

Senate Bill 223

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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**.

Increases maximum veterans home loan amount to 100 percent of net appraised value on homes that are real property.

A BILL FOR AN ACT

1
2 Relating to home loans to veterans; creating new provisions; and amending ORS 407.225.

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

4 **SECTION 1.** ORS 407.225 is amended to read:

5 407.225. (1) When the Director of Veterans' Affairs receives an application pursuant to ORS
6 407.205, the director shall immediately investigate and process it as provided by law. The security
7 for the loan shall consist of the property to be acquired by the veteran as a home or a farm. The
8 security shall be secured by a mortgage or security agreement in the full amount of the loan which
9 mortgage or security agreement shall be either a first lien or a lien insured by mortgagee's title
10 insurance against loss from any prior encumbrance. The director may make subsequent loans for
11 improvements to the security if there are no intervening liens between the first lien of the director
12 created under this section and the recorded liens upon the security securing repayment of such
13 subsequent improvement loans. Such consecutive liens, for the purposes of this chapter, shall be
14 deemed collectively as a first lien upon the security. The mortgage or security agreement shall
15 provide that the borrower, or any subsequent owner of the secured property, may pay all or any part
16 of the loan at any time without penalty.

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

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

27 (a) [97] **100** percent of the net appraised value on homes [*which*] **that** are real property;

28 (b) 85 percent of the net appraised value on homes [*which*] **that** are not real property; and

29 (c) 90 percent of the net appraised value on farms [*which*] **that** are real property.

30 **SECTION 2.** The amendments to ORS 407.225 by section 1 of this 2005 Act apply to ap-

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 **plications for loans made under ORS chapter 407 for acquisition of a home that is real**
2 **property that are received by the Director of Veterans' Affairs on or after the effective date**
3 **of this 2005 Act.**

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