

**FISCAL IMPACT OF PROPOSED LEGISLATION**

79th Oregon Legislative Assembly – 2017 Regular Session  
Legislative Fiscal Office

**Measure: HB 2847 - 1**

***Only Impacts on Original or Engrossed  
Versions are Considered Official***

---

Prepared by: Krista Dauenhauer  
Reviewed by: Amanda Beitel  
Date: 4/13/2017

---

**Measure Description:**

Directs Department of Veterans' Affairs to develop program under which department, pursuant to contract with financial institution, 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.

**Government Unit(s) Affected:**

Department of Veterans' Affairs

**Analysis:**

The bill establishes the Veterans Refinancing and Reintegration Services Fund and all moneys in the fund are continuously appropriated the Oregon Department of Veterans' Affairs (ODVA) for the purpose of providing loan or credit guarantees for qualified veterans for the purpose of refinancing existing purchase money mortgages or similar mortgages of homes. ODVA, with due regard for the possibility of losses and administrative costs, is directed to set fees and other terms at levels sufficient to reasonably assure that the program is self-financing. ODVA may enter into third-party contracts to implement the program; the contracts must prohibit the provider from selling loans or mortgages, refinanced under the program, to a third party.

The fiscal impact of this measure is indeterminate, because variables needed to determine expenses and the ability for the program to be self-financing are predominately left to be set by rule. The bill does not specify significant parameters such as eligibility, which may be used to determine the number of estimated participants, ratio of loans to loan guarantees issued. Eligibility and rate of participation will drive revenue forecasts and sufficiency determinations, restrictions or limits to eligible loan amounts, and ultimately fee amounts. These factors might play a crucial role in the ability for the program to be self-financing.

ORS 731.554 (3) states that an insurer transacting mortgage insurance shall possess and thereafter maintain capital or surplus, or any combination thereof, of not less than \$4 million. This law establishes the beginning floor for the program; expenses and loan or credit guarantee funding amounts will be in addition to this. ODVA estimates that this program will require new software to track payments, and divisions of loan payments for an estimated \$255,000 in the first year of implementation. Estimates for staffing such a program will depend on the undetermined variables previously stated; however, ODVA preliminarily estimates the need for three positions (2.5 FTE) consisting of an underwriter, loan processors and a half-time information technology support position, at an estimated cost of \$417,157 for personal services per biennium. Additional services and supplies costs are estimated to be \$48,095 per biennium.

The fiscal impact to the Department of Administrative Services and the State Treasurer is anticipated to be minimal and absorbable within the existing parameters of the agencies budgets.