

HB 2847 -1 STAFF MEASURE SUMMARY

House Committee On Veterans and Emergency Preparedness

Prepared By: Bradley Volk, LPRO Analyst

Sub-Referral To: House Committee On Revenue

Meeting Dates: 3/16, 4/13

WHAT THE MEASURE DOES:

Directs the Oregon Department of Veterans' Affairs (ODVA) to develop a program to provide loan guarantees to refinance eligible veterans' homes pursuant to contracts with a financial provider. Permits ODVA to enter into contracts with one or more providers. Directs that contracts entered into between ODVA and a provider require the provider to finance and service the refinanced loan. Prohibits the provider from selling the refinanced loans to a third party. Establishes the Veterans Refinancing and Reintegration Services Fund (The Fund) to receive moneys as specified, for continuous appropriation to ODVA exclusively for program use. Directs the ODVA to enter into a loan guarantee agreement with a provider only if sufficient funds are available in the Fund. Requires the Governor's budget to include amounts sufficient to ensure solvency for each fiscal period.

FISCAL: May have fiscal impact

REVENUE: May have revenue impact

ISSUES DISCUSSED:

EFFECT OF AMENDMENT:

-1 Replaces the measure. However, significant portions of the original measure remain. The significant changes include:

- 1) Permits ODVA to enter into contracts with one or more providers and eliminates the requirement for ODVA to enter into contracts with a financial institution as selected through a competitive request for proposals process.
- 2) Eliminates rulemaking specifying that negotiated interest rates may not exceed three percent above prime and may not change for the first five years of the loan.
- 3) Adds clarifying language that contracts entered into by ODVA and a provider must require the provider to finance and service refinanced loans, and prohibits the provider from selling loans to a third party.
- 4) and finally adds clarifying language that the ODVA may enter into contracts only if sufficient funds are available in the Veterans Refinancing and Reintegration Services Fund.

BACKGROUND:

The Oregon Department of Veterans' Affairs (ODVA) administers the ORVET home loan program for eligible veterans that is separate and in addition to federal VA Home Loan Guaranty benefits. Oregon citizens voted to establish the program after WW II and it is one of only six states to offer such a program. ODVA has successfully administered the ORVET home loan program for 75 years. It owns and services all of its loans and is required to make every effort to keep veterans in their homes. ODVA funds the program by selling tax exempt bonds, and loan repayments are, in turn, used to pay off the bonds. ODVA may not use proceeds from the sale of tax exempt bonds to refinance loans, and does not currently offer refinancing.

House Bill 2847 directs the ODVA to develop a program to provide loan guarantees in order to offer refinancing to qualified veterans.