

HB 2878 STAFF MEASURE SUMMARY

House Committee On Veterans and Emergency Management

Prepared By: Cassie Passon, Counsel

Meeting Dates: 2/16

WHAT THE MEASURE DOES:

Directs Department of Veterans' Affairs to develop program where providers contracting with department provide credit guarantees for qualified borrowers for purpose of refinancing home mortgages. Requires contract entered into between department and provider must require provider to finance and service loans and mortgages refinanced under program and must prohibit provider from selling loans or mortgages refinanced under program to a third party. Requires amounts due and payable from program, including interest, be paid solely from Veterans Refinancing and Reintegration Services Fund. Authorizes financial institution to exercise rights against security if there are insufficient available moneys to pay amounts due under loan or credit guarantee agreement. Requires department to set fees and other terms at levels sufficient to ensure program is self-financing. Establishes Veterans Refinancing and Reintegration Services Fund. Continuously appropriates moneys in fund to department for purposes of program. Requires Oregon Department of Administrative Services to include in Governor's budget for each fiscal period amounts sufficient to permit payment of amounts due on unpaid loan and credit guarantees for that fiscal period.

ISSUES DISCUSSED:

EFFECT OF AMENDMENT:

No amendment.

BACKGROUND:

Since 1945, Oregon has been one of only five states in the nation to offer a state home loan to veterans, which is distinct from the federal VA Home Loan Guaranty and operated by the Oregon Department of Veterans Affairs (ODVA). The ODVA home loan program has lent Oregonians approximately \$8 billion in low-interest home loans to more than 334,000 veterans. ODVA conducted a comprehensive review of statutes governing home and farm loans to veterans in 2019, and refined its authority consistent with current practices via Senate Bill 36. ODVA's home loan program is funded by federal Qualified Veterans' Mortgage Bonds which do not allow for the refinancing of mortgages at this time.