

House Bill 2846

Sponsored by Representative EVANS (Pre-session filed.)

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**. The statement includes a measure digest written in compliance with applicable readability standards.

Digest: Makes ODVA create a program to provide loan and credit guarantees for veterans to refinance home mortgages. Creates a fund to pay for amounts due under a guarantee. Bans payments by ODVA other than from the fund. (Flesch Readability Score: 66.2).

Directs the Department of Veterans' Affairs to develop a program under which the department, pursuant to contracts with financial institutions, provides loan or credit guarantees for qualified veterans for the purpose of refinancing existing home mortgages on veterans' primary residences.

Establishes the Veterans Refinancing and Reintegration Services Fund. Appropriates moneys in the fund to the department. Prohibits the department from paying amounts due under a loan or credit guarantee agreement from any source other than available funds in the Veterans Refinancing and Reintegration Services Fund.

Provides that amounts due and payable under an agreement do not constitute a debt, or a lending of credit, of the state. Authorizes financial institutions to exercise rights against the security if there are insufficient available funds to pay amounts due under a loan or credit guarantee agreement.

Directs the Oregon Department of Administrative Services to include in the Governor's budget request to the Legislative Assembly for each fiscal period amounts sufficient to permit the payment of amounts due on unpaid loan and credit guarantees for that fiscal period.

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) **"Financial institution" means a bank, a commercial bank, a national bank, a savings**
6 **bank, a savings and loan association, a credit union or other similar entity authorized to do**
7 **business in this state.**

8 (b) **"Veteran" means:**

9 (A) **A veteran as defined in ORS 408.225;**

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

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

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

20 (3) **In administering the program, the department shall consult and cooperate with fi-**
21 **ancial institutions located or doing business in this state. The program shall be adminis-**
22 **tered so that administrative procedures and application procedures are as responsive to the**

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 needs of qualified veterans and financial institutions as practicable, consistent with prudent
2 investment and lending practices and criteria.

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

8 (5) When the department approves a loan or credit guarantee, the department shall enter
9 into a loan or credit guarantee agreement with the financial institution. The agreement shall
10 specify:

11 (a) The fee to be charged to the financial institution, if any;

12 (b) The evidence of debt assurance of, and security for, the loan or credit guarantee;

13 (c) A loan or credit guarantee that does not exceed 15 years;

14 (d) That amounts that become due and payable, including interest, under the agreement
15 are payable solely from amounts available in the Veterans Refinancing and Reintegration
16 Services Fund established in section 2 of this 2025 Act;

17 (e) That amounts due and payable under the agreement shall not constitute a debt of the
18 state or a lending of the credit of the state within the meaning of any constitutional or
19 statutory limitation, although nothing in this section or in the terms of an agreement en-
20 tered into pursuant to this section is intended to impair the rights of financial institutions
21 to exercise any rights granted to a financial institution against the security for the loan or
22 credit guarantee; and

23 (f) Such other terms and conditions considered necessary or desirable by the department.

24 (6) The department may not pay amounts due under a loan or credit guarantee agree-
25 ment from any source other than available funds in the Veterans Refinancing and Reinte-
26 gration Services Fund established in section 2 of this 2025 Act. If there are insufficient
27 available funds to pay amounts due under a loan or credit guarantee agreement, the financial
28 institution may exercise any rights granted to the financial institution in the agreement
29 against the security for the loan or credit guarantee and may apply amounts so received
30 toward payments due under the agreement.

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

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

39 (a) Payment of claims pursuant to contracts for loan or credit guarantees under section
40 1 of this 2025 Act.

41 (b) Payment of actual and necessary expenses incurred by the department in adminis-
42 tering the fund and establishing and maintaining the program developed under section 1 of
43 this 2025 Act.

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

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

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

3 **(a) Moneys appropriated to the department by the Legislative Assembly for deposit in the**
4 **fund.**

5 **(b) Proceeds from collateral assigned to the department.**

6 **(c) Interest earned on moneys in the fund.**

7 **(d) Transfers of moneys to the fund.**

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

9 **(f) Moneys from gifts.**

10 **(g) Moneys from any grant made to the department by any federal agency for deposit in**
11 **the fund.**

12 **SECTION 3.** **The Oregon Department of Administrative Services shall include in the**
13 **Governor's budget request to the Legislative Assembly for each fiscal period amounts suffi-**
14 **cient to permit the payment of all amounts that will be due on unpaid loan and credit guar-**
15 **antees under section 1 of this 2025 Act during that fiscal period.**

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