be deposited into the
13 fund. All moneys in the fund are continuously appropriated to the Department of Veterans'
14 Affairs for the following purposes:

15 (a) Payment of claims pursuant to contracts for loan or credit guarantees under section
16 1 of this 2015 Act.

17 (b) Payment of actual and necessary expenses incurred by the department in adminis-
18 tering the fund and establishing and maintaining the program developed under section 1 of
19 this 2015 Act.

20 (c) Repayment of transfers of funds required or authorized by law.

21 (d) Purchase or buyout of superior or prior liens, mortgages or security interests.

22 (2) Moneys in the Veterans Refinancing and Reintegration Services Fund shall consist
23 of:

24 (a) Moneys appropriated to the department by the Legislative Assembly for deposit in the
25 fund.

26 (b) Proceeds from collateral assigned to the department.

27 (c) Interest earned on moneys in the fund.

28 (d) Transfers of moneys to the fund.

29 (e) Fees assessed for guarantees, as determined by the department by rule.

30 (f) Moneys from gifts.

31 (g) Moneys from any grant made to the department by any federal agency for deposit in
32 the fund.

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