

Enrolled
Senate Bill 223

Printed pursuant to Senate Interim Rule 213.28 by order of the President of the Senate in conformance with pre-session filing rules, indicating neither advocacy nor opposition on the part of the President (at the request of Governor Theodore R. Kulongoski for Department of Veterans' Affairs)

CHAPTER

AN ACT

Relating to home loans to veterans; creating new provisions; and amending ORS 407.225.

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

SECTION 1. ORS 407.225 is amended to read:

407.225. (1) When the Director of Veterans' Affairs receives an application pursuant to ORS 407.205, the director shall immediately investigate and process it as provided by law. The security for the loan shall consist of the property to be acquired by the veteran as a home or a farm. The security shall be secured by a mortgage or security agreement in the full amount of the loan which mortgage or security agreement shall be either a first lien or a lien insured by mortgagee's title insurance against loss from any prior encumbrance. The director may make subsequent loans for improvements to the security if there are no intervening liens between the first lien of the director created under this section and the recorded liens upon the security securing repayment of such subsequent improvement loans. Such consecutive liens, for the purposes of this chapter, shall be deemed collectively as a first lien upon the security. The mortgage or security agreement shall provide that the borrower, or any subsequent owner of the secured property, may pay all or any part of the loan at any time without penalty.

(2) A mobile home shall be secured by a security agreement in the full amount of the loan and the director shall perfect a security interest in favor of the State of Oregon. The security agreement shall provide that the borrower or any subsequent owner of the mobile home, may pay all or any part of the loan at any time without penalty. The security agreement shall provide for immediate acceleration of the unpaid balance of the loan if the mobile home is moved from the original site listed in the security agreement without first obtaining the written consent of the director. The security agreement shall also provide that removal of the mobile home to a site outside of this state shall constitute an act of default and result in immediate acceleration of the unpaid balance of the loan.

(3) Loans [shall] **may** not exceed:

- (a) [97] **100** percent of the net appraised value on homes [which] **that** are real property;
- (b) 85 percent of the net appraised value on homes [which] **that** are not real property; and
- (c) 90 percent of the net appraised value on farms [which] **that** are real property.

SECTION 2. The amendments to ORS 407.225 by section 1 of this 2005 Act apply to applications for loans made under ORS chapter 407 for acquisition of a home that is real

property that are received by the Director of Veterans' Affairs on or after the effective date of this 2005 Act.

Passed by Senate February 23, 2005

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Secretary of Senate

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President of Senate

Passed by House March 23, 2005

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Speaker of House

Received by Governor:

.....M,....., 2005

Approved:

.....M,....., 2005

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Governor

Filed in Office of Secretary of State:

.....M,....., 2005

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Secretary of State