



**NOTICE OF PROPOSED RULEMAKING**  
INCLUDING STATEMENT OF NEED & FISCAL IMPACT

CHAPTER 274

**DEPARTMENT OF VETERANS' AFFAIRS**

**FILED**

06/29/2025 6:56 PM  
ARCHIVES DIVISION  
SECRETARY OF STATE

FILING CAPTION: Repeals outdated Oregon Veteran Home Loan rules of multiple divisions

LAST DAY AND TIME TO OFFER COMMENT TO AGENCY: 07/31/2025 5:00 PM

*The Agency requests public comment on whether other options should be considered for achieving the rule's substantive goals while reducing negative economic impact of the rule on business.*

*A public rulemaking hearing may be requested in writing by 10 or more people, or by a group with 10 or more members, within 21 days following the publication of the Notice of Proposed Rulemaking in the Oregon Bulletin or 28 days from the date the Notice was sent to people on the agency mailing list, whichever is later. If sufficient hearing requests are received, the notice of the date and time of the rulemaking hearing must be published in the Oregon Bulletin at least 14 days before the hearing.*

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**NEED FOR THE RULE(S)**

Multiple Divisions under ODVA are dated rules for the Oregon Veteran Home Loan Program. The agency is proposing to repeal all of the current administrative rules from Divisions 20, 21, 22, 25, 28 and 45 to incorporate into OAR 274-050

**DOCUMENTS RELIED UPON, AND WHERE THEY ARE AVAILABLE**

All documents used in support of ODVA Administrative rules associated with the Oregon Veterans Home Loan Program can be found on ODVA's Administrative Rules page at <https://www.oregon.gov/odva/Connect/Pages/OARs.aspx>

**STATEMENT IDENTIFYING HOW ADOPTION OF RULE(S) WILL AFFECT RACIAL EQUITY IN THIS STATE**

The proposed rules are anticipated to have a positive impact on racial equity in Oregon. By streamlining the Home Loan rules and adding the ability to refinance will provide Oregon Veterans easier access to information on how to purchase a home through the program. The repealing of outdated rules on the program will allow for easier understanding of the associated rules allowing for greater utilization of the program by those that have been historically underserved.

**FISCAL AND ECONOMIC IMPACT:**

The repealing of outdated rules on the Oregon Veteran Home Loan Program will have no economic or fiscal impact.

**COST OF COMPLIANCE:**

(1) Identify any state agencies, units of local government, and members of the public likely to be economically affected by the

rule(s). (2) Effect on Small Businesses: (a) Estimate the number and type of small businesses subject to the rule(s); (b) Describe the expected reporting, recordkeeping and administrative activities and cost required to comply with the rule(s); (c) Estimate the cost of professional services, equipment supplies, labor and increased administration required to comply with the rule(s).

1) The repealing of outdated ODVA Veteran Home Loan Programs will only enable easier usage of the ODVA Program. There is no anticipation that the repealing of these rules will have any impact.

2) The only effect on small businesses is the streamlining of the ODVA Veteran Home Loan program administrative rules will enables small businesses to have a better understanding of the loan process and flexibilities within the program without having to research 5 separate divisions of rules.

a) The number of small businesses affected by this repeal would be under 100

b) The cost of complying with the repeal of these rules would be minimal and only associated with ensuring they have current valid rules.

c) Any additional costs would be minimal to only complete administrative updates to the existing rules. There would be no anticipated costs with repealing the old rules.

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#### DESCRIBE HOW SMALL BUSINESSES WERE INVOLVED IN THE DEVELOPMENT OF THESE RULE(S):

Small businesses participated in a Rules Advisory Committee to establish the new ODVA Veteran Home Loan Program rules that will be published under Division 50. The RAC for the establishment of the new rules was consulted on the repealing of the old rules with unanimous consent.

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#### WAS AN ADMINISTRATIVE RULE ADVISORY COMMITTEE CONSULTED? YES

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#### RULES PROPOSED:

274-020-0200, 274-020-0241, 274-020-0260, 274-020-0265, 274-020-0266, 274-020-0270, 274-020-0280, 274-020-0285, 274-020-0290, 274-020-0295, 274-020-0300, 274-020-0305, 274-020-0310, 274-020-0315, 274-020-0322, 274-020-0325, 274-020-0330, 274-020-0335, 274-020-0340, 274-020-0341, 274-020-0342, 274-020-0343, 274-020-0344, 274-020-0345, 274-020-0348, 274-020-0349, 274-020-0350, 274-020-0355, 274-020-0360, 274-020-0375, 274-020-0380, 274-020-0381, 274-020-0382, 274-020-0385, 274-020-0386, 274-020-0387, 274-020-0388, 274-020-0391, 274-020-0395, 274-020-0405, 274-020-0410, 274-020-0411, 274-020-0420, 274-020-0421, 274-020-0430, 274-020-0440, 274-020-0445, 274-020-0450, 274-021-0005, 274-021-0010, 274-021-0015, 274-021-0020, 274-022-0005, 274-025-0010, 274-025-0020, 274-025-0030, 274-025-0040, 274-025-0050, 274-025-0060, 274-025-0070, 274-028-0001, 274-028-0005, 274-028-0010, 274-028-0015, 274-028-0020, 274-028-0025, 274-028-0030, 274-028-0035, 274-028-0040, 274-045-0001, 274-045-0005, 274-045-0010, 274-045-0015, 274-045-0020, 274-045-0025, 274-045-0030, 274-045-0035, 274-045-0040, 274-045-0045, 274-045-0050, 274-045-0060, 274-045-0070, 274-045-0080, 274-045-0085, 274-045-0090, 274-045-0100, 274-045-0110, 274-045-0120, 274-045-0125, 274-045-0130, 274-045-0140, 274-045-0145, 274-045-0150, 274-045-0160, 274-045-0170, 274-045-0180, 274-045-0190, 274-045-0200, 274-045-0205, 274-045-0220, 274-045-0230, 274-045-0240, 274-045-0250, 274-045-0260, 274-045-0270, 274-045-0280, 274-045-0401, 274-045-0411, 274-045-0421, 274-045-0431, 274-045-0441, 274-045-0451, 274-045-0461, 274-045-0471, 274-045-0481

REPEAL: 274-020-0200

RULE SUMMARY: Repeal, Incorporated into OAR 274-050-0001

CHANGES TO RULE:

~~274-020-0200~~

~~Definitions for OAR 274-020-0200-274-020-0450.¶~~

~~As used in OAR 274-020-0200 to 274-020-0450.¶~~

- (1) "Acquisition" means the purchase of a home or farm.¶¶
- (2) "Department" means the Oregon Department of Veterans' Affairs established under ORS 406.005.¶¶
- (3) "Director" means the Director of the Oregon Department of Veterans' Affairs.¶¶
- (4) "Farm" means a home, as defined in this rule, and a parcel of land being used to obtain a profit in money by utilizing accepted farming practices to raise crops or livestock or poultry or dairying or combinations thereof.¶¶
- (5) "Home" means a residential structure, including a manufactured home or a condominium unit, which is established, maintained and used primarily as a principal residence by a veteran, and includes real property connected to a residential structure, including any long-term leasehold and any outbuildings.¶¶
- (6) "Lease" means the giving of possession and use of profits of secured property for a period of time in return for compensation.¶¶
- (7) "Lease Option" means a lease of real property with an option to purchase the property within a stipulated period of time.¶¶
- (8) "Loan to Value Ratio" is the loan amount or balance divided by the net appraised value. ¶¶
- (9) "Manufactured home" means a structure that is:¶¶
  - (a) At least 20 feet in width;¶¶
  - (b) Constructed for movement on the public highways and that has sleeping, cooking and plumbing facilities;¶¶
  - (c) Intended for human occupancy;¶¶
  - (d) Being used for residential purposes;¶¶
  - (e) Classified and taxed as real property in the county where the structure is located; and¶¶
  - (f) Constructed in accordance with the Oregon Manufactured Dwelling Installation Specialty Code adopted under ORS 446.155 or the Model Manufactured Home Installation Standards established by the Department of Housing and Urban Development.¶¶
- (10) "Mortgage" means a loan in which real property is used as collateral.¶¶
- (11) "Net Appraised Value" means the lesser of the appraised value or the purchase price. The "appraised value" is the value established by an appraisal obtained by or at the direction of the Department, or an appraisal approved by the Department.¶¶
- (12) "ODVA" means the Oregon Department of Veterans' Affairs established under ORS 406.005.¶¶
- (13) "Possession" means exclusive dominion and physical control of the secured property but occupancy is not necessary.¶¶
- (14) "Rent" means the giving of possession of secured property for occupancy for a specific period of time in return for a stipulated amount of compensation.¶¶
- (15) "Resides in the State of Oregon" means a person who:¶¶
  - (a) Maintains a primary legal residence in Oregon, or¶¶
  - (b) Intends to occupy a home in Oregon, secured by an ODVA loan, that will be their primary legal residence.¶¶
- (16) "Security" means all of the real property that is to be acquired for a home and which serves as collateral for the loan.¶¶
- (17) "Transfer" means a change of ownership, either by operation of law, act of the parties, or both, such as deed, contract, certificate, court decree, property settlement, foreclosure, easement, condemnation, or adverse possession of the premises.¶¶
- (18) "Trust deed" means a deed, executed in conformity with ORS 86.705 to 86.815, that conveys an interest in real property to a trustee in trust to secure the performance of an obligation the grantor or other person named in the deed owes to a beneficiary.¶¶
- (19) "Underwriter/Designated Loan Officers" means those employees of the Department whose paramount responsibility shall be the approval or rejection of all applications for loans.¶¶
- (20) "Veteran" means a person who:¶¶
  - (a) Resides in the State of Oregon at the time of applying for a loan from the fund;¶¶
  - (b) Is a veteran, as that term is defined by Oregon law in ORS 407.087;¶¶
  - (c) Served under honorable conditions on active duty in the Armed Forces of the United States; and¶¶
  - (d) Satisfies the requirements applicable to the funding source for the loan from the Oregon War Veterans' Fund. Statutory/Other Authority: ORS 406.005 & 407.115

Statutes/Other Implemented: ORS 407.075 to 407. 385; Oregon Constitution Article XI-A, Section 3

REPEAL: 274-020-0241

RULE SUMMARY: Repeal, Incorporated into OAR 274-050-0160

CHANGES TO RULE:

~~274-020-0241~~

~~Authority to Protect the Security~~

~~At the discretion of the Director, funds can be disbursed to make repairs to correct a serious structural, safety, or sanitary deficiency discovered in a property that is security for a loan when it is determined such a disbursement is necessary to protect the interest of the state. This would occur when the following conditions exist:¶¶~~

~~(1) The present and probable future value of the property, without benefit of the needed repairs, is sufficiently low when compared to the existing loan balance that the state's investment would be threatened; and¶¶~~

~~(2) The current owner is the original veteran borrower who lacks the financial means to make the needed repairs or corrections in a timely manner; and the funds required, when added to the existing loan balance, would exceed the maximum loan right or percentage of loan limitations; or¶¶~~

~~(3) The current owner is a transferee who lacks the financial means to make repairs or corrections in a timely manner.~~

~~Statutory/Other Authority: ORS 406~~

~~Statutes/Other Implemented: ORS 407.115, 407.131, 407.135, 407.145~~

REPEAL: 274-020-0260

RULE SUMMARY: Repeal, Incorporated into OAR 274-050-0020

CHANGES TO RULE:

~~274-020-0260~~

~~Who May Apply for Loan~~

~~(1) A loan shall be made only to an individual veteran as defined in OAR 274-020-0200.¶~~

~~(2) Joint loans or loans to a cooperative shall not be valid.~~

~~Statutory/Other Authority: ORS 406~~

~~Statutes/Other Implemented: ORS 406.030, 407.115, 407.125~~

REPEAL: 274-020-0265

RULE SUMMARY: Repeal, Incorporated into OAR 274-050-0030

CHANGES TO RULE:

~~274-020-0265~~

~~Evidence Required to Establish Eligibility~~

~~The applicant shall submit to the Director the following evidence to establish eligibility:¶¶~~

~~(1) Evidence of separation such as a photostat of Discharge or a Certificate of Satisfactory Service and a photostat of Notice or Report of Separation, Transfer, or Discharge.¶¶~~

~~(2) Certificate of Service and Casualty Report when applicant is the unremarried spouse of a person who died on active duty.¶¶~~

~~(3) Proof of Oregon residence.¶¶~~

~~(4) Proof of any change in name since discharge:¶¶~~

~~(a) Where legally changed, proof shall be by a certified copy of the Court Order, or a marriage certificate, or a divorce decree;¶¶~~

~~(b) Where not legally changed, proof shall be by an affidavit from the veteran and affidavits from at least two disinterested persons.~~

~~Statutory/Other Authority: ORS 406~~

~~Statutes/Other Implemented: ORS 406.030, 407.075, 407.115, 407.125~~

REPEAL: 274-020-0266

RULE SUMMARY: Repeal, Incorporated into OAR 274-050-0025

CHANGES TO RULE:

~~274-020-0266~~

~~Eligibility to Apply-~~

~~Eligibility to apply for a loan under this division is subject to the eligibility criteria of Article XI-A of the Oregon Constitution and qualification under the Internal Revenue Code as a qualified veteran. The acceptance of an application and granting of a loan is further subject to the provisions of ORS Chapter 407, OAR division 020, 025, 045, other applicable law, and the policies and procedures of the Oregon Department of Veterans' Affairs (ODVA), and at the discretion of the director of ODVA.¶~~

~~[Publications: Publications referenced are available from the agency.]~~

~~Statutory/Other Authority: ORS 406~~

~~Statutes/Other Implemented: ORS 407~~

REPEAL: 274-020-0270

RULE SUMMARY: Repeal, Incorporated into OAR 274-050-0015

CHANGES TO RULE:

~~274-020-0270~~

~~Forms and Signature-~~

~~(1) Application for a loan from the state shall be made to the Director on forms provided by the Director.¶~~

~~(2) Applicants shall complete the appropriate department form to establish eligibility and shall sign their name as it appears on the discharge, unless their name has changed since discharge, in which case they shall use their present name:~~

~~Statutory/Other Authority: ORS 406, 407~~

~~Statutes/Other Implemented: ORS 406.030, 407.075, 407.115, 407.125~~



REPEAL: 274-020-0280

RULE SUMMARY: Repeal - Incorporated into OAR 274-050-0040

CHANGES TO RULE:

~~274-020-0280~~

~~Number of Applications Permitted ¶¶~~

~~(1) Except as provided in section (2) and (3) of this rule, a veteran may have only one ODVA loan application pending at any time.¶¶~~

~~(2) A veteran may make application for another loan if conditions exist which entitle the veteran to another loan.¶¶~~

~~(3) A veteran may make an application for an additional loan if the veteran presently has a state loan.~~

~~Statutory/Other Authority: ORS 406.005 & 407.115~~

~~Statutes/Other Implemented: ORS 407.075 to 407.385; Oregon Constitution Article XI-A, Section 3~~

REPEAL: 274-020-0285

RULE SUMMARY: Repeal, Incorporated into OAR 274-050-0240 to 0250

CHANGES TO RULE:

~~274-020-0285~~

~~Additional Loans~~

~~A veteran may receive this type of subsequent loan to replace an existing home unit on the existing ODVA security with a new home unit when the total funds do not exceed statutory limits.~~

~~Statutory/Other Authority: ORS 406~~

~~Statutes/Other Implemented: ORS 407.205, 407.265~~

REPEAL: 274-020-0290

RULE SUMMARY: Repeal, Incorporated into OAR 274-050-0240 to 0250

CHANGES TO RULE:

~~274-020-0290~~

~~Second Loans~~

~~Before a second loan may be granted:¶~~

~~(1) The repayment shall have been satisfactory; and¶~~

~~(2) The amount shall be limited to the balance of the original or restored loan right.~~

~~Statutory/Other Authority: ORS 406~~

~~Statutes/Other Implemented: ORS 407.205, 407.265~~

REPEAL: 274-020-0295

RULE SUMMARY: Repeal, Incorporated into OAR 274-050-0050

CHANGES TO RULE:

~~274-020-0295~~

~~Modification of Application~~

~~An application may be modified such as to the amount of the loan requested, legal description, amount of security or plans and specifications, but the modification must be requested in writing by the veteran and shall be subject to the approval of the Director.~~

~~Statutory/Other Authority: ORS 406~~

~~Statutes/Other Implemented: ORS 407.205, 407.225, 407.265~~

REPEAL: 274-020-0300

RULE SUMMARY: Repeal, Incorporated into OAR 274-050-0055

CHANGES TO RULE:

~~274-020-0300~~

~~Cancellation of Application~~

~~(1) An applicant may cancel his application for a state veterans' loan at any time prior to receipt of the loan proceeds.¶¶~~

~~(2) The Director may cancel any application if the applicant fails to comply with any of the conditions pertaining to the loan.¶¶~~

~~(3) The Director may destroy any application 25 months after the veteran applicant is notified of action taken on an application (whether credit was approved or adverse action was taken).~~

~~Statutory/Other Authority: ORS 183, 406.030, 407.115, 407.135, 407.145, 407.275, 407.305, 407.375~~

~~Statutes/Other Implemented: ORS 406.030, 407.115, 407.265, 407.385~~

REPEAL: 274-020-0305

RULE SUMMARY: Repeal - Incorporate into OAR 274-050-0035

CHANGES TO RULE:

~~274-020-0305~~

~~Filing Period-~~

~~An applicant may file to secure a veterans' loan at any time after separation from the service, even though he has re-enlisted and is not separated at the time of application.~~

~~Statutory/Other Authority: ORS 406~~

~~Statutes/Other Implemented: ORS 407.115, 407.125, 407.205~~

REPEAL: 274-020-0310

RULE SUMMARY: Repeal, Incorporated into OAR 274-050-0015 and 274-050-0145

CHANGES TO RULE:

~~274-020-0310~~

~~Evidence of Acquisition~~

~~An applicant shall be required to furnish any of the following items applicable:¶¶~~

~~(1) A copy of the earnest money receipt or sales agreement, signed by all the parties if acquisition is by purchase.¶¶~~

~~(2) A copy of the contract of sale signed by all parties.¶¶~~

~~(3) A copy of the mortgage showing the recording data.¶¶~~

~~(4) Evidence of debt from F.H.A. Title 1 loan.¶¶~~

~~(5) Evidence of personal obligation incurred in acquiring the home.~~

~~Statutory/Other Authority: ORS 406~~

~~Statutes/Other Implemented: ORS 407.115, 407.155, 407.205~~

REPEAL: 274-020-0315

RULE SUMMARY: Repeal, Incorporated into OAR 274-050-0130 and 274-050-0240 to 274-050-0250

CHANGES TO RULE:

~~274-020-0315~~

~~Evidence of Construction~~

~~An applicant shall submit complete plans, specifications, and cost estimates in applications for construction or improvements.~~

~~Statutory/Other Authority: ORS 406~~

~~Statutes/Other Implemented: ORS 407.115, 407.225, 407.265~~



REPEAL: 274-020-0322

RULE SUMMARY: Repeal Incorporated into OAR OAR 274-050-0045

CHANGES TO RULE:

~~274-020-0322~~

~~Requirements for Farm Applicants~~

- ~~(1) Must complete the Department's farm income, experience, and expense form.¶~~
- ~~(2) Must have capital or an equivalent line of credit to cover development costs and one year's operating cost.¶~~
- ~~(3) Must show, to the satisfaction of the Director, that the farm portion of the loan security is capable of producing an annual income that will repay the loan allocated to the farm land and farm buildings.~~

~~Statutory/Other Authority: ORS 406, 407~~

~~Statutes/Other Implemented: ORS 407.205, 407.265, 407.385~~

REPEAL: 274-020-0325

RULE SUMMARY: Repeal, Incorporated into OAR 274-050-0060

CHANGES TO RULE:

~~274-020-0325~~

~~Security for the Loan ¶¶~~

~~(1) The home or farm offered as security shall be owned in fee simple by the veteran at the time the loan is closed.¶¶~~

~~(2) The state shall have the first lien at the time of making the loan.¶¶~~

~~(3) The security for the loan shall consist of real or personal property and the mortgage or trust deed shall include all property to be acquired as a home. The Director may allow more than one parcel of real property to be included in the security.¶¶~~

~~(4) All security for the loan must include a home that is completed and ready for occupancy at the time the loan is closed.~~

~~Statutory/Other Authority: ORS 406.005 & 407.115~~

~~Statutes/Other Implemented: ORS 407.075 to 407.385; Oregon Constitution Article XI-A, Section 3~~

REPEAL: 274-020-0330

RULE SUMMARY: Repeal, Incorporated into OAR 274-050-0065

CHANGES TO RULE:

~~274-020-0330~~

~~Legal Description of Property Offered as Security-~~

~~(1) Property offered as security must have an adequate legal description from which the boundaries of the property may be located.¶¶~~

~~(2) The Director may require a survey to ascertain the boundary lines and location of all permanent improvements on the property.~~

~~Statutory/Other Authority: ORS 406~~

~~Statutes/Other Implemented: ORS 407.225~~

REPEAL: 274-020-0335

RULE SUMMARY: Repeal, Incorporated into OAR 274-050-0070

CHANGES TO RULE:

~~274-020-0335~~

~~Appraisal of Property~~

~~(1) An appraisal shall be made to assist in establishing the loan value only after a complete application has been received.~~

~~(2) On farms, the loan value allowable on the principal home unit portion of the property shall not exceed the amount needed for a maximum home loan.~~

~~Statutory/Other Authority: ORS 406.030, 407.115, 407.225(3)~~

~~Statutes/Other Implemented: ORS 407.115, 407.225~~

CHANGES TO RULE:

274-020-0340

Terms of Loan

(1) The loan value (net appraised value) shall be used as the basis for determining the maximum loan, subject to statutory limitations. Under the provisions of ORS 407.225(3), the maximum loan on a home which is real property may not exceed 100 percent of the loan value (net appraised value), but may be a lesser amount as determined from time to time by the Director of Veterans' Affairs, (Director):¶¶

(a) On farms, the maximum original loan allowable for acquisition of the principal home unit portion of the property shall not exceed the maximum home loan, whether it be for purchase, refinance, construction, improvements, or a combination of these; and the maximum additional loan or advance for improvements to the principal home shall not exceed the difference between the maximum home loan and that portion of the original loan granted on the principal home unit, except advances for protection of security improvements, taxes, and insurance premiums;¶¶

(b) Loans shall be made in multiples of \$1.¶¶

(2) The Director shall determine the period and amount of repayment based on the age, condition, location, and useful life of the security, but the maximum period of repayment shall not exceed statutory limits.¶¶

(3) The borrower shall timely pay all property taxes and other assessments that may or do become a lien against the loan security.¶¶

(4) The borrower shall carry fire and extended coverage insurance on the security. The Director also may require that hazards other than fire be covered. All premiums and charges for said coverage shall be paid timely by the borrower:¶¶

(a) The Director may determine the form and amount of insurance coverage for the security;¶¶

(b) All insurance money shall be payable to the State of Oregon, Director of Veterans' Affairs, by endorsement of the Director-approved mortgagee clause;¶¶

(c) The Director may enter into agreements with companies engaged in the business of providing insurance management programs which, among other things, assure the Director that the required insurance is kept in force. Where the borrower fails or refuses to keep the property adequately insured, the Director may pay the premium charged by the company providing the insurance management service, and any payment of premium so made shall be added to the amount due from the borrower and shall bear interest at the same rate as the principal indebtedness. The loan payment may be increased to repay the money advanced to pay the insurance premium and accrued interest, over a period of 12 months;¶¶

(d) In case of loss, the Director shall determine the disposition of any and all funds received under the insurance policies.¶¶

(5) On all loans made on or after June 1, 1990, or as otherwise agreed to by the borrower and the Director, the Director may collect in advance from said borrowers together with their payments required under section (2) of this rule, sufficient amounts to pay property taxes, insurance premiums, and other charges related to the security. Such additional amounts collected by the Director shall be held in escrow pending payment of the obligations for which they are collected and interest on said amounts shall be paid to the borrower in the manner and at the rate of interest described in ORS 86.245(1).¶¶

(6) Property taxes, insurance premiums, and other charges may be paid by the Director from funds collected from the borrower for those purposes. The Director, in the absence of funds collected from the borrower (or if such funds are insufficient in amount), may, at his option, elect to pay property taxes, insurance premiums, and other charges from the Oregon War Veteran's Bond Sinking Account. Any amount paid by the Director from the Oregon War Veteran's Bond Sinking Account may be added to and become part of the loan principal and shall bear interest at the same rate as the balance of the principal indebtedness. On loans made after June 1, 1991, excluding qualified loan assumptions, the Director will not add amounts advanced for payment of property taxes or insurance premiums to the principal balance of the loan. On these loans, any amount advanced will be entered as a negative balance in the escrow account.¶¶

(7) The borrower's loan payment may be increased to repay the money advanced from the Oregon War Veteran's Bond Sinking Account to pay the property taxes, insurance premiums, and other charges against the security, together with interest thereon, within a maximum period of 12 months or such shorter time as established by the Director.

Statutory/Other Authority: ORS 291.021, 406.030, 407.115, 407.169, 407.179, 407.179, 407.181, 407.225(3), 407.275

Statutes/Other Implemented: ORS 407



CHANGES TO RULE:

~~274-020-0341~~

~~Interest Rates for Loans ¶¶~~

~~(1) The Director will prescribe interest rates for loans to be funded by the Department pursuant to this division. In prescribing interest rates, the Director will consider the following factors:¶¶~~

- ~~(a) The current value of funds;¶¶~~
- ~~(b) The solvency of the Department's Loan Program; and¶¶~~
- ~~(c) The rates' effect on Veterans.¶¶~~

~~(2) In prescribing interest rates, the Department also may consider factors including, but not limited to the following:¶¶~~

- ~~(a) The projected value of funds;¶¶~~
- ~~(b) Any Federal tax law restrictions;¶¶~~
- ~~(c) Actual or projected conventional mortgage rates;¶¶~~
- ~~(d) The availability of funds;¶¶~~
- ~~(e) Actual or projected loan demand;¶¶~~
- ~~(f) The loan purpose; and¶¶~~
- ~~(g) The source(s) of funds.¶¶~~

~~(3) The Director may prescribe rates of interest of up to two percent per annum more than the applicable basic rate determined under sections (1) and (2) above for loans used to acquire manufactured homes if, upon consideration of the factors described in section (1) above, the Director determines that there is an economic need for such higher rate of interest.¶¶~~

~~(4) The Director periodically may change the prescribed rate of interest on a funded loan consistent with ORS 407.325(2) and applicable loan documents. In changing a prescribed rate of interest, the Director may exceed the limits in ORS 407.325(2) if the Director determines, in the Director's sole discretion, that such a change reduces the probability that invoking the provisions of section 4, Article XI-A of the Oregon Constitution will become necessary.¶¶~~

~~(5) The Director periodically may change the prescribed rate of interest on a loan to be funded by the Department to reflect reconsideration of, or changes in, factors considered under sections (1) and (2) above, or in consideration of additional factors.¶¶~~

~~(6) The Director may apply different rates of interest to different loans, depending upon factors including, but not limited to the following:¶¶~~

- ~~(a) The time of an initial loan or commitment to fund a loan;¶¶~~
- ~~(b) The initial rate of interest on a loan;¶¶~~
- ~~(c) The type of loan;¶¶~~
- ~~(d) The status of the borrower;¶¶~~
- ~~(e) The status of the loan security;¶¶~~
- ~~(f) The perceived risk associated with the loan;¶¶~~

~~(g) Whether or not the department agreed to maintain an interest rate commitment within a certain range or for a certain time; and¶¶~~

~~(h) Whether or not the applicant abandoned a previous loan application or loan commitment.¶¶~~

~~(7) The Department will endeavor to record prescribed interest rates as reasonably as it is practical.~~

~~Statutory/Other Authority: ORS 406.005 & 407.115~~

~~Statutes/Other Implemented: ORS 407.075 to 407.385; Oregon Constitution Article XI-A, Section 3~~

REPEAL: 274-020-0342

RULE SUMMARY: Repeal Incorporated into OAR 274-050-0095

CHANGES TO RULE:

~~274-020-0342~~

~~Interest Rate on Assumptions by Eligible Veterans~~

~~(1) Effective February 3, 1982, a veteran eligible for a loan under ORS 407.075 to 407.595 and Article XI-A of the Oregon Constitution who assumes a loan, previously made by the Director, assumes at one of the following rates:¶¶~~

~~(a) If the previous loan was a fixed interest rate loan made to a veteran before May 27, 1971, the assumption will be at the fixed rate;¶¶~~

~~(b) If the previous loan was a variable rate loan made to a veteran on or after May 27, 1971, the assumption will be at the rate of the previous loan, and will remain variable, with the limitation that the rate will not decrease and will not increase more than an additional one percent or exceed the current veteran's rate at the time of transfer;¶¶~~

~~(c) If the previous loan had been transferred to one other than the original borrower, the surviving spouse, unremarried former spouse, surviving child or stepchild of the original borrower, or other eligible veteran assuming pursuant to ORS 407.305, the assumption rate to the veteran will be at the rate of the transferred loan, and will not become variable until a subsequent transfer.¶¶~~

~~(2) Effective September 28, 1987, a veteran eligible for a loan under ORS 407.075 to 407.595 and Article XI-A of the Oregon Constitution who assumes a loan, previously made by the Director, assumes at 10.5 percent variable or at the existing rate on the loan, whichever is higher.~~

~~Statutory/Other Authority: ORS 406, 407~~

~~Statutes/Other Implemented: ORS 407.285 – 407.335~~



CHANGES TO RULE:

274-020-0343

~~Interest Rates on Loans Secured by Property Transferred to Non-Veterans~~

~~(1) Effective February 3, 1982, the interest rate on all loans secured by property transferred before February 3, 1982 will not change on the first transfer on or after February 3, 1982, but on any subsequent transfer the interest rate will be as provided by this rule and will be variable, with the limitation that the rate will not decrease and will not increase more than an additional one percent, except as provided under ORS 407.335(4).¶¶~~

~~(2) Subject to the conditions and limitations of section (1) of this rule, the interest rate on real property loans, when the property securing the loan is transferred to someone other than those entitled to the veteran's interest rate, shall be:¶¶~~

~~(a) Through August 21, 1969, 5 percent;¶¶~~

~~(b) Effective August 22, 1969, 6.2 percent;¶¶~~

~~(c) Effective September 4, 1969, 7.9 percent;¶¶~~

~~(d) Effective December 10, 1969, 8.1 percent;¶¶~~

~~(e) Effective April 8, 1970, 7.8 percent;¶¶~~

~~(f) Effective August 19, 1970, 7.4 percent;¶¶~~

~~(g) Effective January 6, 1971, 6.4 percent;¶¶~~

~~(h) Effective May 27, 1971, 7 percent;¶¶~~

~~(i) Effective June 1, 1977, 8 percent;¶¶~~

~~(j) Effective December 1, 1977, 8.8 percent;¶¶~~

~~(k) Effective December 1, 1978, 9.8 percent;¶¶~~

~~(l) Effective December 1, 1979, 11 percent;¶¶~~

~~(m) Effective December 1, 1980, 13 percent;¶¶~~

~~(n) Effective December 1, 1981, 17 percent;¶¶~~

~~(o) Effective February 3, 1982, 12 percent;¶¶~~

~~(p) Effective October 15, 1982, 11.5 percent;¶¶~~

~~(q) Effective January 1, 1985, 11.52 percent;¶¶~~

~~(r) Effective January 1, 1986, 9.86 percent, or one percent higher than the rate on the original note, whichever is higher. "The rate on the original note" shall be the rate stated as such on the note;¶¶~~

~~(s) Effective January 1, 1987, 8.59 percent, or one percent higher than the rate on the original note, whichever is higher;¶¶~~

~~(t) Effective September 1, 1987, 10.75 percent, or the rate existing on the loan immediately prior to the transfer, whichever is higher.¶¶~~

~~(3) Subject to the conditions and limitations of section (1) of this rule, the interest rate on personal property loans, when the property securing the loan is transferred to someone other than those entitled to the veteran's interest rate, shall be:¶¶~~

~~(a) Effective May 30, 1975, 9 percent. Personal property included leaseholds until leaseholds were defined as real property on October 4, 1977. On or after October 4, 1977, the interest rate on leaseholds is the real property interest rate;¶¶~~

~~(b) Effective December 1, 1977, 9.8 percent;¶¶~~

~~(c) Effective December 1, 1978, 10.8 percent;¶¶~~

~~(d) Effective December 1, 1979, 12 percent;¶¶~~

~~(e) Effective December 1, 1980, 14 percent;¶¶~~

~~(f) Effective December 1, 1981, 18 percent;¶¶~~

~~(g) Effective February 3, 1982, 12 percent;¶¶~~

~~(h) Effective December 1, 1982, 12.5 percent;¶¶~~

~~(i) Effective January 1, 1985, 11.52 percent;¶¶~~

~~(j) Effective January 1, 1986, 9.86 percent, or one percent higher than the rate on the original note, whichever is higher. "The rate on the original note" shall be the rate stated as such on the note;¶¶~~

~~(k) Effective January 1, 1987, 8.59 percent, or one percent higher than the rate on the original note, whichever is higher;¶¶~~

~~(l) Effective September 1, 1987, 10.75 percent, or the rate existing on the loan immediately prior to the transfer, whichever is higher.¶¶~~

~~(4) This rule does not apply to transfers to the surviving spouse, unremarried former spouse, surviving child, or stepchild of the original borrower, who are entitled to the veteran's interest rate.~~

Statutory/Other Authority: ORS 406, 407  
Statutes/Other Implemented: ORS 407.275, 407.335

RULE SUMMARY: Repeal, Time limited rule requiring borrower action no later than April 9, 1990

CHANGES TO RULE:

274-020-0344

Fixed Interest Rate

- (1) Subject to the provisions of this rule, effective June 1, 1989, borrowers with ODVA loans being charged 7.2 percent variable interest may convert the loan to a fixed interest rate.¶¶
- (2) Subject to the provisions of this rule, effective February 1, 1990, borrowers with ODVA loans being charged 7.7 percent variable interest may convert the loan to a fixed interest rate.¶¶
- (3) The following loans do not qualify for the interest rate conversion:¶¶
- (a) Accounts with 12 or less monthly payments, or one annual payment remaining before the loan will be paid in full;¶¶
  - (b) Accounts of borrowers in bankruptcy;¶¶
  - (c) Accounts in foreclosure;¶¶
  - (d) Accounts two or more months delinquent;¶¶
  - (e) Accounts coded as questionable loans (propriety of loan being investigated);¶¶
  - (f) Loans, any portion of which is being charged an interest rate other than 7.2 percent or 7.7 percent (composite interest rate).¶¶
- (4) Accounts on semi-annual or annual payment schedules can convert to a fixed interest rate. If the holder of a loan with semi-annual or annual payments would like a fixed interest rate loan, all provisions of this rule will apply, except sections (7) and (8) of this rule. Matters covered by sections (7) and (8) of this rule will be negotiated with the borrower.¶¶
- (5) The remaining term on loans converted to a fixed interest rate will be shortened. The shorter term will be arrived at by using the current retirement date, or the remaining term on loans paying off earlier than the retirement date (larger than required payments were made), and deducting ten percent:¶¶
- (a) The maximum term on loans converting to a fixed interest rate shall be 40 years;¶¶
  - (b) The fixed interest rate available will be based upon the remaining term of the loan (after shortening the term as provided above) and shall be as follows: Remaining Term On Loans Being Charged 7.2% Interest – Fixed Interest Rate:¶¶
- (A) 5 years or less – 7.3%;¶¶
  - (B) 5 years 1 month to 9 years 11 months – 7.4%;¶¶
  - (C) 10 years to 14 years 11 months – 7.5%;¶¶
  - (D) 15 years to 19 years 11 months – 7.6%;¶¶
  - (E) 20 years to 24 years 11 months – 7.7%;¶¶
  - (F) 25 years or more – 7.8%.¶¶
- (c) Loans Being Charged 7.7% Interest – Fixed Interest Rate: All Loans – 7.8%.¶¶
- (6) In order to convert a 7.2 or a 7.7 percent variable interest rate loan to a fixed interest rate loan, the borrower must agree to the following:¶¶
- (a) Each year ODVA may adjust the payment on principal and interest to an amount that will cause the loan to pay in full by its retirement date. The payments on principal and interest will not be reduced to an amount lower than the amount established at the time of conversion to a fixed interest rate;¶¶
  - (b) If ownership of the property securing the ODVA loan is transferred, or ownership of any portion of the property securing the loan is transferred, the interest rate on the loan will be as provided by ORS 407.275(2), the due date on the loan will be the due date on the latest Note and Mortgage, Trust Deed, or Security Agreement, and the agreement allowing ODVA to annually adjust the payment on the loan to assure proper amortization will terminate.¶¶
- (7) The procedure for implementing the interest rate conversion on loans being charged 7.2 percent variable interest rate shall be as follows:¶¶
- (a) Whether the account qualifies for interest rate conversion will be determined by the status of the account on June 1, 1989, if payments are due on the first day of the month or June 15, 1989, if payments are due on the 15th day of the month;¶¶
  - (b) Borrowers desiring to make the interest rate conversion must notify ODVA in writing, by either mailing a post card furnished by ODVA, or by other written notification:¶¶
- (A) By June 30, 1989, if payments are due on the 1st day of the month;¶¶
  - (B) By July 14, 1989, if payments are due on the 15th day of the month.¶¶
- (c) Interest owing on June 1, 1989, or June 15, 1989 (as applicable) shall be added to the balance of the loan on August 1, 1989, or August 15, 1989 (as applicable);¶¶

~~(d) Any "paid ahead" or "delinquency" existing on the loan on June 1, 1989, or June 15, 1989, (as applicable), will be eliminated.¶¶~~

~~(e) The new terms of the loan shall be effective August 1, 1989, or August 15, 1989, (as applicable) and the new payments will begin September 1, 1989, or September 15, 1989 (as applicable).¶¶~~

~~(8) The procedure for implementing the interest rate conversion on loans being charged 7.7 percent variable interest shall be as follows:¶¶~~

~~(a) Whether the account qualifies for interest rate conversion will be determined by the status of the account on February 1, 1990, if payments are due on the 1st day of the month or March 15, 1990, if payments are due on the 15th day of the month;¶¶~~

~~(b) Borrowers desiring to make the interest rate conversion must notify ODVA in writing, by either mailing a postcard furnished by ODVA, or by other written notification:¶¶~~

~~(A) By February 23, 1990, if payments are due on the 1st day of the month;¶¶~~

~~(B) By April 9, 1990, if payments are due on the 15th day of the month.¶¶~~

~~(c) Any "paid ahead" or "delinquency" existing on the loan on February 1, 1990, or March 15, 1990 (as applicable), will be eliminated;¶¶~~

~~(d) The new terms of the loan shall be effective April 1, 1990, or May 15, 1990 (as applicable) and the new payments will begin May 1, 1990, or June 15, 1990 (as applicable).¶¶~~

~~(9) This rule does not apply to contracts for the purchase of State-owned property.~~

~~Statutory/Other Authority: ORS 406.030, 407.115, 407.327~~

~~Statutes/Other Implemented: ORS 407.327~~

REPEAL: 274-020-0345

RULE SUMMARY: Repeal, Incorporated into OAR 274-050-0130

CHANGES TO RULE:

~~274-020-0345~~

~~Approval of the Loan~~

~~The approval of any loan shall be dependent upon the following:¶¶~~

~~(1) The veteran applicant must meet current industry standards determined by the Department to be applicable to the proposed loan. Applicable industry standards may include, but are not limited to:¶¶~~

~~(a) Local lending practices;¶¶~~

~~(b) FannieMae and other lending organization standards; and¶¶~~

~~(c) Federal and state legal requirements.¶¶~~

~~(2) The veteran applicant may be required to have an equity in the property.¶¶~~

~~(3) Secondary financing may be permitted.¶¶~~

~~(4) Construction shall meet the minimum standards set by federal, state and local laws.¶¶~~

~~(5) A performance bond may be required for new construction.¶¶~~

~~(6) Inspections to prove the premises safe, sanitary, and structurally sound may be required, and the loan may be refused if the construction is inferior.¶¶~~

~~(7) The security shall be served by adequate means of legal and physical access and shall have an acceptable potable water supply.~~

~~Statutory/Other Authority: ORS 183, 406.030, 407.115, 407.135, 407.145, 407.275, 407.305, 407.375~~

~~Statutes/Other Implemented: ORS 407.115, 407.125, 407.225~~

CHANGES TO RULE:

274-020-0348

Grounds for Refusing to Make a Loan ¶¶

The Director may refuse to make a loan to an applicant based on any of the following reasons:¶¶

- (1) Prior loan experience with an applicant was unsatisfactory, including, but not limited to, late payment or nonpayment on loan and impairment of security.¶¶
- (2) The applicant did not disclose all debts or obligations as required under the terms of the loan credit application.¶¶
- (3) The applicant has a negative cash flow.¶¶
- (4) The applicant has declared bankruptcy within the last three years unless:¶¶
  - (a) The applicant or the applicant's spouse has been regularly employed, other than self-employed, since the discharge;¶¶
  - (b) The applicant has established credit since the bankruptcy and made timely and satisfactory payments on obligations; and¶¶
  - (c) The bankruptcy was caused by circumstances beyond the applicant's control, such as uninsured medical expense, layoff, strike, or divorce.¶¶
- (5) The applicant has declared bankruptcy between three and five years prior to application for a loan, unless the applicant has reestablished credit since the bankruptcy.¶¶
- (6) Business bankruptcies will not be grounds for refusing to make a loan if:¶¶
  - (a) The applicant was self-employed and the bankruptcy was not due to misconduct; and¶¶
  - (b) There is no evidence of derogatory credit information prior to the self-employment or after the bankruptcy; and¶¶
  - (c) The applicant has subsequently obtained a permanent position with reliable income.¶¶
- (7) Chapter 13 bankruptcies will not be grounds for refusing to make a loan if: The applicant has made satisfactory payment of at least three-fourths of the total payments due the trustee.¶¶
- (8) The applicant's ability to repay the loan is insufficient, as determined by the Department of Veterans' Affairs (Department) by applying relevant industry standards.¶¶
- (9) The applicant is an unsatisfactory credit risk, as determined by the underwriting analysis of the credit rating agency selected by the Director. In that case, the Director shall advise the applicant of his refusal on this basis and supply to the applicant the name and address of any consumer reporting agency which provided the Director with information on the applicant. If the applicant requests in writing within 60 days after being notified of the refusal, the Director shall provide the applicant with the name of any person other than a consumer reporting agency who provided information which was, wholly or in part, a basis of such refusal.¶¶
- (10) The applicant is involved in the following type of transactions:¶¶
  - (a) The purchase of property from a spouse where the amount which the applicant seeks to borrow from the Department exceeds the unpaid balance on loans used to acquire or improve the property;¶¶
  - (b) The purchase from a corporation wholly or substantially owned by the applicant;¶¶
  - (c) The purchase of property indirectly owned by the applicant.¶¶
- (11) The applicant has or has had any interest, within the past three years, either title or contractual, in the property being purchased, except it will not be grounds for refusing to make a loan:¶¶
  - (a) If the applicant is purchasing a one-half interest from a divorced spouse. The sum shall be stated in the divorce decree;¶¶
  - (b) If the applicant acquired an interest in property by inheritance and is purchasing the interest which co-heirs have in the same property;¶¶
  - (c) If the application is for an additional loan;¶¶
  - (d) If the application is for a rehabilitation loan or a loan to pay off a bridge loan. A "bridge loan" is temporary financing obtained for the purpose of financing the purchase of a home pending the sale of a home owned by the borrower and listed with a real estate broker or advertised for sale;¶¶
  - (e) If the application is for a loan to pay off an interim loan whose term does not exceed 24 months (not renewable);¶¶
  - (f) If the application is for a loan to pay off a construction period loan obtained not more than 24 months, and the construction was completed not more than 18 months before the veteran applied for a loan;¶¶
  - (g) If the application is for amount spent on the purchase of, or the value of, land only (whichever is less) and construction commences within 24 months of land acquisition and the loan is funded within 18 months of the start

of construction.¶¶

(12) The applicant does not meet the applicable underwriting or industry property standards as determined by the Department.¶¶

(13) Effective with applications received after May 15, 1984, except for farm loans and loans for multi-family dwellings, if the applicant will use the property offered as security for the loan for a purpose that would jeopardize the tax-exempt status of interest to holders of Bonds issued by the Director of Veterans' Affairs:¶¶

(a) Specifically excluded uses are:¶¶

(A) As an investment;¶¶

(B) As a recreational home;¶¶

(C) As a principal place of business for any trade or business of the applicant.¶¶

(b) Examples of excluded uses (if a portion of the property is used regularly and exclusively in connection with a trade or business) are:¶¶

(A) Using any portion of the residence as a place to meet patients, clients, or customers in the normal course of business;¶¶

(B) Storage of inventory in a separate and identifiable fixed location and kept for the wholesale or retail selling of products as a part of the applicant's trade or business which would entitle the applicant to a "Business Use of the Home" income tax deduction;¶¶

(C) Providing care for children, for the elderly, or for handicapped persons, if the nature and character of the care entitles the property owner to a "Business Use of the Home" income tax deduction.¶¶

(c) Any use of a residence which does not qualify for a "Business Use of the Home" income tax deduction shall not be considered as a use in a trade or business. Examples of such permitted uses are:¶¶

(A) Storage of inventory for the benefit of an employer or in conduct of a direct selling business, if the use is not exclusive of any personal use of that part of the residence;¶¶

(B) Babysitting, if the nature and character of the babysitting does not entitle the property owner to a "Business Use of the Home" income tax deduction;¶¶

(C) Engaging in person-to-person sales of consumer products to customers in the home, such as Tupperware, Amway, Avon, wicker, crystal, or similar products;¶¶

(D) Foster home established by Court Order, or designated by a Government Agency with jurisdiction to make such a designation;¶¶

(E) Using part of the residence to write legal briefs, prepare tax returns, read financial periodicals and reports, clip bond coupons, or engage in similar work, if the use is not exclusive of any personal use of that part of the residence.

Statutory/Other Authority: ORS 406.005 & 407.115

Statutes/Other Implemented: ORS 407.075 to 407.385; Oregon Constitution Article XI-A, Section 3

REPEAL: 274-020-0349

RULE SUMMARY: Repeal, Incorporated into OAR 274-050-0140

CHANGES TO RULE:

~~274-020-0349~~

~~Loan Funding~~

~~(1) Funding by Oregon Department of Veterans' Affairs (ODVA) of any loan is subject to the discretion of the Director of Veterans' Affairs. In determining whether or not to fund any loan, the director may consider factors, including, but not limited to the following:¶¶~~

~~(a) Actual or projected cost of funds;¶¶~~

~~(b) Any applicable federal tax or other law;¶¶~~

~~(c) Availability and source of lendable funds;¶¶~~

~~(d) Actual or projected conventional mortgage rates;¶¶~~

~~(e) Actual or projected loan demand;¶¶~~

~~(f) Loan purpose;¶¶~~

~~(g) Eligibility of applicant;¶¶~~

~~(h) Credit worthiness of applicant;¶¶~~

~~(i) Adequacy of security for the loan.¶¶~~

~~(2) The director may from time to time establish priorities and other requirements with respect to the granting of loans under this Division.~~

~~Statutory/Other Authority: ORS 406~~

~~Statutes/Other Implemented: ORS 407~~



REPEAL: 274-020-0350

RULE SUMMARY: Repeal, Incorporated into OAR 274-050-0150

CHANGES TO RULE:

~~274-020-0350~~

~~Evidence of Title-~~

~~(1) The veteran shall furnish at his expense a mortgagee's title policy for the amount of the loan, a title company lien search, or a certificate of title.¶¶~~

~~(2) The title policy, or other reports, shall show that the state has a first lien except in the case of:¶¶~~

~~(a) Property taxes not payable;¶¶~~

~~(b) A lien of a bonded irrigation or drainage district, in which case all due assessments must be paid;¶¶~~

~~(c) A public improvement lien, bonded or being collected by the County Tax Collector in which case all due assessments must be paid;¶¶~~

~~(d) A lien for Reclamation Service of the United States Government, in which case all due assessments must be paid;¶¶~~

~~(e) A Mortgagee's Title Insurance policy insuring the state against loss from any prior encumbrance, but the encumbrance must be acceptable to the veteran mortgagor.¶¶~~

~~(3) All water stock shall be endorsed to, and deposited with, the Director to be held by the state until its interest terminates.~~

~~Statutory/Other Authority: ORS 406~~

~~Statutes/Other Implemented: ORS 406.030, 407.115, 407.225~~

REPEAL: 274-020-0355

RULE SUMMARY: Repeal, Incorporated into OAR 274-050-0155

CHANGES TO RULE:

~~274-020-0355~~

~~Escrow Closing of Loans ¶¶~~

~~(1) All loans made by the Director of Veterans' Affairs (except for protection of security loans) shall be closed by persons or firms licensed to engage in the escrow business under the Oregon Escrow Law (ORS 696.505 to 696.590), or an attorney at law rendering services in the performance of duties as attorney at law. This rule shall be effective on all loan applications received after May 31, 1984:¶¶~~

~~(a) The types of loans requiring escrow closing are:¶¶~~

~~(A) Original;¶¶~~

~~(B) Additional;¶¶~~

~~(C) Dual (Loans having notes with different due dates);¶¶~~

~~(D) Assumption of existing.¶¶~~

~~(b) A loan for protection of security does not require escrow closing:¶¶~~

~~(c) For closing of contract sales of State-owned property, see OAR 274-21-010.¶¶~~

~~(2) The escrow agent or attorney for closing the loan will be selected by the borrower and the borrower shall pay all escrow fees.¶¶~~

~~(3) Escrow closing shall not be waived except when in the Director's opinion, requiring escrow closing would cause an undue hardship.~~

~~Statutory/Other Authority: ORS 406.005 & 407.115~~

~~Statutes/Other Implemented: ORS 407.075 to 407.385; Oregon Constitution Article XI-A, Section 3~~

REPEAL: 274-020-0360

RULE SUMMARY: Repeal, Incorporated into OAR 274-050-0155

CHANGES TO RULE:

~~274-020-0360~~

~~Disbursement of Loan Funds ¶¶~~

~~(1) When a veteran is purchasing or refinancing, the loan funds may be disbursed when the loan is closed.¶¶~~

~~(2) When construction is involved and the property complies with the definition of a home, the loan funds may be disbursed after the loan is closed, but disbursement is limited to the maximum percentage permitted by statute of the net appraised value.~~

~~Statutory/Other Authority: ORS 406.005 & 407.115~~

~~Statutes/Other Implemented: ORS 407.075 to 407.385; Oregon Constitution Article XI-A, Section 3~~

REPEAL: 274-020-0375

RULE SUMMARY: Repeal, Superseded by amendments to ORS 293.465 to 293.480

CHANGES TO RULE:

~~274-020-0375~~

~~Lost, Stolen, or Destroyed Warrants or Checks~~

~~If loan proceeds in the form of a warrant or check issued by the Director are lost, stolen, or destroyed before negotiation, the payee may obtain payment by filing with the Director evidence that value has not been received.~~

~~Statutory/Other Authority: ORS 406~~

~~Statutes/Other Implemented: ORS 407.115, 407.495~~

REPEAL: 274-020-0380

RULE SUMMARY: Repeal, Incorporated into OAR 274-050-0165

CHANGES TO RULE:

~~274-020-0380~~

~~Transfer of Ownership~~

- ~~(1) The director shall be notified in writing of any transfer of ownership or the right to possess property that is used as security for a loan with the Oregon Department of Veterans' Affairs (ODVA).¶¶~~
- ~~(2) The interest rate on any outstanding obligation will be adjusted at the time of the transfer as provided by ORS 407.335.¶¶~~
- ~~(3) The following are conditions which constitute a transfer of an ownership interest or the right to possess the loan security:¶¶~~
- ~~(a) A borrower takes title to the property with a person other than his or her legal spouse;¶¶~~
- ~~(b) Contract of sale;¶¶~~
- ~~(c) Any deed transfer;¶¶~~
- ~~(d) Any other indenture that purports to convey or transfer any portion of equitable title except for the following:¶¶~~
- ~~(A) Deed to create a life estate retained by the eligible veteran mortgagor; or¶¶~~
- ~~(B) Deed to a government entity for public use as noted in ORS 407.275(2).¶¶~~
- ~~(4) Other types of transactions that may provide for an automatic adjustment in interest rate include:¶¶~~
- ~~(a) A purchase option that extends for a period of 12 months and 32 days, or more;¶¶~~
- ~~(b) A lease that extends for more than the following periods:¶¶~~
- ~~(A) 60 months for farms of 20 acres or more;¶¶~~
- ~~(B) 12 months and 32 days for all properties other than farms of 20 acres or more.¶¶~~
- ~~(c) A purchase option with a consideration of three percent or more of the stated purchase price.¶¶~~
- ~~(5) An assumption by an eligible veteran may be approved at the rate set under ORS 407.305 under the following conditions:¶¶~~
- ~~(a) The applicant uses his or her entitlement to make application to the Department for the assumption; and¶¶~~
- ~~(b) Meets the requirements for a new loan; and¶¶~~
- ~~(c) Executes an assumption agreement which will release the original veteran borrower from personal liability.¶¶~~
- ~~(6) The director will not enter into an assumption agreement with a person (or persons) acquiring an ownership interest in ODVA security whereby the existing debtor is relieved of further liability on the debt, unless the new owner (or owners) meets current industry standards determined by the Department to be applicable to the proposed assumption. Applicable industry standards may include, but are not limited to, local lending practices, FannieMae and other lending organization standards, and Federal and state legal requirements. The director may on an individual case and with good and sufficient reason documented in the loan file enter into an assumption agreement which does not meet applicable underwriting requirements or industry property standards, if the director decides it is in the best interest of the Department to do so.¶¶~~
- ~~(7) The director will not consent to the assignment of a Land Sale Contract whereby the present purchaser is relieved of further liability on the contract, unless the assignee meets current industry standards determined by the Department to be applicable to the proposed assignment. Applicable industry standards may include, but are not limited to, local lending practices, FannieMae and other lending organization standards, and Federal and state legal requirements. The director may on an individual case and with good and sufficient reason documented in the file consent to an assignment which does not meet applicable underwriting requirements or industry property standards, if the director decides it is in the best interest of the Department to do so.~~

~~Statutory/Other Authority: ORS 406.030, 407.115, 407.275, 407.305, 407.335~~

~~Statutes/Other Implemented: 407.275, 407.335~~

REPEAL: 274-020-0381

RULE SUMMARY: Repeal, Incorporated into OAR 274-050-0180

CHANGES TO RULE:

~~274-020-0381~~

~~Rental~~

~~The Director may approve the rental of a security, defined as a first lien interest of a home or farm, that has been occupied by the veteran as long as the rental shall not affect the tax exempt status of bonds issued by the Department. The Director, when determining whether to approve the rental of a home or farm that serves as security for a Department Loan, may consider the following factors including but not limited to the following:¶¶~~

- ~~(1) The effect on the tax-exempt status of bonds issued under Article XI-A of the Oregon Constitution.¶¶~~
- ~~(2) Whether the home or farm was and is appropriately used as the principal residence of the borrower(s).¶¶~~
- ~~(3) The financial integrity of the loan program.¶¶~~
- ~~(4) Any potential decrease in the value of the security.¶¶~~
- ~~(5) The impact on remedies available under the loan documents.¶¶~~
- ~~(6) Whether or not there has been or will be any material change in the borrower's/spouse's employment.¶¶~~
- ~~(7) The dissolution or annulment of the borrower's marriage.¶¶~~
- ~~(8) A significant geographical relocation by the borrower.¶¶~~
- ~~(9) Any unusual hardship for the borrower(s).¶¶~~
- ~~(10) The borrower(s) ability to maintain the home or farm as his or her principal residence.~~

~~Statutory/Other Authority: ORS 406.030, 407.115, 407.385~~

~~Statutes/Other Implemented: ORS 407.385~~

REPEAL: 274-020-0382

RULE SUMMARY: Repeal Incorporated into OAR 274-050-0165

CHANGES TO RULE:

~~274-020-0382~~

~~Interest Rate Payable When Property Transferred Back to Original Borrower~~

~~The interest rate on a loan secured by property transferred back to the original borrower depends upon whether the original borrower has an outstanding loan, with the interest rate under ORS 407.325 (Rate of Interest Payable by Applicant) at the time of the transfer, and whether the home will be used as the original borrower's principal residence:¶¶~~

~~(1) If the original borrower does not have an outstanding loan with the interest rate under ORS 407.325 at the time of the transfer, and the home will be used as the original borrower's principal residence, the interest rate will be the rate charged on the loan when made and as periodically adjusted under the "variable" provision of ORS 407.325.¶¶~~

~~(2) If the original borrower has an outstanding loan with the interest rate under ORS 407.325 at the time of the transfer, or said borrower will not use the home as the borrower's principal residence, the interest rate will be the rate under ORS 407.335 (Rate of Interest Payable by Transferee).~~

~~Statutory/Other Authority: ORS 406, 407~~

~~Statutes/Other Implemented: ORS 407.275, 407.325, 407.335~~

REPEAL: 274-020-0385

RULE SUMMARY: Repeal, Incorporated into OAR 274-050-0185

CHANGES TO RULE:

~~274-020-0385~~

~~Modification of Mortgage~~

~~(1) A request for modification of a mortgage must be made in writing by the borrower.¶~~

~~(2) The borrower and the Director shall agree in writing to the terms of the modification, and it shall be recorded in the mortgage records in the county where the security is located.~~

~~Statutory/Other Authority: ORS 406~~

~~Statutes/Other Implemented: ORS 407.115, 407.155~~



CHANGES TO RULE:

~~274-020-0386~~

~~Temporary Reduction of Payments~~

~~(1) In the event a veteran is unable to make required loan payments due to loss of income because of illness, injury, death, involuntary job loss, or economic stress due to factors beyond the veteran's control, the veteran may apply for a temporary reduction of payments, provided that:¶¶~~

~~(a) The veteran is the original borrower or one who assumed the loan pursuant to ORS 407.305 (formerly 407.063);¶¶~~

~~(b) The veteran is residing in the property used as security for the loan at the time he or she requests the payment reduction;¶¶~~

~~(c) The veteran must request the loan reduction by writing to the Director of Veterans' Affairs, c/o Collection Unit, 700 Summer Street, N.E., Salem, OR 97310. The written request must contain a statement describing the reason for the request, current income, source of income, and must be accompanied by a copy of the veteran's previous two years' federal income tax returns;¶¶~~

~~(d) The veteran must furnish any other documentation requested by the director relating to the reason for request.¶¶~~

~~(2) In determining the amount and term for reducing loan payments, the director shall consider the value of the security, the balance owing on the loan, the total assets of the borrower, past payment record of the borrower, and any other matters related to financial hardship to the borrower and the financial position of the loan program;¶¶~~

~~(a) Monthly loan payments may not be reduced to an amount less than the monthly loan cancellation life insurance premiums;¶¶~~

~~(b) The director may recapture the reduced portion of the monthly payment and any other accrued delinquency by whatever repayment methods are appropriate to individual circumstances;¶¶~~

~~(c) The terms and conditions of the payment reduction and repayment must be agreed upon, in writing, and approved by both the veteran and the director;¶¶~~

~~(d) The veteran may be required to submit information periodically regarding his income and financial affairs in order to reevaluate the necessity of continuing the reduction in payments. Following such reevaluation, the loan payment reduction may be modified by the director;¶¶~~

~~(e) The veteran must continue to reside in the loan security.¶¶~~

~~(3) A veteran whose loan is in foreclosure is not eligible under this program.¶¶~~

~~(4) Temporary reduction of loan payments is a benefit to be extended only in an extreme emergency and is not to be abused.¶¶~~

~~(5) Because of the effect of these reductions on the solvency of the loan program as a whole, on the probable financial position of the program in the future, on the condition of the tax-exempt bond market, and on other borrowers in the program, the director has determined that the maximum number of borrowers that can be accommodated under this program is approximately one percent of the total outstanding borrowers. Therefore, at any time, the director will enter into agreements as provided in subsection (2)(c) of this rule with no more than one percent of the total loan portfolio, the number to be specified by the director.~~

~~Statutory/Other Authority: ORS 406.030, 407.095, 407.115~~

~~Statutes/Other Implemented: ORS 406.030, 407.095, 407.115~~

REPEAL: 274-020-0387

RULE SUMMARY: Repeal Incorporated into OAR 274-050-0195

CHANGES TO RULE:

~~274-020-0387~~

~~Reamortization of Loans~~

~~The Director of Veterans' Affairs may adjust payments and other terms of the loan under the following conditions:~~

~~(1) Tax adjustments.~~

~~(2) A change in the interest rate.~~

~~(3) A change in the insurance premiums.~~

~~(4) Errors or omissions on the operative loan documents.~~

~~(5) When the balance of the loan will not amortize within the terms of the security document.~~

~~(6) Any expenditure or advance of funds as provided under ORS 407.135 (formerly 407.080), 407.145(2) (formerly 407.090(2)), and the security document.~~

~~Statutory/Other Authority: ORS 406, 407~~

~~Statutes/Other Implemented: ORS 407.095, 407.135, 407.145~~

CHANGES TO RULE:

~~274-020-0388~~

~~Property Tax Amortization and Escrow Accounting~~

~~(1) Except as otherwise provided herein, payments required on all loans shall include an amount, which represents advances, for taxes paid by the Director of Veterans' Affairs (Director) on the security;~~

~~(a) The amounts shall be determined each year by dividing the amount advanced by the number of loan payments due during the year, increased to the next whole dollar;~~

~~(b) The amounts so determined shall be added to and become part of the loan payment unless full payment of the advance is made pursuant to subsection (c) or (d) of this section;~~

~~(c) As soon as possible after taxes are paid on November 15th of each year, the Director may notify each borrower by mail of the amount of the tax advance. If full payment of the tax advance is made to the Director, the amount determined in subsection (a) of this section shall be deleted from the loan payments. Upon such payment the borrower shall be credited with prior loan payments made to the extent of the amounts contained therein that represent repayment of the tax advance;~~

~~(d) If for any reason the taxes cannot be paid on November 15th, the Director will send the notice as provided in subsection (c) of this section as soon as possible after the taxes are paid;~~

~~(e) Effective with taxes paid in November of 1990 (1990-91 taxes) through November of 2003 (2003-2004 taxes), the Director generally did not advance funds for the payment of taxes on property that was security for a loan being charged less than seven percent interest unless an escrow account had been established on the loan for the payment of taxes. The interest rate charged was the "loan rate" or "composite rate" where more than one loan (with different interest rates) is secured by the property;~~

~~(f) Effective with taxes (including delinquent taxes) to be paid in November of 2004 (2004-2005 taxes), the Director may approve a borrower's request to advance funds for the payment of taxes on property that is security for a loan unless an escrow account had been established on the loan for the payment of taxes. The interest rate being charged is the "loan rate" or "composite rate" where more than one loan (with different interest rates) is secured by the property;~~

~~(g) Notwithstanding the provisions of subsection (1)(e) and (1)(f) of this rule, the Director may advance funds for the payment of taxes on property that is security for a loan under the provisions of the Servicemembers Civil Relief Act. In addition, the Director may advance funds to pay property taxes if sufficient funds are not available in the escrow account, by overdrawing the escrow account balance.~~

~~(2) The Director may allow owners of the security to directly pay the taxes and hazard insurance due on the security, subject to the following conditions:~~

~~(a) For existing accounts or qualified assumptions of existing accounts, the owner of the property must make written application to the Director on a form prescribed by the Director. Said application also must conform with the following:~~

~~(A) The application must be submitted by September 1st of the year application is made;~~

~~(B) At the time of application, payments on the loan must be current and the applicant's credit history must be satisfactory as determined by the Director at his sole discretion; and~~

~~(C) The loan balance, including any accruals, at the time of application must not be more than 80 percent of the "real market value" of the security as shown by the county tax assessor.~~

~~(D) If a request is approved, any funds the Director holds in an applicable escrow account, which are not scheduled for disbursement will be returned to the borrower and the borrower will be responsible for any future disbursements.~~

~~(b) For new loan applications, the applicant must make written request to the Director. Said application also must conform with the following:~~

~~(A) The loan-to-value ratio must be 80 percent or less of the net appraised value;~~

~~(B) The loan must have no restrictions by virtue of mortgage insurance that the lender pay taxes and insurance.~~

~~(3) All applications, for permission to pay taxes and hazard insurance directly, will receive a written approval or disapproval from the Director. If the application is approved, the applicant will be advised of the date when the Director will discontinue making disbursements, if applicable and the date the loan payment will be adjusted, if necessary.~~

~~(4) The Director may revoke any permission granted concerning the payment of taxes and hazard insurance on the security by giving the owner of the security 30 days written notice of the revocation, except as otherwise provided herein. If the Director advances funds to pay unpaid taxes or hazard insurance, any advance by the Director for~~

such a shortage or deficiency also will constitute immediate revocation by the Director of permission for the owner to pay directly any taxes and hazard insurance due on the security, and the account will revert to the last signed agreement between the Director and borrower for the payment of taxes, hazard insurance and other obligations. Any advances by the Director, including any interest and fee, shall be paid back within the remaining payment/escrow year. The borrower may not change this obligation without prior written approval from the Director.¶¶

(5) Sections (1), (2), (3) and (4) of this rule are not applicable to payments made under contracts for the purchase of state-owned property. A contract purchaser may prepay the current year's property taxes in a lump sum and have the tax portion removed from the following year's payment(s).¶¶

(6) Pursuant to the provisions of ORS 407.169, beginning November 1, 1990, escrow accounts are available for the prepayment of estimated property taxes and insurance. All borrowers with loans, and all purchasers buying property from the Director on a land sale contract, based on a daily simple interest calculation, may make prepayments of estimated property taxes into an escrow account, subject to the following conditions:¶¶

(a) The owner of the property must make written application to the Director on a form prescribed by the Director;¶¶

(b) Applicants will have the option of either repaying the previous year's tax advance as provided by section (1) of this rule, or of permitting said tax advance to remain part of the principal balance on the loan with the payments of said loan adjusted to repay the tax advance with interest over the remaining life of the loan.¶¶

(7) On monthly simple interest loans with escrow accounts, the required escrow payment may be based, inter alia, on the preceding year's disbursements for such items as property taxes, hazard insurance premiums, other required insurance premiums, and condominium or homeowner's association dues. In cases of un-assessed new construction, the estimate may be based, inter alia, on the assessment of comparable residential property in the market area.¶¶

(8) The Director will pay interest on the escrow account as provided by ORS 86.245(1).¶¶

(9) The definitions in section (10) of this rule apply to this section (9). Effective May 24, 1995, all escrow accounts on monthly simple interest loans and tax escrows on daily simple interest loans will be administered in the following manner:¶¶

(a) The Director may require a cushion that shall be no greater than 1/6 of the estimated total annual disbursements from the escrow account. Estimated disbursements may be modified by an amount not exceeding the most recent year's change in the national Consumer Price Index for all urban consumers (CPI, all items);¶¶

(b) At the end of an escrow account computation year, an aggregate analysis will be completed on each escrow account to determine the borrower's escrow account payment(s) for the new payment year. The borrower will be notified of any shortage, deficiency, or surplus in the escrow account and the amount of escrow account payment to be included in the loan payment;¶¶

(c) If the loan is two months or more delinquent in payments an analyzes will not be done until the loan is brought current.¶¶

(d) If the analysis determines there is not sufficient money in the escrow account to pay the required disbursements, the shortage or deficiency may be advanced by the Director. The required escrow payments on the loan will be increased to recover any interest, fee or advance by the Director for such a shortage or deficiency, or the borrower may repay the advance, interest or fee in a lump sum;¶¶

(e) If the analysis determines there is a surplus in the escrow account equal to or greater than \$25, the entire surplus shall be refunded to the borrower. If the surplus is less than \$25, this amount will be retained in the escrow account and credited against the next year's escrow payments.¶¶

(f) A statement itemizing all escrow account activity, (annual escrow statement) will be provided to the borrower each year.¶¶

(10) The following definitions apply to section (9) of this rule:¶¶

(a) "Aggregate analysis" means to analyze the escrow account by calculating the sufficiency of escrow funds as a whole, as opposed to calculating components separately.¶¶

(b) "Cushion" means funds that the Director may require a borrower to pay into an escrow account to cover unanticipated disbursements or disbursements made before the borrower's payments are available in the account.¶¶

(c) "Deficiency" means the amount of a negative balance in an escrow account.¶¶

(d) "Escrow account" means any account that the Director establishes or controls on behalf of a borrower to pay taxes, insurance premium, or other charges, as applicable.¶¶

(e) "Escrow account computation year" means a 12-month period that the Director establishes for the escrow account.¶¶

(f) "Shortage" means an amount by which a current escrow account balance falls short of the target balance at the time of escrow analysis.¶¶

(g) "Surplus" means an amount by which the current escrow account balance exceeds the target balance of the

account.<sup>¶¶</sup>

(h) "Target balance" means the estimated month-end balance in an escrow account that is just sufficient to cover the remaining disbursements from the escrow account in the escrow account computation year, taking into account the remaining scheduled periodic payments, and a cushion.

Statutory/Other Authority: ORS 406.005 & 407.115

Statutes/Other Implemented: ORS 407.075 to 407.385; Oregon Constitution Article XI-A, Section 3

REPEAL: 274-020-0391

RULE SUMMARY: Repeal Incorporated into OAR 274-050-0200

CHANGES TO RULE:

~~274-020-0391~~

~~Discount for Early Payoff~~

~~(1) The balance on some loans and contracts may be discounted in consideration of the loan or contract being paid in full before its final payment date. The amount of the discount will be based upon a mathematical computation which uses a discount rate to compute the present value of the remaining scheduled payment stream of the loan or contract being considered for discount. The discounted amount may be further limited by a percentage based calculation determined by the Director. The Director will periodically fix the discount rate and the percentage based calculation, if any, taking into consideration:¶¶~~

~~(a) Market conditions (reinvestment opportunities);¶¶~~

~~(b) Financial statement conditions (health of programs);¶¶~~

~~(c) Cash flow conditions;¶¶~~

~~(d) Balance and term of the loan or contract being considered for discount.¶¶~~

~~(2) The loans and contracts that will be discounted and the discount rate will be periodically determined by the Director and the information will be available to all interested persons making inquiry to the Director. The amount of the discount quoted by the Director shall include a per diem amount that must be added to the quoted payoff amount in order to arrive at a payoff amount for a specific day. The quoted discount amount shall be honored for 30 days following the date of the quote.¶¶~~

~~(3) Any loan or contract that does not amortize on the agreed-to retirement date will be reamortized and a new payment determined prior to the computation of a discount amount. The reamortized payment amount will be used only for the purpose of calculating the amount of the discount.¶¶~~

~~(4) Discounts shall not be available on loans or contracts being paid in full by the proceeds from Loan Cancellation Life Insurance or hazard insurance.¶¶~~

~~(5) This rule does not apply to loans or contracts after a default of the loan or purchase agreement has occurred and settlement negotiations are in process.¶¶~~

~~(6) No discount shall be given where the loan or contract is being paid in full in connection with a change in ownership of the property securing the loan or the property being purchased on contract.~~

~~Statutory/Other Authority: ORS 291.021, 406.030, 407.115, 407.169, 407.177, 407.179, 407.181, 407.275~~

~~Statutes/Other Implemented:~~

REPEAL: 274-020-0395

RULE SUMMARY: Repeal, Incorporated into OAR 274-050-0205

CHANGES TO RULE:

~~274-020-0395~~

~~Partial Release of Security~~

~~(1) A partial release of security may be granted when the borrower or the contract purchaser of a State-owned property submits a complete application for one and the Director determines that granting the requested release would not jeopardize the Department of Veterans' Affairs' security position.¶¶~~

~~(2) The remaining property must qualify as security for the loan or contract balance under the provisions of ORS 407.225(3) and OAR 274-020-0325 to 274-020-0340.¶¶~~

~~(3) Notwithstanding compliance with section (2) of this rule, the Director may require that the loan or contract balance be reduced as consideration for granting the requested release.~~

~~Statutory/Other Authority: ORS 406, 407~~

~~Statutes/Other Implemented: ORS 407.115, 407.155~~

REPEAL: 274-020-0405

RULE SUMMARY: Repeal, Incorporated into OAR 274-050-0210

CHANGES TO RULE:

~~274-020-0405~~

~~Confidential Nature of Information Submitted by the Borrower~~

~~Information submitted by the veteran in support of his application shall be considered confidential and shall not be disclosed to persons outside the department, unless permission is given by the veteran to release the information, or the information is requested by a public agency in the exercise of its official duty and only then at the discretion of the Director.~~

~~Statutory/Other Authority: ORS 406~~

~~Statutes/Other Implemented: ORS 407.181, 407.201~~



REPEAL: 274-020-0410

RULE SUMMARY: Repeal, Incorporated into OAR 274-050-0215

CHANGES TO RULE:

~~274-020-0410~~

~~Confidential Nature of Information Procured by the Director~~

~~Information secured by the Director in connection with a veteran's application for a loan shall be considered confidential and shall not be disclosed to persons outside the employ of the department, unless such information is requested by a public agency in the exercise of its official duty, and only then the release shall be at the discretion of the Director.~~

~~Statutory/Other Authority: ORS 406~~

~~Statutes/Other Implemented: ORS 192, 406.030, 407.115, 407.181, 407.201~~

CHANGES TO RULE:

~~274-020-0411~~

~~Disclosure of Information and Fees-~~

- ~~(1) Information in the custody of the Director of Veterans' Affairs (director) will be disclosed, or protected from disclosure, consistent with the provisions of ORS Chapter 192.¶¶~~
- ~~(2) Requests for information can be made verbally, but the director reserves the right to require the request to be in writing, signed and dated, naming or describing the information desired and the date the information is needed. A reasonable period of time must be allowed for the custodian of the records to locate and assemble the requested information. Restrictions may be placed upon where the information will be delivered or made available for inspection. The director shall designate a staff employee to be the department's records custodian, whose function is to perform the duties necessary to manage the department's records in accordance with all applicable laws. These duties may include, but are not limited to, certifying records to be true copies of the original documents on file in the custody of the director.¶¶~~
- ~~(3) Mailing lists of Oregon Department of Veterans' Affairs (ODVA) active account holders, and Vets News recipients, may be made available upon payment of the required fee. The mailing lists will not contain the names of persons who submit a written request for deletion of their name from the list on the basis that such disclosure would constitute an unreasonable invasion of privacy.¶¶~~
- ~~(4) The following information will not be disclosed except pursuant to an order issued by the director or by the Attorney General of the State of Oregon:¶¶~~
- ~~(a) Internal communications of an advisory nature preliminary to any final agency determination of policy or action;¶¶~~
- ~~(b) The name of a confidential informant or information submitted to the department in confidence where submission of the information was not required and the department has obliged itself in good faith not to disclose the information.¶¶~~
- ~~(5) The following information will not be disclosed except pursuant to an order issued by the Attorney General:¶¶~~
- ~~(a) Information relating to the appraisal of real and personal property prior to making a loan secured by that property;¶¶~~
- ~~(b) Information of a financial, medical, or personal nature relating to any individual, if such disclosure would constitute an unreasonable invasion of privacy.¶¶~~
- ~~(6) Fees will be charged to reimburse the department the cost of making information available or for producing copies of records:¶¶~~
- ~~(a) For mailing lists, the fee is derived from the actual production costs. The lists are available in alphabetical or zip code order;¶¶~~
- ~~(b) The director may require reimbursement for any additional costs actually incurred by the department;¶¶~~
- ~~(c) For all requests for copies of documents, the charge is based on the actual costs incurred for search of files and for documents provided;¶¶~~
- ~~(d) For necessary safeguard of documents where a requestor is allowed to research records on department premises, a staff employee, designated by the director, must be present. The fee to be charged for this service will be equal to the hourly pay of the employee designated. In appointing an employee to safeguard departmental records, the director shall consider whether the pay range of the designated employee is reasonable and appropriate, reflecting the technicality and sensitivity of the documents being researched;¶¶~~
- ~~(e) The director may waive the fees provided in subsections 6(a), 6(c) and 6(d) of this rule for city, county, state, and federal agencies, and for individuals obtaining information from their own files;¶¶~~
- ~~(f) The director may require payment of any and all fees identified in this section, in a form satisfactory to the director, prior to providing any disclosure of documents or information. Advance charges for anticipated labor expenses may be made by the director on an estimated basis.¶¶~~
- ~~(7) The purchase of a mailing list does not constitute permission to use ODVA's name in any marketing or advertising approach, whether expressly stated, inferred or implied.~~

~~Statutory/Other Authority: ORS 192, 406.030, 407.115~~

~~Statutes/Other Implemented: ORS 192, 406.030, 407.115~~

REPEAL: 274-020-0420

RULE SUMMARY: Repeal, Incorporated into OAR 274-050-0230

CHANGES TO RULE:

~~274-020-0420~~

~~Directors Decisions Control in All Controversies~~

~~(1) The Director shall make all determinations as to the applicant's eligibility for a loan.¶¶~~

~~(2) The Director shall make all determinations, based upon data and information in the file, as to whether the property offered is acceptable security and whether or not a loan shall be made.¶¶~~

~~(3) The Director's decision shall be final in all matters pertaining to eligibility and the making of a loan.~~

~~Statutory/Other Authority: ORS 406~~

~~Statutes/Other Implemented: ORS 406.030, 407.115, 407.125, 407.225~~

CHANGES TO RULE:

~~274-020-0421~~

~~Review of Loan Determinations and Other Decisions~~

- ~~(1) Any person adversely affected by a decision of a DVA official may write a letter of complaint to the Director. The Director or other designated official shall prepare and deposit in the ordinary mail, or personally deliver, a written response within 30 days of receipt of the written complaint.¶¶~~
- ~~(2) If the Director, or other designated official supports the decision, a request may be made for an informal hearing with a designated official at the Salem Central Office of the DVA.¶¶~~
- ~~(3) A request for an informal hearing shall be addressed to the Director and shall state the nature of the adverse decision, the date of and the person making the decision, and how the person requesting the hearing is adversely affected. A request for an informal hearing must be received by the Director within 60 days of the date of mailing or personal delivery of the response, provided for by section (1) of this rule. If no letter of complaint was ever written, the requirement for a letter of complaint may be waived, and the request for an informal hearing considered if the request is received by the Director within 90 days of the date of the decision leading to the request for an informal hearing. Unless ODVA received written notice of a complaint, the right to a hearing (both informal and contested) shall expire 90 days after the date the complainant had actual knowledge of, or by the exercise of due care would have had knowledge of, the occurrence in dispute.¶¶~~
- ~~(4) Within 30 days from receipt of a request for an informal hearing, the Director shall, by mail, notify the person making the request of the action taken on the request which may be:¶¶~~
- ~~(a) Designating an official to conduct an informal hearing;¶¶~~
- ~~(b) Reversing or modifying the adverse decision;¶¶~~
- ~~(c) Denying the request.¶¶~~
- ~~(5) Any denial of a request for an informal hearing shall state the reason for the denial. A request for an informal hearing may be denied if the Director finds:¶¶~~
- ~~(a) Litigation involving the issue in dispute is pending or imminent;¶¶~~
- ~~(b) The person making the request is not the person who would directly benefit from a modification or reversal of the adverse decision (not the real party in interest);¶¶~~
- ~~(c) A modification or reversal of the decision would affect persons who would not be bound by the modification or reversal (the Director is lacking power to resolve the dispute);¶¶~~
- ~~(d) The request was not received by the Director within the time allowed by section (3) of this rule.¶¶~~
- ~~(6) If an official is designated to conduct an informal hearing, the person requesting the hearing shall be notified by mail of the name and title of the official designated and the time and place for the hearing. A time for the hearing must be scheduled within 60 days of the hearing request unless otherwise mutually agreed by the parties.¶¶~~
- ~~(7) After conducting an informal hearing, the designated official shall prepare and submit to the Director for approval a written decision. Within 30 days after conducting an informal hearing, a decision approved by the Director shall be mailed to the person for whom the hearing was conducted.¶¶~~
- ~~(8) A decision of the designated official, after approval by the Director, shall be final except when, as defined by ORS 183.310(2), a "Contested Case" exists.¶¶~~
- ~~(9) When a "Contested Case" exists, and a contested case hearing is desired, it must be requested in writing and the request received by the Director within 20 days of the date of the mailing of the decision of the designated official if an informal hearing has been held, or within 20 days of service of the notice in a contested case under ORS 183.415.¶¶~~
- ~~(10) Contested case hearings will be conducted in accordance with the provisions of ORS 183.413 to 183.470 and the Attorney General's Model Rules of Procedure, OAR 137-003-0001 to 137-003-0092.~~

~~Statutory/Other Authority: ORS 183, 406.030, 407.115~~

~~Statutes/Other Implemented: ORS 183, 406.030, 407.115~~

REPEAL: 274-020-0430

RULE SUMMARY: This rule is repealed and now incorporated into OAR 274-050-0010

CHANGES TO RULE:

~~274-020-0430~~

~~Effect~~

~~These rules and regulations shall have the effect of law and shall be binding in all instances on persons making application for a loan under Article XI-A of the Oregon Constitution and ORS 407.075 to 407.595, but if any part of the regulations are found to be void or illegal, the illegality shall not affect the remaining provisions of the rules and regulations.~~

~~Statutory/Other Authority: ORS 406~~

~~Statutes/Other Implemented: ORS 406, 407~~

REPEAL: 274-020-0440

RULE SUMMARY: Repeal, Incorporated into OAR 274-050-0225

CHANGES TO RULE:

274-020-0440

Fees ¶¶

(1) The Department charges fees as provided in section (3) of this rule for the following processes:¶¶

- (a) New Loan.¶¶
- (b) Assumption of a loan by and eligible veteran.¶¶
- (c) Transfer of Ownership.¶¶
- (d) Partial Release, Easement, and Modification of Mortgage.¶¶
- (e) Timber Release.¶¶
- (f) Firewood Release.¶¶
- (g) Purchase of State-Owned Property.¶¶
- (h) Dishonored Check.¶¶
- (i) Reissue of Stale, Lost, Destroyed or Missing Document.¶¶
- (j) Mineral Rights and Geothermal Resource Rights Release.¶¶
- (k) Borrower requests to cancel private mortgage insurance.¶¶
- (l) Dishonored Electronic Funds Transfer.¶¶

(2) A fee will not be waived or reduced except when in the Director's opinion, requiring the fee would cause an undue hardship. In the case of a dishonored check, the fee will be waived if the check was dishonored because of a bank error.¶¶

(3) Fee Schedule.¶¶

(a) New Loan Fees.¶¶

(A) A credit report fee may be charged in an amount not to exceed the amount charged by the credit reporting firm. A credit report fee may be charged for each applicant unless a co-applicant is the applicant's spouse;¶¶

(B) An appraisal report fee may be charged in an amount not to exceed the amount charged by the appraiser;¶¶

(C) In the event of cancellation of the application after acceptance for processing and collection of credit report and appraisal fees, any money not used or obligated for credit reports or appraisals shall be refunded;¶¶

(D) A loan fee shall be charged on a conventional loan not to exceed two percent (2%) of the loan amount;¶¶

(E) Flood determination fee for each loan may be charged in an amount not to exceed the amount charged by the flood determination company; and¶¶

(F) A processing fee in the amount of \$600 will be charged for processing, document preparation, or other services.¶¶

(b) Assumption Fee. Assumption by an eligible veteran under ORS 407.305. Effective with applications received on or after July 1, 1985, the Director shall charge a fee of 1.125 percent of the total of the unpaid balance plus any new funds loaned. The minimum service fee shall be \$100.¶¶

(c) Transfer of Ownership Fees.¶¶

(A) Fees for transfer of ownership:¶¶

(i) Through June 30, 1985, 1 percent of the unpaid balance.¶¶

(ii) Effective July 1, 1985, 1.125 percent of the unpaid balance.¶¶

(iii) Effective May 1, 1992, \$450.¶¶

(B) No fee will be charged when a transfer of ownership results from:¶¶

(i) Divorce.¶¶

(ii) Death.¶¶

(iii) Marriage.¶¶

(iv) Transfer of the interest of one or more current owners to the other owner or owners.¶¶

(v) Transfer to a relocation company on an unrecorded contract.¶¶

(d) Partial Release, Easement, and Modification of Mortgage Fees.¶¶

(A) \$450 plus the cost of an appraisal for a partial release or modification of mortgage on an urban property. The appraisal fee will be refunded to the applicant if the request is withdrawn before the Director is obligated to an appraiser for the cost of a property appraisal.¶¶

(B) \$450 plus the cost of an appraisal for a partial release or modification of mortgage on a farm property. The appraisal fee will be refunded to the applicant if the request is withdrawn before the Director is obligated to an appraiser for the cost of a property appraisal.¶¶

(C) \$50 for consenting to an easement.¶¶

(D) \$100 for partial release involving release of a manufactured home which is to be replaced with another

home.¶¶

(E) \$1,100 for a partial release involving release of water rights. \$1,000 of the \$1,100 fee will be refunded if the request is withdrawn before the Director is obligated to an appraiser for the cost of a property appraisal.¶¶

(F) \$50 for processing request to relocate personal property manufactured home.¶¶

(G) A larger fee may be charged in complex cases to cover extra processing costs.¶¶

(H) A fee for the partial release of property to a government entity for public use as noted in ORS 407.275. This fee may be modified or waived at the discretion of the Director.¶¶

(e) Timber Release Fees.¶¶

(A) \$200 for a release of more than 7,500 and less than 30,000 board feet of timber. No refund will be made after application.¶¶

(B) \$1,200 for a release of 30,000 board feet or more of timber. \$1,000 of the \$1,200 fee will be refunded to the applicant if the request is withdrawn before the Director is committed to an appraiser for the cost of a property appraisal.¶¶

(C) No fee for one release of up to and including 7,500 board feet of timber in each calendar year.¶¶

(D) An increased fee may be charged in complex cases to cover extra costs.¶¶

(f) Firewood Release Fees.¶¶

(A) \$200 for a release of more than six and less than 20 cords of firewood. No refund will be made after application.¶¶

(B) \$1,200 for a release of 20 cords or more of firewood. \$1,000 of the \$1,200 fee will be refunded to the applicant if the request is withdrawn before the Director is committed to an appraiser for the cost of a property appraisal.¶¶

(C) No fee for one release of up to and including six cords of firewood in each calendar year.¶¶

(D) An increased fee may be charged in complex cases to cover extra costs.¶¶

(g) Purchase of State-Owned Property Fees.¶¶

(A) A credit report fee may be charged equal to the amount charged by the credit reporting firm. A credit report fee may be charged for each applicant unless a co-applicant is the applicant's spouse.¶¶

(B) A fee of 1.125 percent shall be charged on the amount of the contract on all properties whether or not the purchaser is a veteran. The minimum fee will be \$250. There will be no fee for a cash sale.¶¶

(C) In the event of cancellation of an offer after acceptance for processing by Loan Processing, but prior to approval, all of the earnest money deposit except \$200 shall be refunded (\$200 to be retained by the Director). If an application is canceled after approval, the full amount of the earnest money deposit shall be retained by the Director.¶¶

(D) Notwithstanding the provisions of paragraph (3)(g)(C) of this rule, the Director may refund all of the earnest money deposit if cancellation of the application was necessitated by some unexpected event such as redemption of the property before closing, or the death, disappearance, serious injury, serious illness, job loss, or job transfer of one or more of the parties to the transaction. Parties to the transaction include members of the immediate family.¶¶

(h) Dishonored Check. Whenever a bank check issued in payment of an obligation due to the Director is dishonored by the bank upon which the check is drawn, a fee in the amount of \$25 will be charged. If two dishonored checks are received from the same borrower within a 12-month period, the Director may require this borrower to make all future payments by cash, money order, cashier's check or certified check.¶¶

(i) Reissue of Stale, Lost, Destroyed or Missing Document. Whenever a document issued by the Director must be reissued because it has been outstanding too long without being used, or has been lost, destroyed or for some other reason is missing, a fee in the amount of \$25 may be charged for this service. "Document" means deed, satisfaction of mortgage, satisfaction of judgment, request for reconveyance, reconveyance, assumption agreement, contract, partial release, modification of mortgage, escrow closing papers (or some other document substantially the same as the ones enumerated). This fee may be waived if there is good reason to believe that the person requesting the reissue was not responsible for the delay that caused the document to become stale or for the disappearance of the original issue.¶¶

(j) Release of Mineral Rights and Geothermal Resource Rights Fees. The Director may charge a fee of \$150 for processing an application for release of mineral and geothermal resource rights. From this fee, the Department will pay the cost of recording any document issued. An additional \$100 may be charged if the nature of the application requires a review by the Division of State Lands to determine the mineral and geothermal resource potential. A check or money order in the amount of \$100 made payable to the Division of State Lands will be required when the Division of State Lands review is necessary.¶¶

(k) Borrower requests to cancel private mortgage insurance. The Department will not charge a fee to cancel private mortgage insurance. However, the borrower must provide the Department with a full appraisal at the borrower's own cost.¶¶

(l) Dishonored Electronic Funds Transfer Fees. Whenever an electronic funds transfer (also known as ACH) is authorized for payment of an obligation due to the Department and is dishonored by the bank upon which the

funds transfer is drawn, a fee in the amount of \$25 will be charged. If two dishonored electronic funds transfers are received from the same borrower within a 12-month period, the Director may require this borrower to make all future payments by cash, money order, cashier's check or certified check.¶¶

(4) Fees will be collected in advance (except for dishonored checks and electronic funds transfers). Where the Director was not made a party to a transaction requiring payment of a fee, and the fee was not paid, the fee is due on demand. If payment is not made after 30 days written notice, it may be added to the amount due on the loan. The fee for dishonored checks may be added to the amount due on the loan when the check is returned by the bank. Any fee added to the amount due on the loan shall bear interest at the same rate as on the principal indebtedness. "Loan" means "contract" where context requires.

Statutory/Other Authority: ORS 406.005 & 407.115

Statutes/Other Implemented: ORS 407.075 to 407.385; Oregon Constitution Article XI-A, Section 3



REPEAL: 274-020-0445

RULE SUMMARY: Repeal Incorporated into OAR 274-050-0170

CHANGES TO RULE:

~~274-020-0445~~

~~Assumption of Loan by Eligible Veteran~~

~~When a veteran who is eligible to assume a loan under the provisions of ORS 407.305 seeks to acquire property and wishes to assume liability on the loan, the Director of Veterans' Affairs will approve the assumption subject to the following conditions:¶¶~~

- ~~(1) The applicant must submit the same evidence of eligibility and the same application as if an application were being submitted for a loan.¶¶~~
- ~~(2) The provisions of ORS 407.225(3) do not apply except when additional funds are being requested. If additional funds are not being requested, the applicant may be permitted to assume a loan with a balance in excess of 97 percent of the appraised value on homes which are real property, 85 percent of the appraised value on homes which are not real property, and 90 percent of the appraised value on farms.¶¶~~
- ~~(3) Notwithstanding the provisions of OAR 274-20-440, if additional funds are not being requested, an appraisal fee will not be collected by the director, and no appraisal of the property will be made. If additional funds are being requested, the provisions of ORS 407.225(3) and OAR 274-20-440 shall apply, and an appraisal of the property will be made.~~

~~Statutory/Other Authority: ORS 406.030, 407.115, 407.225, 407.275, 407.305~~

~~Statutes/Other Implemented: Ch. 238 OL 1995, ORS 407.225, 407.275~~

REPEAL: 274-020-0450

RULE SUMMARY: Repeal Incorporated into OAR 274-050-0175

CHANGES TO RULE:

~~274-020-0450~~

~~Due on Sale-~~

~~(1) By ORS 407.335(5) the Director has discretion to decide when a second sale or transfer of the property, or any part thereof, securing an ODVA loan, will cause the entire balance of the loan to be immediately due and payable.¶¶~~

~~(2) Effective with sales, or transfers of ownership, occurring after June 30, 1989, the Director will not declare the entire unpaid balance on any loan to be immediately due and payable because of a second sale, or transfer of ownership, of the property or any part thereof, securing the loan.~~

~~Statutory/Other Authority: ORS 406, 407~~

~~Statutes/Other Implemented: ORS 407.335~~

CHANGES TO RULE:

~~274-021-0005~~

~~Foreclosed and Deeded Property~~

~~(1) When the Department sells a property acquired under ORS 407.135 and 407.145(1), the sale will be conducted under the provisions in ORS 407.375 and the following terms:~~

~~(a) The Department must first offer the property by sealed bid.~~

~~(b) The Department must advertise and give notice of the sale of the property in the local newspaper, at least once during the 15 days prior to the bid opening.~~

~~(c) The notice shall advise prospective buyers of the following:~~

~~(A) Of all the bidders who are veterans for a home loan, the veteran who submits the highest bid shall be given the opportunity to purchase the property for the amount of a higher bid submitted by a person who is not a veteran and must submit a matching bid in writing no later than 5:00 p.m. on the date and at the place specified in the notification;~~

~~(B) The opportunity to submit a matching bid is only available to a veteran purchasing the property solely in his or her own name, or with a lawful spouse;~~

~~(C) If the highest bid by a non-veteran is not matched by an eligible veteran, the highest bid will be accepted; and~~

~~(D) State the minimum bid that will be accepted.~~

~~(2) When the Department sells a property acquired under ORS 407.135 and 407.145(1), the sale will be conducted under the provisions of ORS 407.377 and under the following terms:~~

~~(a) The person with whom the Department has entered into a personal services contract to sell the property must post a "for sale" sign on the property; and~~

~~(b) The property must be advertised for sale at least once in a newspaper of general circulation where the property is located.~~

~~(3) The Director will determine interest rates for contract sales of ODVA properties and may apply different rates of interest to different contract sales. The Director may consider factors when determining contract interest rates, including, but not limited to:~~

~~(a) The current value of funds;~~

~~(b) The projected value of funds;~~

~~(c) The solvency of the Department's Loan Program;~~

~~(d) The rates' effect on veterans and other purchasers;~~

~~(e) Any federal tax law restrictions;~~

~~(f) Actual or projected conventional mortgage rates;~~

~~(g) The availability of lendable funds;~~

~~(h) Actual or projected demand for ODVA properties;~~

~~(i) The source(s) of funds; and~~

~~(j) Whether or not the purchaser is providing any approved "work equity" as part of the down payment on the contract.~~

~~(4) The Director may change the prescribed rates of interest from time to time.~~

~~(5) The Department will endeavor to record prescribed interest rates as reasonably as it is practical.~~

~~(6) After the original purchase from the State of Oregon, each time ownership of the property is transferred to anyone (veteran or nonveteran), other than the surviving spouse, unremarried former spouse, surviving child, or surviving stepchild of the owner, the interest rate from the date of such transfer shall be the same as the then-prevailing interest rate under subsection (3)(a) of this section, or the existing interest rate on the contract, whichever is higher;~~

~~(7) The Director may modify the terms of the contract if agreeable to all parties.~~

~~(8) Each property will be sold on contract unless the Director finds that in a particular transaction it would be in the best interest of the Department that the property be sold on a Deed of Trust, or for cash. The terms of all sales will be as follows:~~

~~(a) Length:~~

~~(A) The maximum length of the contract will be established by the purchase price, as follows:~~

~~(i) \$63,000 and over - 30 years;~~

~~(ii) \$35,000 - \$62,999.99 - 25 years;~~

~~(iii) \$15,000 - \$34,999.99 - 20 years;~~

~~(iv) \$10,000 - \$14,999.99 - 10 years;~~

(v) Under \$10,000 – 0 years (Cash Out Only).¶¶

(B) The Director may enter into a contract with terms different from the ones prescribed in this rule if the provisions of ORS 407.375(6) apply (no satisfactory bid received and sale negotiated).¶¶

(b) Down Payment:¶¶

(A) The term "purchase price" as used in this rule shall mean the actual purchase price agreed to by the purchaser and the Director;¶¶

(B) The minimum down payment required will be established by whether the property will be owner-occupied, whether the property is classified as farm, residential, personal property, unique, unusual, or bare land, the asking price and the purchase price, as follows:¶¶

(i) Residential – Asking price less than \$80,000 – Five percent down payment if owner-occupied, otherwise 15 percent down payment. In cases where the purchase price is different than the asking price, the percentage (five or 15) will be applied to the purchase price;¶¶

(ii) Farm, Manufactured Home with Land, Bare Land, Residential – Asking price \$80,000 or more – 10 percent down payment if owner-occupied, otherwise 20 percent down payment. In cases where the purchase price is different than the asking price, the percentage (10 or 20) will be applied to the purchase price;¶¶

(iii) Personal Property Manufactured – 20 percent down payment if owner-occupied, otherwise 30 percent down payment;¶¶

(iv) Unique or Unusual Property – The required down payment will be stated on the property description sheet in an amount or percentage determined by the Director.¶¶

(9) A purchase of property from the Oregon Department of Veterans' Affairs will not be considered a loan under ORS 407.205.¶¶

(10) All purchasers must meet the department's repayment ability requirements.¶¶

(11) If a prospective purchaser submits more than one bid for the same property, only the highest such bid will be considered.¶¶

(12) The property will not be sold on contract to anyone who had an interest in the property at the time foreclosure action was commenced or a deed in lieu of foreclosure was accepted.¶¶

(13) A purchaser who states that he or she will be occupying the property in order to pay a lesser percentage of down payment or to receive approval of work equity must:¶¶

(a) Occupy the property within 60 days after the sale closes; and¶¶

(b) Continuously occupy the property as his or her principal primary residence for a period of not less than 365 days from the date of closing or initial occupancy, whichever is later.¶¶

(14) In the event purchaser fails to occupy the property as stated, the Director may require cash payment of an additional down payment. The required additional down payment will be the amount the purchaser would have been required to pay if the property had been purchased as nonowner-occupied, less any cash down payment received at closing.

Statutory/Other Authority: ORS 406.005 & 407.115

Statutes/Other Implemented: ORS 407.075 to 407.385; Oregon Constitution Article XI-A, Section 3

REPEAL: 274-021-0010

RULE SUMMARY: Repeal Incorporated into OAR 274-050-0270

CHANGES TO RULE:

~~274-021-0010~~

~~Escrow Closings of Contract Sales~~

~~Effective with offers accepted by the Director after June 30, 1988:¶~~

~~(1) All contract sales of real or personal property by the Director of Veterans' Affairs shall be closed by a person or firm licensed as an escrow agent under the Oregon Escrow Law (ORS 696.505 to 696.590) or an attorney at law rendering services in the performance of duties as attorney at law.¶~~

~~(2) The escrow agent or attorney shall be selected by the purchaser.¶~~

~~(3) The costs of the escrow closing shall be shared as follows:¶~~

~~(a) The Director of Veterans' Affairs will pay one-half of the escrow agent's fee;¶~~

~~(b) The purchaser will pay one-half of the escrow agent's fee;¶~~

~~(c) Any other closing costs will be paid by the purchaser unless otherwise agreed by the parties.¶~~

~~(4) The requirement for licensed escrow (or attorney) closing shall not be waived except when in the Director's opinion, requiring such closing would cause an undue hardship.~~

~~Statutory/Other Authority: ORS 406, 407~~

~~Statutes/Other Implemented: ORS 407.165, 407.169~~

REPEAL: 274-021-0015

RULE SUMMARY: Repeal Incorporated into OAR 274-050-0275

CHANGES TO RULE:

#### 274-021-0015

##### Mineral Rights and Geothermal Resource Rights

(1) As used in this rule "mineral" means oil, gas, sulfur, coal, gold, silver, copper, lead, cinnabar, iron, manganese and other metallic ore, and any other solid, liquid or gaseous material or substance excavated or otherwise developed for commercial, industrial or construction use from natural deposits, including mineral waters of all kinds. (This is the same definition as used in ORS 273.775.) As used in this rule "mineral" includes sand and gravel.¶¶

(2) As used in this rule "geothermal resource" means the natural heat of the earth, the energy, in whatever form below the surface of the earth present in, resulting from, or created by, or which may be extracted from, the natural heat, and all minerals in solution or other products obtained from naturally heated fluids, brines, associated gases, and steam, in whatever form, found below the surface of the earth, exclusive of helium or of oil, hydrocarbon gas or other hydrocarbon substances, but including, specifically:¶¶

(a) All products of geothermal processes, embracing indigenous steam, hot water and hot brines;¶¶

(b) Steam and other gases, hot water and hot brines resulting from water, gas, or other fluids artificially introduced into geothermal formations;¶¶

(c) Heat or other associated energy found in geothermal formations; and¶¶

(d) Any by-product derived from them. (This is the same definition as used in ORS 522.005.)¶¶

(3) The Director of the Oregon Department of Veterans' Affairs (ODVA) may sell, retain, assign, lease, release, develop, market or otherwise administer any mineral rights and geothermal resource rights obtained by ODVA after January 1974 pursuant to ORS 88.720, 406.050, 407.135, or 407.145(1).¶¶

(a) Prior to a release or transfer of any interest in mineral or geothermal resource rights pertaining to a property of three acres or more in Clatsop, Columbia, or Washington County, or of 40 acres or more in any other county, ODVA will request a review and recommendation from the Division of State Lands (DSL) regarding the potential for the occurrence of mineral or geothermal resources with value, excluding soil, clay, stone, sand and gravel. ODVA may, but shall not be required to, request a similar review and recommendation from DSL with respect to mineral or geothermal resource rights related to properties of lesser size. In any situation where additional professional services may be required by ODVA, the services shall be provided at the expense of the applicant for the release. ODVA may then, at the director's discretion, administer such rights consistent with this section in any manner that the director determines will advance the interests of the Oregon War Veterans' Fund, including the release by ODVA of all or part of such rights of the related property upon application and payment of the appropriate application fee together with such other consideration, required by ODVA;¶¶

(b) An application for any interest in mineral or geothermal resource rights held by ODVA must be completed and submitted directly to ODVA together with the documents and other information listed on the application form or otherwise required by ODVA, together with the appropriate application fee. Any or all of the application fee may be waived by ODVA if such waiver is determined by it to be in the economic interest of ODVA, or if ODVA determines that it would avoid undue hardship.¶¶

(4) Upon advice from DSL concerning potential mineral or geothermal resources, ODVA may change the acreage review for any county in Oregon at any time by administrative rule.¶¶

(5) Two years after the effective date of this rule, and each biennium thereafter, ODVA and DSL will review the rule and its effects for possible changes.

Statutory/Other Authority: ORS 88.720, 273.775, 406.030, 406.050, 407.115, 407.135, 407.145

Statutes/Other Implemented: ORS 88.720, 273.775, 273.785, 407.135, 407.145

REPEAL: 274-021-0020

RULE SUMMARY: Repeal Incorporated into OAR 274-050-0280

CHANGES TO RULE:

~~274-021-0020~~

~~Forcible Entry and Wrongful Detainer~~

~~Pursuant to ORS 105.130(5), in any action brought by the State of Oregon by and through the Director of Veterans' Affairs, pursuant to the provisions of ORS 105.105 to 105.168, to recover the possession of premises to which the Director of Veterans' Affairs is entitled, any officer or employee of the Department of Veterans' Affairs is authorized, on behalf of the Director of Veterans' Affairs, to:~~

~~(1) File the complaint; and~~

~~(2) Appear in District Court or Justice Court at the first appearance referred to in ORS 105.137, provided that the Attorney General has given written consent to such appearances.~~

~~Statutory/Other Authority: ORS 105.130(5), 406.030, 407.115~~

~~Statutes/Other Implemented: ORS 407.115, 407.135, 407.145~~

REPEAL: 274-022-0005

RULE SUMMARY: Repeal - Incorporated into OAR 274-050-0085

CHANGES TO RULE:

~~274-022-0005~~

~~Loan Cancellation Life Insurance~~

~~(1) The Director of Veterans' Affairs (DVA), prior to obtaining loan cancellation life insurance for any person who receives or assumes a loan or makes a contract with DVA for the acquisition of a home or farm, and the spouse or former spouse of that person, may enter into a contract with an insurance carrier which allows the carrier to:~~

~~(a) Require an application for insurance;~~

~~(b) Underwrite classes of prospective insureds on the basis of information, such as age and health status, contained in the application;~~

~~(c) Set premium schedules commensurate with risk factors for other than service-connected disability;~~

~~(d) Deny payment of benefits for suicide or certain preexisting, nonservice-connected disability.~~

~~(2) The Director will negotiate a contract with the insurance carrier as necessary to insure procurement and maintenance of adequate, solvent, and uninterrupted, long-term insurance coverage.~~

~~(3) The insurance contract may provide that loan cancellation life insurance on a loan or contract for the acquisition of a home or farm will be canceled after payments on the loan or contract become four months delinquent. Accounts due monthly are considered four months delinquent when the cumulative delinquency equals four times the standard monthly payment.~~

~~(4) Accounts due quarterly, semi-annually, or annually are considered four months delinquent when an amount that would equal four monthly payments (if payments were made monthly) remains unpaid four months after the due date.~~

~~(5) The insurance contract may provide that insurance canceled for the above reason cannot be reinstated unless payments are brought current and a new application for insurance is submitted. The provisions of section (1) of this rule will apply to the newly submitted application.~~

~~Statutory/Other Authority: ORS 406, 407~~

~~Statutes/Other Implemented: ORS 407.465 - 407.490~~



CHANGES TO RULE:

~~274-025-0010~~

~~Purpose and Objectives ¶¶~~

~~This Division 25 is established to administer and enforce ORS 407.075 through 407.595. Where context allows, the provisions of Divisions 20, 21, and 22, apply equally to the loans originated after April 1, 1990. The loans originated under this Division 25 are known as the "Veterans' Loan Program 1990" means all ODVA home loans originated after April 1, 1990, except financed contract sales of Department-owned properties.¶¶~~

~~(1) As used in this Division 25: (1) "Acquisition" means the purchase of a home.¶¶~~

~~(2) "Agreement" means the contract between the Department and the approved lender, setting forth the terms and conditions under which program loans made by the approved lender will be purchased by the Department.¶¶~~

~~(3) "ALTA Mortgagee's Title Insurance" means a title insurance policy issued in American Land Title Insurance form by a title insurer licensed by the State of Oregon.¶¶~~

~~(4) "Approved Lender" means any "Lending Institution" as defined in ORS 407.177(8) that has entered into an agreement with the Department to originate residential loans or to act as a conduit for the origination of residential loans that are acceptable to ODVA. In determining whether or not to contract with a Lending Institution, the Department may consider factors including, but not limited to;¶¶~~

~~(a) The Department's need for additional Approved Lenders, either on a statewide basis or in a specific geographical area.¶¶~~

~~(b) Whether the Lending Institution has had any complaints filed against it or against any of its employees, agents, officers, Directors, owners, or affiliates through the Consumer and Business Services Department of the State of Oregon, through any other regulatory agency or otherwise.¶¶~~

~~(c) Whether representatives of the Lending Institution have attended any ODVA-sponsored training.¶¶~~

~~(d) The reputation of the Lending Institution, including its employees, agents, officers, Directors, owners or affiliates.¶¶~~

~~(e) The number and experience of Lending Institution employees and other personnel available to originate loans or to act as a conduit for the origination of residential loans acceptable to the Department.¶¶~~

~~(f) Status and character of the institution's loan policies and procedures.¶¶~~

~~(g) The financial capability of the Lending Institution to originate loans or to act as a conduit for the origination of loans.¶¶~~

~~(h) The Lending Institution's qualification as a loan originator that is duly registered with the National Mortgage Licensing Service (NMLS).¶¶~~

~~(i) Whether the deposits of the Lending Institution are insured by FDIC or some other federal agency or corporation.¶¶~~

~~(j) The experience, efficiency and performance of the Lending Institution in the area of residential lending and any other area of the Lending Institution's business.¶¶~~

~~(k) The willingness and commitment of the Lending Institution to accept and to fulfill the terms of a proposed contract with the Department.¶¶~~

~~(l) The result of any reference checks conducted by the Department.¶¶~~

~~(5) "Commitment" means a promise made by the Department to an Approved Lender, evidenced by a written commitment letter, setting forth the terms upon which the Department will purchase or accept by underwriting and closing a specific program loan made or processed by the Approved Lender pursuant to a commitment request, or commitments to make an individual loan to a qualified veteran.¶¶~~

~~(6) "Commitment Request" means a verbal or written request from an Approved Lender to the ODVA to purchase or accept for underwriting and closing a specific program loan.¶¶~~

~~(7) "Department" means the Oregon Department of Veterans' Affairs established under ORS 406.005.¶¶~~

~~(8) "Director" means the means Director of the Oregon Department of Veterans' Affairs.¶¶~~

~~(9) "Home" means a residential structure, including a manufactured home or a condominium unit, which is established, maintained and used primarily as a principal residence by a veteran, and includes real property connected to a residential structure, including any long-term leasehold and any outbuildings.¶¶~~

~~(10) "Manufactured home" means a structure that is:¶¶~~

~~(a) At least 20 feet in width;¶¶~~

~~(b) Constructed for movement on the public highways and that has sleeping, cooking and plumbing facilities;¶¶~~

~~(c) Intended for human occupancy;¶¶~~

~~(d) Being used for residential purposes;¶¶~~

(e) Classified and taxed as real property in the county where the structure is located; and constructed in accordance with the Oregon Manufactured Dwelling Installation Specialty Code adopted under ORS 446.155 or the Model Manufactured Home Installation Standards established by the Department of Housing and Urban Development.¶¶

(11) "Mortgage" means a loan in which real property is used as collateral.¶¶

(12) "Lending Institution" means an entity which is licensed, or otherwise legally authorized, to conduct business in the State of Oregon exclusively or in part as a mortgage lender or a conduit for mortgage loans and that, in the judgment of the Department, is capable of meeting the needs of the Department in carrying out the purposes of ORS Chapter 407. In determining whether or not an entity that is licensed or otherwise legally authorized to conduct business in Oregon exclusively or in part as a mortgage lender or a conduit for mortgage loans is capable of meeting the needs of ODVA in carrying out the purposes of ORS Chapter 407, ODVA may consider factors including, but not limited to the following:¶¶

(a) Whether or not the entity qualifies as a "Banking Institution" or similar entity including, but, not limited to an "Extranational Institution," a "Federal Bank," a "Federal Savings Bank," or a "Financial Institution" under ORS 706.005, 706.008, 707.744, or 723.042.¶¶

(b) Whether or not the entity qualifies as a "mortgage broker" under ORS 59.840 through 59.980 for a period of three years.¶¶

(c) Whether or not the representatives of the entity have attended any ODVA-sponsored training.¶¶

(d) The reputation of the entity or of any of its employees, agents, officers, Directors, affiliates or owners.¶¶

(e) The financial capability of the entity to originate loans or to act as a conduit for the origination of loans.¶¶

(f) The entity's qualification as a loan originator that is duly registered with the National Mortgage Licensing Service (NMLS).¶¶

(g) The experience, efficiency, and performance of the entity in the areas of residential lending and any other area of the entity's business¶¶

(13) "Loan Origination Guide/Mortgage Loan Origination Guide" means the manual containing the origination instructions for the Veterans' Loan Program 1990, and any subsequent changes as they are effected.¶¶

(14) "ODVA" means the Oregon Department of Veterans' Affairs established under ORS 406.005.¶¶

(15) "Qualified Insurer" means a private mortgage insurance company licensed to do business in this state and that has entered into a master policy agreement with the Department.¶¶

(16) "Resides in the State of Oregon" means a person who:¶¶

(a) Maintains a primary legal residence in Oregon, or¶¶

(b) Intends to occupy a home in Oregon that will be secured by an ODVA loan a primary legal residence.¶¶

(17) "Security" means all of the real property that is to be acquired for a home and which serves as collateral for the loan.¶¶

(18) "Trust deed" means a deed, executed in conformity with ORS 86.705 to 86.815, that conveys an interest in real property to a trustee in trust to secure the performance of an obligation the grantor or other person named in the deed owes to a beneficiary.¶¶

(19) "Veteran" means a person who:¶¶

(a) Resides in the State of Oregon at the time of applying for a loan from the fund;¶¶

(b) Is a veteran, as that term is defined by Oregon law in ORS 407.087;¶¶

(c) Served under honorable conditions on active duty in the Armed Forces of the United States; and¶¶

(d) Satisfies the requirements applicable to the funding source for the loan from the Oregon War Veterans' Fund.¶¶

(20) "Veterans' Loan Program 1990" means all ODVA home loans originated after April 1, 1990, except financed contract sales of Department-owned properties.

Statutory/Other Authority: ORS 406.005 & 407.115

Statutes/Other Implemented: ORS 407.075 to 407.385; Oregon Constitution Article XI-A, Section 3

REPEAL: 274-025-0020

RULE SUMMARY: Repeal, Incorporated into OAR 274-050-0145

CHANGES TO RULE:

~~274-025-0020~~

~~Approved Lenders-~~

~~(1) Any lending institution, as defined in ORS 407.177(8) may apply to become an Approved Lender by submitting to the Director of Veterans' Affairs (director) information required by the Director which may include, but is not limited to the following for review:¶¶~~

~~(a) An application in the form prescribed by the Director, including a certificate of compliance with tax laws; and¶¶~~

~~(b) Its counsel's opinion regarding power and authority of the lending institution to enter into a purchase agreement with the director; and¶¶~~

~~(c) A list of authorized officers; and¶¶~~

~~(d) Its most recent, audited financial statements; and¶¶~~

~~(e) Financial Statement of Condition (Balance Sheet) for the last two fiscal years and Profit and Loss Statement; and¶¶~~

~~(f) Resumes of principal officers and key employees; and¶¶~~

~~(g) Company biography and background; and¶¶~~

~~(h) Signed and executed broker agreement; and¶¶~~

~~(i) Resolution of the Board of Directors/Certificate of Authorized Signatures; and¶¶~~

~~(j) Articles of Incorporation (if incorporated); and¶¶~~

~~(k) Signed Credit Release Authorization; and¶¶~~

~~(l) Applicable licenses as required by state and local law; and¶¶~~

~~(m) Explanation of Quality Control Procedures; and¶¶~~

~~(n) W-9; and,¶¶~~

~~(o) Any other documentation or information deemed necessary by the Director; and¶¶~~

~~(p) A credit report fee may be charged to the mortgage broker as part of the approved lender application process in an amount not to exceed the amount charged by the credit reporting firm. Any funds not used or obligated for a credit report shall be refunded.¶¶~~

~~(2) A lending institution will qualify as an Approved Lender if the director determines that the applicant has the capability and resources to originate only or originate, underwrite and fund loans in a sound and professional manner. The director shall consider such factors as those itemized in 274-025-010(4)(a) through (l).¶¶~~

~~(3) To become an Approved Lender, a lending institution shall enter into an agreement with the Director, providing for the manner and terms of the sale or processing of loans. This agreement shall be in the standard form prescribed by the Director. Approved Lenders shall carry out such agreement in accordance with the procedures set forth in the agreement, the rules, and the Loan Origination Guide/Mortgage Brokers Loan Origination Guide. The Director may revise such procedures from time to time. The Director may terminate its agreement with an Approved Lender at any time on the terms and conditions stated in such agreement, the rules, or the Loan Origination Guide/Mortgage Brokers Loan Origination Guide.¶¶~~

~~[Publications: Publications referenced are available from the agency.]~~

~~Statutory/Other Authority: ORS 291.021, 406.030, 407.115, 407.177, 407.179, 407.181, 407.275~~

~~Statutes/Other Implemented: ORS 407.125, 407.177, 407.205, 407.275~~

REPEAL: 274-025-0030

RULE SUMMARY: Repeal, Incorporated into OAR 274-050-0105

CHANGES TO RULE:

~~274-025-0030~~

~~Loan Requirements~~

~~(1) To be eligible for purchase or underwriting and closing by the ODVA pursuant to a commitment to an approved lender, a program loan shall be made or processed by the approved lender during the period of that commitment. The loan shall comply with the terms of such commitment, the requirements set forth in the agreement between ODVA and the approved lender, and the conditions set forth in the rules and the Loan Origination Guide/Mortgage Brokers Loan Origination Guide.¶¶~~

~~(2) Each Approved Lender shall make loans for single-family dwellings.¶¶~~

~~(3) Each program loan shall have a final maturity of at least 15 and not more than 40 years from the date of its mailing.¶¶~~

~~(4) Each program loan shall be secured by a first lien security instrument as defined or allowed pursuant to OAR 274-025-0010(11) and granted by the veteran on a home which is being financed. The veteran shall hold title to the home in fee simple.¶¶~~

~~(5) No program loan shall be made to refinance an existing loan, unless such loan was a temporary loan for the construction or rehabilitation of a home or other temporary initial financing. If a program loan is made to refinance such a loan, the approved lender shall certify to the ODVA that construction or rehabilitation has been satisfactorily completed before the delivery of the program loan for purchase.¶¶~~

~~(6) Each program loan shall be executed on forms approved by the ODVA. Such forms shall prescribe program loan requirements regarding insurance, escrow payments, late charges, defaults, and similar matters.¶¶~~

~~(7) The ODVA shall require that program loans be subject to acceleration at the option of the ODVA if at any time the veteran does not reside in the home as his/her primary residence, or if the veteran is determined to have been ineligible at the time the program loan was made.¶¶~~

~~(8) The interest rate on each program loan shall be at the rate stated in the applicable commitment issued by the ODVA.¶¶~~

~~[Publications: Publications referenced are available from the agency.]~~

~~Statutory/Other Authority: ORS 406.030, 407.115, 407.177, 407.179, 407.181~~

~~Statutes/Other Implemented:~~

REPEAL: 274-025-0040

RULE SUMMARY: Repeal, Incorporated into OAR 274-050-0110

CHANGES TO RULE:

~~274-025-0040~~

~~Reservations of Funds and Commitments~~

~~(1) Under the Veterans' Loan Program 1990, the Oregon Department of Veterans' Affairs (ODVA) reserves funds for individual loans in the name of the veteran upon request from an Approved Lender or from authorized ODVA staff. ODVA may solicit applications and accept loan fund reservations from Approved Lender(s) subject to the terms of the appropriate agreements, and the rate and availability of funds.¶¶~~

~~(2) ODVA will reserve funds for applications at the time of:¶¶~~

~~(a) Acceptance of application for processing by ODVA; or¶¶~~

~~(b) A verbal or written request from an Approved Lender that an application for funding is being processed.¶¶~~

~~(3) Effective September 10, 2001, when ODVA reserves funds, an interest rate will be committed to this reservation and will be effective for a period of 60 days. The loan must be closed before the end of 60 days or the committed interest rate will expire. If the reservation is reissued, it will bear an interest rate at the "higher of" the expired/cancelled rate or the then-current interest rate at the time of reissue. This shall be called the "higher of" rate. If a veteran withdraws an application and subsequently re-applies for a loan on the same security, the "higher of" rule will apply for a period of 120 days from the date of withdrawal.¶¶~~

~~(4) If the loan is not presented to ODVA for purchase with all documentation in place within 90 calendars days of the final HUD-1 settlement date, ODVA may charge the Approved Lender a penalty fee of one basis point of the loan amount per calendar day, until the loan is approved for purchase.¶¶~~

~~Example: \$150,000 loan closed and presented for purchase 120 calendar days after final HUD-1 settlement date. The penalty fee charged and deducted from the amount due to the Approved Lender is calculated as follows:~~

~~$\$150,000 \times .01\% \times 30 \text{ days} = \$450.$ ¶¶~~

~~(5) The commitment letter to the Approved Lender will contain the following information:¶¶~~

~~(a) The dollar amount of the commitment;¶¶~~

~~(b) The interest rate for the loan;¶¶~~

~~(c) The term of the loan;¶¶~~

~~(d) The mortgage insurance or guarantee required, if any;¶¶~~

~~(e) The period of time during which the ODVA will purchase the loan;¶¶~~

~~(f) The veteran who will be the borrower;¶¶~~

~~(g) The property identification (i.e., property address);¶¶~~

~~(h) Any additional information or conditions the ODVA considers appropriate in the commitment.¶¶~~

~~(6) The ODVA will promptly notify approved lenders when it will not accept a commitment request, for whatever reasons.~~

~~Statutory/Other Authority: ORS 406.030, 407.115, 407.177, 407.179, 407.181~~

~~Statutes/Other Implemented: ORS 407.177, 407.179, 407.181~~

REPEAL: 274-025-0050

RULE SUMMARY: Repeal, Incorporated into OAR 274-050-0115

CHANGES TO RULE:

~~274-025-0050~~

~~Title Insurance~~

~~Each loan shall be covered by a title insurance policy issued in American Land Title Association (ALTA) form by a title insurer licensed by the State of Oregon. Such policy shall be in an amount at least equal to the outstanding principal balance of the program loan. The benefits of the policy shall run to the ODVA as either named insured or assignee. The policy shall not be subject to any exceptions or conditions other than those previously approved by the ODVA.~~

~~Statutory/Other Authority: ORS 406.030, 407.115, 407.177, 407.179, 407.181~~

~~Statutes/Other Implemented: ORS 407.115, 407.177, 407.179, 407.181~~

REPEAL: 274-025-0060

RULE SUMMARY: Repeal, Incorporated into OAR 274-050-0120

CHANGES TO RULE:

~~274-025-0060~~

~~Hazard Insurance~~

~~The home securing a program loan shall be covered by hazard insurance, which meets the requirements of the rules and the Loan Origination Guide/Mortgage Brokers Loan Origination Guide. Such hazard insurance shall be in effect prior to purchase or funding of the program loan, and shall remain in effect for the term of the program loan. The ODVA shall be named as the mortgagee insured.¶¶~~

~~[Publications: Publications referenced are available from the agency.]~~

~~Statutory/Other Authority: ORS 406.030, 407.115, 407.177, 407.179, 407.181~~

~~Statutes/Other Implemented: ORS 407.155, 407.165, 407.169~~

REPEAL: 274-025-0070

RULE SUMMARY: Repeal, Incorporated into OAR 274-050-0125

CHANGES TO RULE:

274-025-0070

Flood Insurance

- (1) Beginning September 1, 1995, the Director of the Oregon Department of Veterans' Affairs (Department) shall require that the location of the security on all loan applications received by the Department be reviewed and a determination made as to whether flood insurance will be required as a condition of the loan.¶¶
- (2) A flood determination fee will be charged to the borrower equal to the amount charged by the flood determination reporting company at the time the application is submitted.¶¶
- (3) All flood determinations are to be provided for the duration of the loan while it exists in the Department's portfolio (more commonly referred to as life-of-loan tracking).¶¶
- (4) The flood determination company must meet the qualifications as determined by the Department by applying relevant industry standards.¶¶
- (5) Based on the determination that the security for the loan is located in an area classified as a special flood hazard area, the director shall require the borrower to purchase flood insurance as a requirement of the loan.¶¶
- (6) If following loan closing, it is determined that the security is located within a flood hazard area as defined by the National Flood Insurance Reform Act of 1994 (42 USCS 3701-4370a), the borrower may be required to purchase flood hazard insurance at no cost to the Department. If flood hazard insurance is not voluntarily acquired, the director may force place said insurance and:¶¶
- (a) Disburse all costs associated with the acquisition of the coverage from the escrow account; or¶¶
- (b) Add said cost to the balance of the loan and interest will be collected at the note rate; and¶¶
- (c) Loan payments will be increased to repay the amount advanced.

Statutory/Other Authority: ORS 406.030, 407.115, 407.169, 407.177, 407.275

Statutes/Other Implemented: ORS 407.169, 407.177, 407.275



REPEAL: 274-028-0001

RULE SUMMARY: Repeal, Incorporated into OAR 274-050-0240

CHANGES TO RULE:

~~274-028-0001~~

~~Purpose and Objectives~~

~~(1) This division is established to administer the provisions of ORS 407.145 and 407.225. These rules, together with the Processing Manual, shall implement the Veterans' Home Improvement Loan Program.¶~~

~~(2) The program's objective is to provide funds to finance qualified improvements of owner occupied, residential housing for qualified veterans in the State of Oregon. Where context allows, the provisions of OAR chapter 274, divisions 020, 021, 022 and 025 apply equally to the Veterans' Home Improvement Loan Program loans for which applications are received on or after November 12, 1997. No improvement will be financed that is inconsistent with the provisions of ORS chapter 407, ODVA's Processing Manual, section 143 of the Internal Revenue Code of 1986 and any subsequent changes as they are effected. Copies of section 143 of the Internal Revenue Code of 1986 and the Processing Manual are on file with the Oregon Department of Veterans' Affairs, 700 Summer Street NE, Salem Oregon, and available to the public Monday through Friday between the hours of 8 a.m. and 5 p.m.~~

~~Statutory/Other Authority: ORS 406.030, 407.115, 407.125, 407.145, 407.225~~

~~Statutes/Other Implemented: ORS 407.115, 407.125, 407.145, 407.225~~

REPEAL: 274-028-0005

RULE SUMMARY: Repeal, Incorporated into OAR 274-050-0001

CHANGES TO RULE:

274-028-0005

Definitions-

Selected words and terms as used in OAR chapter 274, division 028, are defined as follows:¶¶

(1) Veterans' Home Improvement loan means a loan or loans issued pursuant to OAR 274-028-0001 for not more than the total loan right where said loan funds are used to improve the basic livability of the home as defined in OAR 274-025-0010(7).¶¶

(2) Qualified improvements means the remodel or improvement of an existing home which will substantially enhance or protect the basic livability of the home.¶¶

(3) Processing Manual means the manual containing the policy for the Veterans' Home Improvement Loan Program, and any subsequent changes as they are effected.¶¶

(4) Veterans' Home Improvement Loan Program means all veterans' home improvement loans for which applications are received on or after November 12, 1997.¶¶

(5) Existing loan means any loan or loans obtained by the veteran to purchase or improve the property used as security for a loan with the Oregon Department of Veterans Affairs (ODVA).¶¶

(6) Loan to Value Ratio is the loan amount plus any outstanding balance owed to ODVA on the security divided by the net appraised value.

Statutory/Other Authority: Ch. 214 OL 1997, ORS 406.030

Statutes/Other Implemented: Ch. 214 OL 1997, ORS 406.030

REPEAL: 274-028-0010

RULE SUMMARY: Repeal, Incorporated into OAR 274-050-0245

CHANGES TO RULE:

~~274-028-0010~~

~~Interest Rate~~

~~(1) The Director may prescribe interest rate(s) on veterans' home improvement loans in a manner consistent with OAR 274-020-0341. The prescribed interest rates shall be "fixed interest rates" consistent with the usage of that term in ORS Chapter 407.¶~~

~~(2) The Director will publish prescribed interest rates in the Department's Tables and Codes Manual. This publication will be available for viewing at the Oregon Department of Veterans' Affairs, 700 Summer Street NE, Salem, Oregon, as permitted by the Department, during regular business hours.~~

~~Statutory/Other Authority: Ch. 214 OL 1997, ORS 407.327~~

~~Statutes/Other Implemented: Ch. 214 OL 1997, ORS 407.327~~

REPEAL: 274-028-0015

RULE SUMMARY: Repeal, Incorporated into OAR 274-050-0130

CHANGES TO RULE:

~~274-028-0015~~

~~Approval of Veterans Home Improvement Loans~~

~~Veterans' home improvement loans will be processed using current industry standards determined by the Department to be applicable to the proposed loan as they relate to the borrower's ability and willingness to repay and the borrower having required funds for closing. Applicable industry standards may include, but are not limited to, local lending practices, FannieMae and other lending organization standards, and federal and state legal requirements.~~

~~Statutory/Other Authority: ORS 407.115, 407.265~~

~~Statutes/Other Implemented: ORS 407.115, 407.145, 407.225, 407.265, 407.325~~

REPEAL: 274-028-0020

RULE SUMMARY: Repeal, Incorporated into OAR 274-050-0250

CHANGES TO RULE:

**274-028-0020**

**Terms of Veterans Home Improvement Loans**

- (1) The veterans' home improvement loan must be placed in the first lien position on the security or be an immediate subsequent lien to an existing ODVA lien. The first ODVA lien and any immediate subsequent lien made on the security by the director shall be deemed collectively as a first lien on the security.¶¶
  - (2) The net appraised value will be used as the basis for determining the maximum veterans' home improvement loan subject to statutory limitations.¶¶
  - (3) When a veterans' home improvement loan is made on a security with an existing balance owed to the director, the total of the unpaid balance of the existing loan and the veterans' home improvement loan shall not exceed 80 percent of the net appraised value as determined by the director.¶¶
  - (4) When a veterans' home improvement loan is made on a property where no balance is owing, the veterans' home improvement loan shall not exceed 97 percent of the net appraised value as determined by the director. If the loan-to-value ratio is greater than 80 percent of the net appraised value, the loan must be insured by mortgage insurance consistent with ORS 407.485.¶¶
  - (5) All existing nonamortizing ODVA loans on the security must be reamortized to bring the principal and interest payment and final payment date into conformance with ODVA policy as identified in the Processing Manual. A copy of the manual is on file with the Oregon Department of Veterans' Affairs, 700 Summer Street NE, Salem Oregon, and available to the public Monday through Friday between the hours of 8 a.m. and 5 p.m. All other terms of the existing loan on the security remain unchanged.¶¶
  - (6) Depending upon the loan amount, the maximum term of a home improvement loan may not exceed 20 years.
- Statutory/Other Authority: Ch. 214 OL 1997, ORS 407.205, 407.275, 407.485  
Statutes/Other Implemented: Ch. 214 OL 1997, ORS 407.205, 407.275, 407.485

REPEAL: 274-028-0025

RULE SUMMARY: Repeal, Incorporated into OAR 274-050-0070

CHANGES TO RULE:

~~274-028-0025~~

~~Appraisal of Property~~

~~An appraisal may be made at the discretion of the director to assist in establishing the net appraised value. A fee will be charged in accordance with OAR 274-020-0440.~~

~~Statutory/Other Authority: ORS 406.030, 407.115~~

~~Statutes/Other Implemented: ORS 406.030, 407.115~~

REPEAL: 274-028-0030

RULE SUMMARY: Repeal, Incorporated into OAR 274-050-0165

CHANGES TO RULE:

~~274-028-0030~~

~~Transfer of Ownership~~

~~(1) The director may declare all veterans' home improvement loan sums to be immediately due and payable if all or part of the security is sold or otherwise transferred by the borrower to anyone other than those qualified persons identified in ORS 407.275.¶~~

~~(2) The director shall be notified in writing by the borrower of any transfer of ownership or right to possess the security, including to those qualified persons identified in ORS 407.275, that is used as security for a home improvement loan with ODVA.¶~~

~~(3) The provisions of OAR 274-020-0380(2), (3), (4) and (5) apply to any transfer on a veterans' home improvement loan.~~

~~Statutory/Other Authority: Ch. 214 OL 1997, ORS 406.030, 407.115, 407.275, 407.305, 407.335~~

~~Statutes/Other Implemented: Ch. 214 OL 1997, ORS 407.275~~

REPEAL: 274-028-0035

RULE SUMMARY: Repeal, Incorporated into OAR 274-050-0080 and OAR 274-050-0120 to 274-050-0125

CHANGES TO RULE:

~~274-028-0035~~

~~Taxes, Hazard Insurance and Flood Insurance~~

~~(1) For veterans' home improvement loans which are subsequent to an existing loan, the director may pay property taxes or hazard or flood insurance on the existing loan until the existing loan is paid in full, after which it will be the borrower's responsibility to pay these items directly.¶¶~~

~~(2) If delinquent taxes become a lien against the security, or the borrower fails to maintain the required insurance, the director may pay the taxes or insurance and if so paid, will collect the amount paid by ODVA from the borrower through an escrow account per the provisions of OAR 274-020-0388.~~

~~Statutory/Other Authority: Ch. 214 OL 1997, 407.115, ORS 407.165 – 407.181, 407.275~~

~~Statutes/Other Implemented: Ch. 214 OL 1997, ORS 407.165 – 407.181, 407.275~~



REPEAL: 274-028-0040

RULE SUMMARY: Repeal, Incorporated into OAR 274-050-0115

CHANGES TO RULE:

~~274-028-0040~~

~~Title Insurance~~

~~Each loan shall be covered by a title insurance policy as designated by the director at the borrower's expense.~~

~~Statutory/Other Authority: ORS 407.115, 407.177, 407.179, 407.181~~

~~Statutes/Other Implemented: ORS 407.115, 407.177, 407.179, 407.181~~

CHANGES TO RULE:

~~274-045-0001~~

~~Definitions for OAR 274-045-0001 to 274-045-0481 ¶¶~~

~~As used in this Division 45:¶¶~~

- ~~(1) "Acquisition" means the purchase of a home.¶¶~~
- ~~(2) "Agreement" means the contract between the Oregon Department of Veterans' Affairs (ODVA) and the approved lender, setting forth the terms and conditions under which program loans made by the approved lender will be purchased by the ODVA.¶¶~~
- ~~(3) "ALTA Mortgagee's Title Insurance" means a title insurance policy issued in American Land Title Insurance form by a title insurer licensed by the State of Oregon.¶¶~~
- ~~(4) "Approved Lender" means any "Lending Institution" as defined in ORS 407.177(8) that has entered into an agreement with ODVA to originate residential loans acceptable to ODVA or to act as a conduit for the origination of residential loans acceptable to ODVA. In determining whether or not to contract with a Lending Institution, ODVA may consider factors including, but not limited to the following:¶¶~~
  - ~~(a) ODVA's need for additional Approved Lenders, either on a statewide basis or in a specific geographical area,¶¶~~
  - ~~(b) Whether or not the Lending Institution has had any complaints filed against it or against any of its employees, agents, officers, Directors, owners, or affiliates through the Consumer and Business Services Department of the State of Oregon, through any other regulatory agency or otherwise.¶¶~~
  - ~~(c) Whether or not representatives of the Lending Institution have attended any ODVA-sponsored training.¶¶~~
  - ~~(d) The reputation of the Lending Institution, including its employees, agents, officers, Directors, owners or affiliates.¶¶~~
  - ~~(e) The number and experience of Lending Institution employees and other personnel available to originate loans or to act as a conduit for the origination of residential loans acceptable to ODVA.¶¶~~
  - ~~(f) Status and character of the institution's loan policies and procedures.¶¶~~
  - ~~(g) The financial capability of the Lending Institution to originate loans or to act as a conduit for the origination of loans.¶¶~~
  - ~~(h) The Lending Institution's qualification as a loan originator or a seller/servicer for the Federal National Mortgage Association, the Federal Home Loan Mortgage Association, or the United States Department of Veterans' Affairs.¶¶~~
  - ~~(i) Whether or not the deposits of the Lending Institution are insured by FDIC or some other federal agency or corporation.¶¶~~
  - ~~(j) The experience, efficiency and performance of the Lending Institution in the area of residential lending and any other area of the Lending Institution's business.¶¶~~
  - ~~(k) The willingness and commitment of the Lending Institution to accept and to fulfill the terms of an ODVA proposed contract.¶¶~~
  - ~~(l) The result of any references which are checked as part of the application process.¶¶~~- ~~(5) "Commitment" means a promise made by the ODVA to an Approved Lender or veteran, evidenced by a written commitment letter, setting forth the terms upon which the ODVA will purchase, originate, or accept by underwriting and closing a specific program loan made or processed by the Approved Lender or ODVA pursuant to a reservation of funds.¶¶~~
- ~~(6) "Department" means the Oregon Department of Veterans' Affairs established under ORS 406.005.¶¶~~
- ~~(7) "Director" means the means Director of the Oregon Department of Veterans' Affairs.¶¶~~
- ~~(8) "Home" means a residential structure, including a manufactured home or a condominium unit, which is established, maintained and used primarily as a principal residence by a veteran, and includes real property connected to a residential structure, including any long-term leasehold and any outbuildings.¶¶~~
- ~~(9) "Lease" means the giving of possession and use of profits of secured property for a period of time in return for compensation.¶¶~~
- ~~(10) "Lease Option" means a lease of real property with an option to purchase the property within a stipulated period of time.¶¶~~
- ~~(11) "Lending Institution" means an entity which is licensed, or otherwise legally authorized, to conduct business in the State of Oregon exclusively or in part as a mortgage lender or a conduit for mortgage loans and that, in the judgment of ODVA, is capable of meeting the needs of ODVA in carrying out the purposes of ORS Chapter 407. In determining whether or not an entity that is licensed, or otherwise legally authorized, to conduct business in Oregon exclusively or in part as a mortgage lender or a conduit for mortgage loans is capable of meeting the needs~~

of ODVA in carrying out the purposes of ORS Chapter 407, ODVA may consider factors including, but not limited to the following:¶¶

(a) Whether or not the entity qualifies as a "Banking Institution" or similar entity including, but, not limited to an "Extranational Institution," a "Federal Bank," a "Federal Savings Bank," or a "Financial Institution" under ORS 706.005, 706.008, 707.744, or 723.042.¶¶

(b) Whether or not the entity qualifies as a "mortgage broker" under ORS 59.840 through 59.965 for a period of three years.¶¶

(c) Whether or not the representatives of the entity have attended any ODVA-sponsored training.¶¶

(d) The reputation of the entity or of any of its employees, agents, officers, Directors, affiliates or owners.¶¶

(e) The financial capability of the entity to originate loans or to act as a conduit for the origination of loans.¶¶

(f) The entity's qualification as a loan originator or a seller/servicer for the Federal National Mortgage Association, the Federal Home Loan Mortgage Association, or the United States Department of Veterans Affairs.¶¶

(g) The experience, efficiency, and performance of the entity in the areas of residential lending and any other area of the entity's business.¶¶

(12) "Loan Origination Guide/Mortgage Loan Origination Guide" means the manual containing the origination instructions for the Post Vietnam Era Veterans' Home Loan Program, and any subsequent changes as they are effected.¶¶

(13) "Loan to Value Ratio" is the loan amount or balance divided by the net appraised value.¶¶

(14) "Manufactured home" means a structure that is:¶¶

(a) At least 20 feet in width;¶¶

(b) Constructed for movement on the public highways and that has sleeping, cooking and plumbing facilities;¶¶

(c) Intended for human occupancy;¶¶

(d) Being used for residential purposes;¶¶

(e) Classified and taxed as real property in the county where the structure is located; and¶¶

(f) Constructed in accordance with the Oregon Manufactured Dwelling Installation Specialty Code adopted under ORS 446.155 or the Model Manufactured Home Installation Standards established by the Department of Housing and Urban Development.¶¶

(15) "Net Appraised Value" means the lesser of the appraised value or the purchase price. The "appraised value" is the value established by an appraisal obtained by or at the direction of the Department, or an appraisal approved by the Department.¶¶

(16) "ODVA" means the Oregon Department of Veterans' Affairs established under ORS 406.005.¶¶

(17) "Post Vietnam Era Veterans' Home Loan Program" means all home loans originated under this Division.¶¶

(18) "Qualified Insurer" means a private mortgage insurance company licensed to do business in Oregon and with which ODVA has agreed to accept mortgage insurance coverage. When an ALTA mortgagee's title insurance policy is in force insuring the State against the usual losses covered by an ALTA policy as well as any loss from any prior encumbrance, and the encumbrance is acceptable to both the veteran and ODVA.¶¶

(19) "Rent" means the giving of possession of secured property for occupancy for a specific period of time in return for a stipulated amount of compensation.¶¶

(20) "Reservation of Funds" (Rate Lock) means the setting aside of specific funds at a designated interest rate for a specific period of time.¶¶

(21) "Resides in the State of Oregon" means a person who:¶¶

(a) Maintains a primary legal residence in Oregon, or¶¶

(b) Intends to occupy a home in Oregon, secured by an ODVA loan, that will be their primary legal residence.¶¶

(22) "Security" means all of the real property that is to be acquired for a home and which serves as collateral for the loan.¶¶

(23) "Transfer" means a change of ownership, either by operation of law, act of the parties, or both, such as deed, contract, certificate, court decree, property settlement, foreclosure, easement, condemnation, or adverse possession of the premises.¶¶

(24) "Underwriter/Designated Loan Officers" means those employees of ODVA whose paramount responsibility shall be the approval or rejection of all applications for loans.¶¶

(25) "Veteran" means a person who:¶¶

(a) Resides in the State of Oregon at the time of applying for a loan from the fund;¶¶

(b) Is a veteran, as that term is defined by Oregon law in ORS 407.087;¶¶

(c) Served under honorable conditions on active duty in the Armed Forces of the United States; and¶¶

(d) Satisfies the requirements applicable to the funding source for the loan from the Oregon War Veterans' Fund. Statutory/Other Authority: ORS 406.005 & 407.115

Statutes/Other Implemented: ORS 407.075 to 407.385; Oregon Constitution Article XI-A, Section 3

REPEAL: 274-045-0005

RULE SUMMARY: Repeal, Incorporated into OAR 274-050-0005

CHANGES TO RULE:

~~274-045-0005~~

~~Purpose and Objectives~~

~~OAR 274, division 045, is established to administer and enforce ORS 407.075 through 407.595. These rules, together with the Post Vietnam Era Veterans' Home Loan Origination Guide/Mortgage Broker Loan Origination Guide, shall implement the Post Vietnam Era Veterans' Home Loan Program. The program's objective is to provide funds to finance owner-occupied, residential housing for qualified veterans in the State of Oregon, thereby encouraging home ownership of residential housing by such veterans.¶¶~~

~~[Publications: Publications referenced are available from the agency.]~~

~~Statutory/Other Authority: ORS 291.021, 406.030, 407.115, 407.177, 407.179, 407.181, 407.275~~

~~Statutes/Other Implemented: ORS 407~~

REPEAL: 274-045-0010

RULE SUMMARY: Repeal, Incorporated into OAR 274-050-0025

CHANGES TO RULE:

~~274-045-0010~~

~~Eligibility Requirements~~

~~Eligibility to apply for a loan under this division is subject to the eligibility criteria of Article XI-A of the Oregon Constitution. The acceptance of an application and granting of a loan is further subject to the provisions of ORS Chapter 407, OAR divisions 020, 025, 045, other applicable law, the policies and procedures of the Oregon Department of Veterans' Affairs (ODVA), and at the discretion of the Director of ODVA.~~

~~[Publications: Publications referenced are available from the agency.]~~

~~Statutory/Other Authority: OR Const. Art. XI-A, ORS 183, 406.030, 407.115, 407.125~~

~~Statutes/Other Implemented: ORS 407~~

REPEAL: 274-045-0015

RULE SUMMARY: Repeal, Incorporated into OAR 274-050-0160

CHANGES TO RULE:

~~274-045-0015~~

~~Authority to Protect the Security~~

~~At the discretion of the Director, funds can be disbursed to make repairs to correct a serious structural, safety, or sanitary deficiency discovered in a property that is security for a loan when it is determined such a disbursement is necessary to protect the interest of the State. This would occur when the following conditions exist:¶¶~~

~~(1) The present and probable future value of the property, without benefit of the needed repairs, is sufficiently low when compared to the existing loan balance that the State's investment would be threatened; and¶¶~~

~~(2) The current owner is the original veteran borrower who lacks the financial means to make the needed repairs or corrections in a timely manner; and the funds required, when added to the existing loan balance, would exceed the maximum loan right or percentage of loan limitations; or¶¶~~

~~(3) The current owner is a transferee who lacks the financial means to make repairs or corrections in a timely manner.~~

~~Statutory/Other Authority: ORS 406~~

~~Statutes/Other Implemented: ORS 407~~

REPEAL: 274-045-0020

RULE SUMMARY: Repeal, Incorporated into OAR 274-050-0020

CHANGES TO RULE:

~~274-045-0020~~

~~Who May Apply for Loan~~

~~(1) A loan shall be made only to an individual veteran.~~

~~(2) Joint loans or loans to a cooperative shall not be valid.~~

~~Statutory/Other Authority: ORS 406~~

~~Statutes/Other Implemented: ORS 407~~

REPEAL: 274-045-0025

RULE SUMMARY: Repeal, Incorporated into OAR 274-050-0030

CHANGES TO RULE:

~~274-045-0025~~

~~Evidence Required to Establish Eligibility~~

~~The applicant shall submit to the Director the following evidence to establish eligibility:¶¶~~

~~(1) Evidence of service and separation must be documented on DD Form 214, a DD Form 215 Correction to DD Form 214, or other evidence of service provided by the Department of Defense that is satisfactory to the Director.¶¶~~

~~(2) Certificate of Service and Casualty Report when applicant is the unremarried spouse of a person who died on active duty.¶¶~~

~~(3) Proof of Oregon residence.¶¶~~

~~(4) Proof of any change in name since discharge:¶¶~~

~~(a) Where legally changed, proof shall be by a certified copy of the Court Order, or a marriage certificate, or a divorce decree;¶¶~~

~~(b) Where not legally changed, proof shall be by an affidavit from the veteran and affidavits from at least two disinterested persons.~~

~~Statutory/Other Authority: ORS 406~~

~~Statutes/Other Implemented: ORS 407~~



REPEAL: 274-045-0030

RULE SUMMARY: Repeal, Incorporated into OAR 274-050-0050

CHANGES TO RULE:

~~274-045-0030~~

~~Modification of Application~~

~~An application may be modified such as to the amount of the loan requested, legal description, amount of security or plans and specifications, but the modification must be requested in writing by the veteran and shall be subject to the approval of the Director. Substitution of security is not allowed.~~

~~Statutory/Other Authority: ORS 406~~

~~Statutes/Other Implemented: ORS 407~~

REPEAL: 274-045-0035

RULE SUMMARY: Repeal, Incorporated into OAR 274-050-0055

CHANGES TO RULE:

~~274-045-0035~~

~~Cancellation of Application~~

~~(1) An applicant may cancel his or her application for a State veterans' loan at any time prior to receipt of the loan proceeds.¶¶~~

~~(2) The Director may cancel any application if the applicant fails to comply with any of the conditions pertaining to the loan.¶¶~~

~~(3) The Director may destroy any application 25 months after the veteran applicant is notified of action taken on an application (whether credit was approved or adverse action was taken).~~

~~Statutory/Other Authority: ORS 183, 406.030, 407.115, 407.135, 407.145, 407.275, 407.305, 407.375~~

~~Statutes/Other Implemented: ORS 407~~

REPEAL: 274-045-0040

RULE SUMMARY: Repeal, Incorporated into OAR 274-050-0060

CHANGES TO RULE:

~~274-045-0040~~

~~Security for the Loan ¶¶~~

- ~~(1) The veteran shall own the home offered as security in fee simple at the time the loan is closed.¶¶~~
- ~~(2) The State shall have the first lien on the security at the time of making the loan.¶¶~~
- ~~(3) The security for the loan shall consist of real property and the mortgage or trust deed shall include all property to be acquired as a home. More than one parcel of real property may be included in the security.¶¶~~
- ~~(4) All security must include a home that is completed and ready for occupancy.~~

~~Statutory/Other Authority: ORS 406.005 & 407.115~~

~~Statutes/Other Implemented: ORS 407.075 to 407.385; Oregon Constitution Article XI-A, Section 3~~

REPEAL: 274-045-0045

RULE SUMMARY: Repeal, Incorporated into OAR 274-050-0065

CHANGES TO RULE:

~~274-045-0045~~

~~Legal Description of Property Offered as Security-~~

~~(1) Property offered as security must have an adequate legal description from which the boundaries of the property may be located.¶~~

~~(2) The Director may require a survey to ascertain the boundary lines and location of all permanent improvements on the property.~~

~~Statutory/Other Authority: ORS 406~~

~~Statutes/Other Implemented: ORS 407~~

REPEAL: 274-045-0050

RULE SUMMARY: Repeal, Incorporated into OAR 274-050-0070

CHANGES TO RULE:

~~274-045-0050~~

~~Appraisal of Property~~

~~An appraisal shall be made to assist in establishing the loan value only after a complete application has been received.~~

~~Statutory/Other Authority: ORS 406.030, 407.115, 407.225(3)~~

~~Statutes/Other Implemented: ORS 407~~

CHANGES TO RULE:

274-045-0060

Terms of Loan ¶¶

(1) The maximum amount allowed for a loan may not exceed the least of:¶¶

(a) The maximum original principal balance permitted on a single-family first mortgage loan by the Federal Housing Finance Agency.¶¶

(b) The maximum loan-to-value ratio or combined loan-to-value ratio permitted by the United States Department of Veterans' Affairs for its Home Loan Guaranty Program (38 U.S.C 3701 et seq.; 38 C.F.R part 36).¶¶

(2) When calculating the maximum amount allowed for a loan, the Department of Veterans' Affairs shall exclude:¶¶

(a) Funds disbursed under ORS 407.145 (2) and 407.275 (4); and¶¶

(b) The amount of a loan that has been repaid, or for which the property securing the loan has been transferred by deed or otherwise, if the property is destroyed by fire or other natural hazard; or is taken through condemnation or lost or disposed of for a compelling reason devoid of fault on part of the applicant.¶¶

(3) An eligible person may not receive or, under ORS 407.305, assume more than four loans. The borrower shall not receive any cash back from the ODVA loan.¶¶

(4) The Director shall determine the period and amount of repayment based on the age, condition, location, and useful life of the security, but the maximum period of repayment shall not exceed statutory limits.¶¶

(a) Loans shall be made in multiples of one dollar (\$1.00).¶¶

(b) Each program loan shall have a final maturity of at least 15 and not more than 40 years from the date of purchase.¶¶

(c) A loan may be amortized over a period of not more than 40 years for a home other than a manufactured home. A loan for a manufactured home may be amortized over a period not exceeding the expected life of the manufactured home, as determined by the Department of Veterans' Affairs. The limitations do not preclude the department from later extending the amortization period.¶¶

(5) The borrower shall timely pay all property taxes and other assessments that may or do become a lien against the loan security.¶¶

(6) The borrower shall carry hazard insurance on the security. The Director may also require that hazards other than fire be covered. All premiums and charges for said coverage shall be timely paid by the borrower, and¶¶

(a) The Director may determine the form and amount of insurance coverage;¶¶

(b) All insurance claims money shall be payable to ODVA under a provision in the mortgage or trust deed;¶¶

(c) In the event of failure to maintain coverage, the Director may acquire the necessary coverage and collect amounts due in a manner consistent with the mortgage or trust deed documents; and¶¶

(d) In case of loss, the Director shall determine the disposition of any and all funds received under claims submitted under the insurance policies.¶¶

(7) The Director may collect in advance, unless otherwise agreed, from said borrowers together with their payments required under section (3) of this rule, sufficient amounts to pay property taxes, hazard insurance premiums, and other charges related to the security. Such additional amounts collected by the Director shall be held in escrow pending payment of the obligations for which they are collected and interest on said amounts shall be paid to the borrower in the manner and at the rate of interest described in ORS 87.245(1).¶¶

(8) The Director may pay property taxes, hazard insurance premiums and other charges from funds collected from the borrower for those purposes. The Director, in the absence of funds collected from the borrower (or if such funds are insufficient in amount), may elect to pay property taxes, hazard insurance premiums, and other charges. Any amount paid by the Director may be collected in the manner consistent with the security documents or other manner agreeable to the Director and borrower. The Director will not add amounts advanced for payment of property taxes or hazard insurance premiums to the principal balance of the loan. On these loans, any amount advanced will be entered as a negative balance in the escrow account.¶¶

(9) The borrower's loan payment may be increased to repay the money advanced to pay the property taxes, hazard insurance premiums, and other charges against the security, together with interest thereon, within a maximum period of 12 months or such shorter time as established by the Director.¶¶

(10) No borrower is entitled to borrow more than the maximum amount allowed under ORS 407.215 other than for reasons specified in ORS 407.205 except that when the property on which the loan was made becomes the property of the applicant's spouse as a result of a judgment declaring a marriage void or dissolved and the loan is repaid, the loan may be excluded from consideration in computing the maximum loan allowable under ORS 407.205.

Statutory/Other Authority: ORS 406.005 & 407.115

Statutes/Other Implemented: ORS 407.075 to 407.385; Oregon Constitution Article XI-A, Section 3

REPEAL: 274-045-0070

RULE SUMMARY: Repeal, Incorporated into OAR 274-050-0090

CHANGES TO RULE:

274-045-0070

Interest ¶¶

(1) The Director will prescribe interests rates for loans. In prescribing interest rates, the Director will consider the following factors:¶¶

- (a) The current value of funds;¶¶
- (b) The solvency of the Department's Loan Program; and¶¶
- (c) The rates' effect on veterans.¶¶

(2) In prescribing interest rates, the Department also may consider factors including, but not limited to the following:¶¶

- (a) The projected value of funds;¶¶
- (b) Any federal tax law restrictions;¶¶
- (c) Actual or projected conventional mortgage rates;¶¶
- (d) The availability of funds;¶¶
- (e) Actual or projected loan demand;¶¶
- (f) The loan purpose; and¶¶
- (g) The source(s) of funds.¶¶

(3) The Director periodically may change the prescribed rates of interest for loans to be funded by the Department to reflect reconsideration of, or changes in, factors considered under sections (1) and (2) of this rule, or in consideration of additional factors.¶¶

(4) The Director may prescribe different rates of interest for different loans, depending upon factors including, but not limited to the following:¶¶

- (a) The time of an initial loan or commitment to fund a loan;¶¶
- (b) The initial rate of interest on a loan;¶¶
- (c) The type of loan;¶¶
- (d) The status of the borrower;¶¶
- (e) The status of the loan security;¶¶
- (f) The perceived risk associated with the loan;¶¶

(g) Whether or not the Department agreed to maintain an interest rate commitment within a certain range or for a certain time; and¶¶

(h) Whether or not the applicant abandoned a previous loan application or loan commitment.¶¶

(5) The Department will endeavor to record prescribed interest rates as reasonably as it is practical for the Department to do so, in its Tables and Codes Manual. This publication will be available for viewing at the Oregon Department of Veterans' Affairs, 700 Summer Street NE, Salem, Oregon, as permitted by the Department, during regular business hours.

Statutory/Other Authority: ORS 406.005 & 407.115

Statutes/Other Implemented: ORS 407.075 to 407.385; Oregon Constitution Article XI-A, Section 3



REPEAL: 274-045-0080

RULE SUMMARY: Repeal, Incorporated into OAR 274-050-0130

CHANGES TO RULE:

~~274-045-0080~~

~~Approval of the Loan ¶¶~~

~~The approval of any loan shall be dependent upon the following:¶¶~~

~~(1) The veteran applicant must meet the current industry standards determined by the Department to be applicable to the proposed loan. Applicable industry standards may include, but are not limited to:¶¶~~

~~(a) Local lending practices;¶¶~~

~~(b) FannieMae and other lending organization standards; and¶¶~~

~~(c) Federal and state legal requirements.¶¶~~

~~(2) The veteran applicant may be required to have equity in the property.¶¶~~

~~(3) Secondary financing may be permitted.¶¶~~

~~(4) Construction shall meet the minimum standards set by federal, state or local laws.¶¶~~

~~(5) A performance bond may be required for new construction.¶¶~~

~~(6) Inspections to prove the premises safe, sanitary and structurally sound may be required, and the loan may be refused if the construction is inferior.¶¶~~

~~(7) The security shall be served by adequate means of legal and physical access and shall have an acceptable potable water supply.¶¶~~

~~(8) The Director may approve a loan for the following purposes:¶¶~~

~~(a) Acquisition of a home;¶¶~~

~~(b) To refinance a construction, rehabilitation, or bridge loan within 24 months of the date of the loan; or¶¶~~

~~(c) To refinance a loan serving as a form of temporary financing that is permitted under federal tax law and acceptable to the Director.~~

~~Statutory/Other Authority: ORS 406.005 & 407.115~~

~~Statutes/Other Implemented: ORS 407.075 to 407.385; Oregon Constitution Article XI-A, Section 3~~

REPEAL: 274-045-0085

RULE SUMMARY: Repeal, Incorporated into OAR 274-050-0140

CHANGES TO RULE:

~~274-045-0085~~

~~Loan Funding~~

~~(1) Funding by Oregon Department of Veterans' Affairs (ODVA) of any loan is subject to the discretion of the Director of Veterans' Affairs. In determining whether or not to fund any loan, the Director may consider factors, including, but not limited to the following:¶¶~~

~~(a) Actual or projected cost of funds;¶¶~~

~~(b) Any applicable federal tax or other law;¶¶~~

~~(c) Availability and source of lendable funds;¶¶~~

~~(d) Actual or projected conventional mortgage rates;¶¶~~

~~(e) Actual or projected loan demand;¶¶~~

~~(f) Loan purpose;¶¶~~

~~(g) Eligibility of applicant;¶¶~~

~~(h) Credit worthiness of applicant;¶¶~~

~~(i) Adequacy of security for the loan.¶¶~~

~~(2) The Director may from time to time establish priorities and other requirements with respect to the granting of loans under this Division.~~

~~Statutory/Other Authority: ORS 406~~

~~Statutes/Other Implemented: ORS 407~~

CHANGES TO RULE:

274-045-0090

Grounds for Refusing to Make a Loan

The Director may refuse to make a loan to any applicant if he finds any of the following:¶¶

- (1) Prior loan experience with an applicant was unsatisfactory, including, but not limited to, late payment or nonpayment on loan and impairment of security.¶¶
- (2) The applicant did not disclose all debts or obligations as required under the terms of the loan credit application.¶¶
- (3) The applicant has a negative cash flow.¶¶
- (4) The applicant has declared bankruptcy within the last three years unless:¶¶
  - (a) The applicant or the applicant's spouse has been regularly employed, other than self-employed, since the discharge; and¶¶
  - (b) The applicant has established credit since the bankruptcy and made timely and satisfactory payments on obligations; and¶¶
  - (c) The bankruptcy was caused by circumstances beyond the applicant's control, such as uninsured medical expense, layoff, strike, or divorce.¶¶
- (5) The applicant has declared bankruptcy between three and five years prior to application for a loan, unless the applicant has reestablished credit since the bankruptcy.¶¶
- (6) Business bankruptcies will not be grounds for refusing to make a loan if:¶¶
  - (a) The applicant was self-employed and the bankruptcy was not due to misconduct; and¶¶
  - (b) There is no evidence of derogatory credit information prior to the self-employment or after the bankruptcy; and¶¶
  - (c) The applicant has subsequently obtained a permanent position with reliable income.¶¶
- (7) Chapter 13 bankruptcies will not be grounds for refusing to make a loan if the applicant has made satisfactory payment of at least three-fourths of the total payments due the trustee.¶¶
- (8) The applicant's ability to repay the loan is insufficient, as determined by the Department of Veterans' Affairs (Department) by applying relevant industry standards.¶¶
- (9) The applicant is an unsatisfactory credit risk, as determined by the underwriting analysis of the credit rating agency selected by the Director. In that case, the Director shall advise the applicant of his refusal on this basis and shall advise the applicant of his decision per Regulation B of the Fair Credit Reporting Act.¶¶
- (10) The applicant is involved in the following type of transactions:¶¶
  - (a) The purchase of property from a spouse where the amount that the applicant seeks to borrow from the Department exceeds the unpaid balance on loans used to acquire or improve the property;¶¶
  - (b) The purchase from a corporation wholly or substantially owned by the applicant;¶¶
  - (c) The purchase of property indirectly owned by the applicant.¶¶
- (11) The applicant has or has had any interest, either title or contractual, in the property being purchased, except it will not be grounds for refusing to make a loan if:¶¶
  - (a) The applicant is purchasing a one-half interest from a divorced spouse, as stated in the divorce decree, and the new loan must be funded no more than 18 months from the date of the original purchase money obligation;¶¶
  - (b) Within the past 18 months, the applicant closed a non-ODVA loan or completed construction on a construction loan and is now applying for an ODVA loan to pay it off;¶¶
  - (c) If the application is for amount spent on the purchase of, or the value of, land only (whichever is less) and construction commences within 24 months of land acquisition and the loan is funded within 18 months of the start of construction.¶¶
- (12) The applicant does not meet applicable underwriting or industry property standards as determined by the Department.¶¶
- (13) If the applicant will use the property offered as security for the loan for a purpose that would jeopardize the tax-exempt status of interest to holders of Bonds issued by the Director:¶¶
  - (a) Specifically excluded uses are:¶¶
    - (A) As an investment;¶¶
    - (B) As a recreational home;¶¶
    - (C) As a principal place of business for any trade or business of the applicant.¶¶
  - (b) Examples of excluded uses (if a portion of the property is used regularly and exclusively in connection with a trade or business) are:¶¶
    - (A) Using any portion of the residence as a place to meet patients, clients, or customers in the normal course of

business;¶¶

(B) Storage of inventory in a separate and identifiable fixed location and kept for the wholesale or retail selling of products as a part of the applicant's trade or business which would entitle the applicant to a "Business Use of the Home" income tax deduction;¶¶

(C) Providing care for children, for the elderly, or for handicapped persons, if the nature and character of the care entitles the property owner to a "Business Use of the Home" income tax deduction.¶¶

(c) Any use of a residence which does not qualify for a "Business Use of the Home" income tax deduction shall not be considered as a use in a trade or business. Examples of such permitted uses are:¶¶

(A) Storage of inventory for the benefit of an employer or in conduct of a direct selling business, if the use is not exclusive of any personal use of that part of the residence;¶¶

(B) Babysitting, if the nature and character of the babysitting does not entitle the property owner to a "Business Use of the Home" income tax deduction;¶¶

(C) Engaging in person-to-person sales of consumer products to customers in the home, such as Tupperware, Amway, Avon, wicker, crystal, or similar products;¶¶

(D) Foster home established by Court Order, or designated by a Government Agency with jurisdiction to make such a designation;¶¶

(E) Using part of the residence to write legal briefs, prepare tax returns, read financial periodicals and reports, clip bond coupons, or engage in similar work, if the use is not exclusive of any personal use of that part of the residence.

Statutory/Other Authority: ORS 183, 286, 406.030, 407.115, 407.135, 407.145, 407.275, 407.305, 407.375, Federal Tax Act of 1986

Statutes/Other Implemented: ORS 183, 407

REPEAL: 274-045-0100

RULE SUMMARY: Repeal, Incorporated into OAR 274-050-0150

CHANGES TO RULE:

~~274-045-0100~~

~~Evidence of Title-~~

~~The veteran shall furnish at his or her expense an ALTA Mortgagee's Title Insurance policy for the amount of the loan, a title company lien search, or a certificate of title.¶¶~~

~~(1) The title policy, or other reports, shall show that the State has a first lien except in the case of:¶¶~~

~~(a) Property taxes not payable;¶¶~~

~~(b) A lien of a bonded irrigation or drainage district, in which case all due assessments must be paid;¶¶~~

~~(c) A public improvement lien, bonded or being collected by the County Tax Collector in which case all due assessments must be paid;¶¶~~

~~(d) A lien for Reclamation Service of the United States Government, in which case all due assessments must be paid;¶¶~~

~~(e) An ALTA Mortgagee's Title Insurance policy insuring the State against loss from any prior encumbrance, but the encumbrance must be acceptable to the veteran mortgagor.¶¶~~

~~(2) All water stock shall be endorsed to, and deposited with, the Director to be held by the State until its interest terminates.~~

~~Statutory/Other Authority: ORS 406~~

~~Statutes/Other Implemented: ORS 407~~

REPEAL: 274-045-0110

RULE SUMMARY: Repeal, Incorporated into OAR 274-050-0155

CHANGES TO RULE:

~~274-045-0110~~

~~Escrow Closing of Loans-~~

~~(1) All loans made by the Director of Veterans' Affairs (except for protection of security loans) shall be closed by persons or firms licensed to engage in the escrow business under the Oregon Escrow Laws (ORS 696.505 to 696.590), or an attorney at law rendering services in the performance of duties as attorney at law.¶¶~~

~~(2) The borrower will select the escrow agent or attorney for closing the loan and the borrower shall pay all escrow fees.¶¶~~

~~[Publications: Publications referenced are available from the agency.]~~

~~Statutory/Other Authority: ORS 406, 407~~

~~Statutes/Other Implemented: ORS 407~~

REPEAL: 274-045-0120

RULE SUMMARY: Repeal, Incorporated into OAR 274-050-0165

CHANGES TO RULE:

~~274-045-0120~~

~~Transfer of Ownership~~

~~(1) The Director shall be notified in writing of any transfer of ownership or the right to possess property that is used as security for a loan with the Oregon Department of Veterans' Affairs (ODVA).¶¶~~

~~(2) The following are conditions that constitute a transfer of an ownership interest or the right to possess the loan security:¶¶~~

~~(a) A borrower takes title to the property with a person other than his or her legal spouse;¶¶~~

~~(b) Contract of sale;¶¶~~

~~(c) Any deed transfer;¶¶~~

~~(d) Any other indenture that purports to convey or transfer any portion of equitable title except for the following:¶¶~~

~~(A) Deed to create a life estate retained by the eligible veteran mortgagor;¶¶~~

~~(B) Deed to a government entity for public use as noted in ORS 407.275(2);¶¶~~

~~(C) A purchase option that extends for a period of 12 months and 32 days or more;¶¶~~

~~(D) A purchase option with a consideration of three percent or more of the stated purchase price.¶¶~~

~~(3) If any or all of the above referenced conditions in subsection (2)(a) through (d) occur to the security of an ODVA loan, the entire balance of the loan will be immediately due and payable.¶¶~~

~~[Publications: Publications referenced are available from the agency.]~~

~~Statutory/Other Authority: ORS 406.030, 407.115, 407.275, 407.305, 407.335~~

~~Statutes/Other Implemented: ORS 407.275, 407.335~~

REPEAL: 274-045-0125

RULE SUMMARY: Repeal, Incorporated into OAR 274-050-0180

CHANGES TO RULE:

~~274-045-0125~~

~~Rental~~

~~The Director may approve the rental of a security, that has been occupied by the veteran. The Director, when determining whether to approve the rental of a home that serves as security for an ODVA loan, may consider the following factors including but not limited to the following:¶¶~~

- ~~(1) The effect on the tax-exempt status of bonds issued under Article XI-A of the Oregon Constitution.¶¶~~
- ~~(2) Whether the home was and is appropriately used as the principal residence of the borrower(s).¶¶~~
- ~~(3) The financial integrity of the loan program.¶¶~~
- ~~(4) Any potential decreases in the value of the security.¶¶~~
- ~~(5) The impact on remedies available under the loan documents.¶¶~~
- ~~(6) Whether or not there has been or will be any material change in the borrower's/spouse's employment.¶¶~~
- ~~(7) The dissolution or annulment of the borrower's marriage.¶¶~~
- ~~(8) A significant geographical relocation by the borrower.¶¶~~
- ~~(9) Any unusual hardship for the borrower(s).¶¶~~
- ~~(10) The borrower(s) ability to maintain the home as his/her principal residence.¶¶~~

~~[Publications: Publications referenced are available from the agency.]~~

~~Statutory/Other Authority: ORS 406.030, 407.115, 407.385~~

~~Statutes/Other Implemented: ORS 407.385~~



REPEAL: 274-045-0130

RULE SUMMARY: Repeal, Incorporated into OAR 274-050-0185

CHANGES TO RULE:

~~274-045-0130~~

~~Modification of Mortgage~~

~~(1) A request for modification of a mortgage must be made in writing by the borrower.¶~~

~~(2) The borrower and the Director shall agree in writing to the terms of the modification, and it shall be recorded in the mortgage records in the county where the security is located.~~

~~Statutory/Other Authority: ORS 406~~

~~Statutes/Other Implemented: ORS 407~~

REPEAL: 274-045-0140

RULE SUMMARY: Repeal, Incorporated into OAR 274-050-0190

CHANGES TO RULE:

~~274-045-0140~~

~~Temporary Reduction of Payments~~

~~(1) In the event a veteran is unable to make required loan payments due to loss of income because of illness, injury, death, involuntary job loss, or economic stress due to factors beyond the veteran's control, the veteran may apply for a temporary reduction of payments provided that:~~

~~(a) The veteran is the original borrower or one who assumed the loan pursuant to ORS 407.305;~~

~~(b) The veteran is residing in the property used as security for the loan at the time he or she requests the payment reduction;~~

~~(c) The veteran must request the loan reduction by writing to the Director of Veterans' Affairs, c/o Collection Unit, 700 Summer Street, NE, Salem, Oregon 97301-1285. The written request must contain a statement describing the reason for the request, current income, source of income, and must be accompanied by a copy of the veteran's previous two years' federal income tax returns;~~

~~(d) The veteran must furnish any other documentation requested by the Director relating to the reason for request.~~

~~(2) In determining the amount and term for reducing loan payments, the Director shall consider the value of the security, the balance owing on the loan, the total assets of the borrower, past payment record of the borrower, and any other matters related to financial hardship to the borrower and the financial position of the loan program:~~

~~(a) Monthly loan payments may not be reduced to an amount less than the monthly loan cancellation life insurance premiums and the escrow portion of the monthly payment, if applicable;~~

~~(b) The Director may recapture the reduced portion of the monthly payment and any other accrued delinquency by whatever repayment methods are appropriate to individual circumstances;~~

~~(c) The terms and conditions of the payment reduction and repayment must be agreed upon, in writing, and approved by both the veteran and the Director;~~

~~(d) The veteran may be required to submit information periodically regarding his income and financial affairs in order to reevaluate the necessity of continuing the reduction in payments. Following such reevaluation, the Director may modify the loan payment reduction; and~~

~~(e) The veteran must continue to reside in the loan security.~~

~~(3) A veteran whose loan is in foreclosure is not eligible under this program.~~

~~(4) Temporary reduction of loan payments is a benefit to be extended only in an extreme emergency and is not to be abused.~~

~~(5) Because of the effect of these reductions on the solvency of the loan program as a whole, on the probable financial position of the program in the future, on the condition of the tax-exempt bond market, and on other borrowers in the program, the Director has determined that the maximum number of borrowers that can be accommodated under this program is approximately one percent of the total outstanding borrowers. Therefore, at any time, the Director will enter into agreements as provided in subsection (2)(c) of this rule with no more than one percent of the total loan portfolio, the number to be specified by the Director.~~

~~[Publications: Publications referenced are available from the agency.]~~

~~Statutory/Other Authority: ORS 406.030, 407.095, 407.115~~

~~Statutes/Other Implemented: ORS 406.030, 407.095, 407.115~~

REPEAL: 274-045-0145

RULE SUMMARY: Repeal, Incorporated into OAR 274-050-0085

CHANGES TO RULE:

**274-045-0145**

**Loan Cancellation Life Insurance**

(1) The Director of the Oregon Department of Veterans' Affairs (Director), prior to obtaining loan cancellation life insurance for any person who receives or assumes a loan or makes a contract with ODVA for the acquisition of a home, and the spouse or former spouse of that person, may enter into a contract with an insurance carrier which allows the carrier to:¶¶

(a) Require an application for insurance;¶¶

(b) Underwrite classes of prospective insureds on the basis of information, such as age and health status, contained in the application;¶¶

(c) Set premium schedules commensurate with risk factors for other than service-connected disability;¶¶

(d) Deny payment of benefits for suicide or certain pre-existing, nonservice-connected disability.¶¶

(2) The Director will negotiate a contract with the insurance carrier as necessary to insure procurement and maintenance of adequate, solvent, and uninterrupted, long-term insurance coverage.¶¶

(3) The insurance contract may provide that loan cancellation life insurance on a loan or contract for the acquisition of a home or farm will be canceled after payments on the loan or contract become four months delinquent. Accounts due monthly are considered four months delinquent when the cumulative delinquency equals four times the standard monthly payment.¶¶

(4) The insurance contract may provide that insurance canceled for the above reason cannot be reinstated unless payments are brought current and a new application for insurance is submitted. The provisions of section (1) of this rule will apply to the newly submitted application.

Statutory/Other Authority: ORS 406.030, 407.115, 407.465, 407.475

Statutes/Other Implemented: ORS 407.115, 407.135, 407.145, 407.465, 407.475

CHANGES TO RULE:

274-045-0150

Property Tax Amortization and Escrow Accounting ¶¶

- (1) Except as otherwise provided herein, payments required on all loans shall include an amount, which represents advances, for taxes paid by the Director of Veterans' Affairs (Director) on the security. If for any reason the taxes cannot be paid on November 15th, the Director will send the notice as soon as possible after the taxes are paid.¶¶
- (2) All applications, for permission to pay taxes and hazard insurance directly, will receive a written approval or disapproval from the Director. If the application is approved, the applicant will be advised of the date when the Director will discontinue making disbursements, if applicable, and the date the loan payment will be adjusted, if necessary.¶¶
- (3) The Director may revoke any permission granted concerning the payment of taxes and hazard insurance on the security by giving the owner of the security 30 days written notice of the revocation, except as otherwise provided herein. If the Director advances funds to pay unpaid taxes and/or hazard insurance, any advance by the Director for such a shortage/deficiency also will constitute immediate revocation by the Director of permission for the owner to pay directly any taxes and hazard insurance due on the security, and the account will revert to the last signed agreement between the Director and borrower for the payment of taxes, hazard insurance and other obligations. Any advances by the Director, including any interest and fee, shall be paid back within the remaining payment/escrow year. The borrower may not change this obligation without prior written approval from the Director.¶¶
- (4) Pursuant to the provisions of ORS 407.169, under this division, escrow accounts are available for the prepayment of estimated property taxes and hazard insurance premiums.¶¶
- (5) On monthly simple interest loans with escrow accounts, the required escrow payment may be based, inter alia, on the preceding year's disbursements for such items as property taxes, hazard insurance premiums, other required insurance premiums such as mortgage insurance, and condominium or homeowner's association dues. In cases of unassessed new construction, the estimate may be based, inter alia, on the assessment of comparable residential property in the market area.¶¶
- (6) The Director will pay interest on the escrow account as provided by ORS 86.245(1) to (4).¶¶
- (7) Under this Division, all escrow accounts on monthly simple interest loans will be administered in the following manner:¶¶
- (a) The Director may require a cushion that shall be no greater than 1/6 of the estimated total annual disbursements from the escrow account. Estimated disbursements may be modified by an amount not exceeding the most recent year's change in the national Consumer Price Index (CPI) for all urban consumers (CPI, all items);¶¶
- (b) At the end of an escrow account computation year, an aggregate analysis will be completed on each escrow account to determine the borrower's escrow account payment(s) for the new payment year. The borrower will be notified of any shortage, deficiency, or surplus in the escrow account and the amount of escrow account payment to be included in the loan payment;¶¶
- (c) Except if a loan is two (2) months or more delinquent in payments, an analysis will not be done until the loan is brought current;¶¶
- (d) If the analysis determines there is not sufficient money in the escrow account to pay the required disbursements, the Director may advance the shortage/deficiency. The required escrow payments on the loan will be increased to recover any interest, fee or other advance by the Director for such a shortage or deficiency, or the borrower may repay the advance, interest or fee in a lump sum;¶¶
- (e) If the analysis determines there is a surplus in the escrow account equal to or greater than \$25, the entire surplus shall be refunded to the borrower. If the surplus is less than \$25, this amount will be retained in the escrow account and credited against the next year's escrow payments;¶¶
- (f) A statement itemizing all escrow account activity, (annual escrow analysis) will be provided to the borrower each year.¶¶
- (8) The following definitions apply to section (7) above:¶¶
- (a) "Aggregate analysis" means to analyze the escrow account by calculating the sufficiency of escrow funds as a whole, as opposed to calculating components separately.¶¶
- (b) "Cushion" means funds that the Director may require a borrower to pay into an escrow account to cover unanticipated disbursements or disbursements made before the borrower's payments are available in the account.¶¶
- (c) "Deficiency" means the amount of a negative balance in an escrow account.¶¶

(d) "Escrow account" means any account that the Director establishes or controls on behalf of a borrower to pay taxes, insurance premium, or other charges, as applicable.¶¶

(e) "Escrow account computation year" means a 12-month period that the Director establishes for the escrow account.¶¶

(f) "Shortage" means an amount by which a current escrow account balance falls short of the target balance at the time of escrow analysis.¶¶

(g) "Surplus" means an amount by which the current escrow account balance exceeds the target balance of the account.¶¶

(h) "Target balance" means the estimated month-end balance in an escrow account that is just sufficient to cover the remaining disbursements from the escrow account in the escrow account computation year, taking into account the remaining scheduled periodic payments, and a cushion.¶¶

[Publications: Publications referenced are available from the agency.]

Statutory/Other Authority: ORS 406.005 & 407.115

Statutes/Other Implemented: ORS 407.075 to 407.385; Oregon Constitution Article XI-A, Section 3

REPEAL: 274-045-0160

RULE SUMMARY: Repeal, Incorporated into OAR 274-050-0205

CHANGES TO RULE:

~~274-045-0160~~

~~Partial Release of Security~~

~~(1) A partial release of security may be granted when the borrower submits a complete application for one and the Director determines that granting the requested release would not jeopardize the Department of Veterans' Affairs' security position.¶¶~~

~~(2) The remaining property must qualify as security for the loan balance under the provisions of ORS 407.225(3) and OAR 274-045-0040 to 274-045-0060.¶¶~~

~~(3) Notwithstanding compliance with section (2) of this rule, the Director may require that the loan balance be reduced as consideration for granting the requested release.¶¶~~

~~[Publications: Publications referenced are available from the agency.]~~

~~Statutory/Other Authority: ORS 406, 407~~

~~Statutes/Other Implemented: ORS 407~~

REPEAL: 274-045-0170

RULE SUMMARY: Repeal, Incorporated into OAR 274-050-0210

CHANGES TO RULE:

~~274-045-0170~~

~~Confidential Nature of Information Submitted by the Borrower~~

~~Information submitted by the veteran in support of his or her application shall be considered confidential and shall not be disclosed to persons outside the Department, unless permission is given by the veteran to release the information, or the information is requested by a public agency in the exercise of its official duty and only then at the discretion of the Director.~~

~~Statutory/Other Authority: ORS 406~~

~~Statutes/Other Implemented: ORS 407~~

REPEAL: 274-045-0180

RULE SUMMARY: Repeal, Incorporated into OAR 274-050-0215

CHANGES TO RULE:

~~274-045-0180~~

~~Confidential Nature of Information Procured by the Director~~

~~Information secured by the Director in connection with a veteran's application for a loan shall be considered confidential and shall not be disclosed to persons outside the employ of the Department, unless such information is requested by a public agency in the exercise of its official duty, and only then the release shall be at the discretion of the Director.~~

~~Statutory/Other Authority: ORS 406~~

~~Statutes/Other Implemented: ORS 407~~



CHANGES TO RULE:

~~274-045-0190~~

~~Disclosure of Information and Fees-~~

- ~~(1) Information in the custody of the Director of Veterans' Affairs (director) will be disclosed, or protected from disclosure, consistent with the provisions of ORS Chapter 192.¶¶~~
- ~~(2) Requests for information can be made verbally, but the director reserves the right to require the request to be in writing, signed and dated, naming or describing the information desired and the date the information is needed. A reasonable period of time must be allowed for the custodian of the records to locate and assemble the requested information. Restrictions may be placed upon where the information will be delivered or made available for inspection. The director shall designate a staff employee to be the Department's records custodian, whose function is to perform the duties necessary to manage the Department's records in accordance with all applicable laws. These duties may include, but are not limited to, certifying records to be true copies of the original documents on file in the custody of the director.¶¶~~
- ~~(3) Mailing lists of Oregon Department of Veterans' Affairs (ODVA) active account holders, and Vets News recipients may be made available upon payment of the required fee. The mailing lists will not contain the names of persons who submit a written request for deletion of their name from the list on the basis that such disclosure would constitute an unreasonable invasion of privacy.¶¶~~
- ~~(4) The following information will not be disclosed except pursuant to an order issued by the director or by the Attorney General of the State of Oregon:¶¶~~
- ~~(a) Internal communications of an advisory nature preliminary to any final agency determination of policy or action;¶¶~~
- ~~(b) The name of a confidential informant or information submitted to the Department in confidence where submission of the information was not required and the Department has obliged itself in good faith not to disclose the information.¶¶~~
- ~~(5) The following information will not be disclosed except pursuant to an order issued by the Attorney General:¶¶~~
- ~~(a) Information relating to the appraisal of real and personal property prior to making a loan secured by that property;¶¶~~
- ~~(b) Information of a financial, medical, or personal nature relating to any individual, if such disclosure would constitute an unreasonable invasion of privacy.¶¶~~
- ~~(6) Fees will be charged to reimburse the Department the cost of making information available or for producing copies of records:¶¶~~
- ~~(a) For mailing lists, the fee is derived from the actual production costs. The lists are available in alphabetical or zip code order;¶¶~~
- ~~(b) The director may require reimbursement for any additional costs actually incurred by the Department;¶¶~~
- ~~(c) For all requests for copies of documents, the charge is based on the actual costs incurred for search of files and for documents provided;¶¶~~
- ~~(d) For necessary safeguard of documents where a requestor is allowed to research records on Department premises, a staff employee, designated by the director, must be present. The fee to be charged for this service will be equal to the hourly pay of the employee designated. In appointing an employee to safeguard Departmental records, the director shall consider whether the pay range of the designated employee is reasonable and appropriate, reflecting the technicality and sensitivity of the documents being researched;¶¶~~
- ~~(e) The director may waive the fees provided in subsections 6(a), 6(c) and 6(d) of this rule for city, county, state, and federal agencies, and for individuals obtaining information from their own files;¶¶~~
- ~~(f) The director may require payment of any and all fees identified in this section, in a form satisfactory to the director, prior to providing any disclosure of documents or information. The director may make advance charges for anticipated labor expenses on an estimated basis.¶¶~~
- ~~(7) The purchase of a mailing list does not constitute permission to use ODVA's name in any marketing or advertising approach, whether expressly stated, inferred or implied.~~

~~Statutory/Other Authority: ORS 192, 406.030, 407.115~~

~~Statutes/Other Implemented: ORS 192, 406.030, 407.115~~

REPEAL: 274-045-0200

RULE SUMMARY: Repeal, Incorporated into OAR 274-050-0230

CHANGES TO RULE:

~~274-045-0200~~

~~Directors Decisions Control in All Controversies~~

~~(1) The Director shall make all determinations as to the applicant's eligibility for a loan.¶¶~~

~~(2) The Director shall make all determinations, based upon data and information in the file, as to whether the property offered is acceptable security and whether or not a loan shall be made.¶¶~~

~~(3) The Director's decision shall be final in all matters pertaining to eligibility and the making of a loan.~~

~~Statutory/Other Authority: ORS 406~~

~~Statutes/Other Implemented: ORS 407~~

CHANGES TO RULE:

274-045-0205

Review of Loan Determinations and Other Decisions

(1) Any person adversely affected by a decision of an ODVA official may write a letter of complaint to the Director. The Director or other designated official shall prepare and deposit in the ordinary mail, or personally deliver, a written response within 30 days of receipt of the written complaint.¶¶

(2) If the Director, or other designated official supports the decision, a request may be made for an informal hearing with a designated official at the Oregon Department of Veterans' Affairs Office, located at 700 Summer Street, NE, Salem, Oregon 97301-1285.¶¶

(3) A request for an informal hearing shall be addressed to the Director and shall state the nature of the adverse decision, the date of and the person making the decision, and how the person requesting the hearing is adversely affected. The Director must receive a request for an informal hearing within 60 days of the date of mailing or personal delivery of the response, provided for by section (1) of this rule. If no letter of complaint was ever written, the requirement for a letter of complaint may be waived, and the request for an informal hearing considered if the request is received by the Director within 90 days of the date of the decision leading to the request for an informal hearing. Unless ODVA received written notice of a complaint, the right to a hearing (both informal and contested) shall expire 90 days after the date the complainant had actual knowledge of, or by the exercise of due care would have had knowledge of, the occurrence in dispute.¶¶

(4) Within 30 days from receipt of a request for an informal hearing, the Director shall, by mail, notify the person making the request of the action taken on the request which may be:¶¶

(a) Designating an official to conduct an informal hearing;¶¶

(b) Reversing or modifying the adverse decision;¶¶

(c) Denying the request.¶¶

(5) Any denial of a request for an informal hearing shall state the reason for the denial. A request for an informal hearing may be denied if the Director finds:¶¶

(a) Litigation involving the issue in dispute is pending or imminent;¶¶

(b) The person making the request is not the person who would directly benefit from a modification or reversal of the adverse decision (not the real party in interest);¶¶

(c) A modification or reversal of the decision would affect persons who would not be bound by the modification or reversal (the Director is lacking power to resolve the dispute);¶¶

(d) The Director did not receive the request within the time allowed by section (3) of this rule.¶¶

(6) If an official is designated to conduct an informal hearing, the person requesting the hearing shall be notified by mail of the name and title of the official designated and the time and place for the hearing. A time for the hearing must be scheduled within 60 days of the hearing request unless otherwise mutually agreed by the parties.¶¶

(7) After conducting an informal hearing, the designated official shall prepare and submit to the Director for approval a written decision. Within 30 days after conducting an informal hearing, a decision approved by the Director shall be mailed to the person for whom the hearing was conducted.¶¶

(8) A decision of the designated official, after approval by the Director, shall be final except when, as defined by ORS 183.310(2), a "Contested Case" exists.¶¶

(9) When a "Contested Case" exists, and a contested case hearing is desired, it must be requested in writing and the request received by the Director within 20 days of the date of the mailing of the decision of the designated official if an informal hearing has been held, or within 20 days of service of the notice in a contested case under ORS 183.415.¶¶

(10) Contested case hearings will be conducted in accordance with the provisions of ORS 183.413 to 183.470 and the Attorney General's Model Rules of Procedure, OAR 137-003-0001 to 137-003-0092.¶¶

[Publications: Publications referenced are available from the agency.]

Statutory/Other Authority: ORS 183, 406.030, 407.115

Statutes/Other Implemented: ORS 407

CHANGES TO RULE:

274-045-0220

Fees¶¶

(1) The Director of Veterans' Affairs (Director) imposes fees for the following:¶¶

- (a) New Loan.¶¶
- (b) Partial Release, Easement, and Modification of Mortgage.¶¶
- (c) Dishonored Check.¶¶
- (d) Reissue of Stale, Lost, Destroyed or Missing Document.¶¶
- (e) Mineral Rights and Geothermal Resource Rights Release.¶¶
- (f) Borrower requests to cancel private mortgage insurance.¶¶
- (g) Dishonored Electronic Funds Transfer.¶¶

(2) The fee will not be waived or reduced except when in the Director's opinion, requiring the fee would cause an undue hardship. In the case of a dishonored check, the fee will be waived if the check was dishonored because of a bank error.¶¶

(3) Fee Schedule:¶¶

(a) New Loan Fees.¶¶

(A) A credit report fee may be charged in an amount not to exceed the amount charged by the credit-reporting firm. A credit report fee may be charged for each applicant unless a co-applicant is the applicant's spouse.¶¶

(B) An appraisal report fee may be charged in an amount not to exceed the amount charged by the appraiser or actual cost.¶¶

(C) In the event of cancellation of the application after acceptance for processing and collection of credit report and appraisal fees, any money not used or obligated for credit reports or appraisals shall be refunded to the borrower.¶¶

(D) The loan fee will not exceed two percent (2%) of the loan amount;¶¶

(E) Flood determination fee for each loan may be charged in an amount not to exceed the amount charged by the flood determination company;¶¶

(F) A processing fee in the amount of \$600 will be charged for processing, document preparation, or other services.¶¶

(b) Partial Release, Easement, and Modification of Mortgage Fees:¶¶

(A) \$450 plus the cost of an appraisal for a partial release or modification of mortgaged property. The appraisal fee will be refunded to the applicant if the request is withdrawn before the Director is obligated to an appraiser for the cost of a property appraisal.¶¶

(B) \$50 for consenting to an easement.¶¶

(C) \$100 for partial release involving release of a manufactured home that will be replaced with another home.¶¶

(D) \$1,100 for a partial release involving release of water rights. \$1,000 of the \$1,100 fee will be refunded if the request is withdrawn before the Director is obligated to an appraiser for the cost of a property appraisal.¶¶

(E) A larger fee may be charged in complex cases to cover extra processing costs.¶¶

(F) A fee for the partial release of property to a government entity for public use as noted in Chapter 238 Oregon Laws 1995. This fee may be modified or waived at the discretion of the Director.¶¶

(c) Dishonored Check Fee. Whenever a bank check issued in payment of an obligation due to the Director of Veterans' Affairs is dishonored by the bank upon which the check is drawn, a fee in the amount of \$25 will be charged. If two dishonored checks are received from the same borrower within a 12-month period, the Director may require this borrower to make all future payments by cash, money order, cashier's check or certified check;¶¶

(d) Reissue of Stale, Lost, Destroyed or Missing Document Fee. Whenever a document issued by the Director must be reissued because it has been outstanding too long without being used, or has been lost, destroyed or for some other reason is missing, a fee in the amount of \$50 may be charged for this service. "Document" means deed, satisfaction of mortgage, satisfaction of judgment, request for reconveyance, reconveyance, assumption agreement, contract, partial release, modification of mortgage, escrow closing papers (or some other document substantially the same as the ones enumerated). This fee may be waived if there is good reason to believe that the person requesting the reissue was not responsible for the delay that caused the document to become stale or for the disappearance of the original issue;¶¶

(e) Release of Mineral Rights and Geothermal Resource Rights Fees. The Director may charge a fee of \$150 for processing an application for release of mineral and geothermal resource rights. From this fee, ODVA will pay the cost of recording any document issued. An additional \$100 may be charged if the nature of the application

requires a review by the Division of State Lands to determine the mineral and geothermal resource potential. A check or money order in the amount of \$100 made payable to the Division of State Lands will be required when the Division of State Lands review is necessary.

Statutory/Other Authority: ORS 406.005 & 407.115

Statutes/Other Implemented: ORS 407.075 to 407.385; Oregon Constitution Article XI-A, Section 3

REPEAL: 274-045-0230

RULE SUMMARY: Repeal, Incorporated into OAR 274-050-0145

CHANGES TO RULE:

274-045-0230

Approved Lenders ¶¶

(1) Any lending institution, as defined in ORS 407.177(8) may apply to become an Approved Lender by submitting to the Director of Veterans' Affairs (Director) information required by the Director which may include, but is not limited to the following for review:¶¶

(a) An application in the form prescribed by the Director, including a certificate of compliance with tax laws;¶¶

(b) Its counsel's opinion regarding power and authority of the lending institution to enter into a purchase agreement with the Director;¶¶

(c) A list of authorized officers;¶¶

(d) Its most recent, audited financial statements;¶¶

(e) Financial Statement of Condition (Balance Sheet) for the last two fiscal years and Profit and Loss Statement;¶¶

(f) Resumes of principal officers and key employees;¶¶

(g) Company biography and background;¶¶

(h) Signed and executed broker agreement;¶¶

(i) Resolution of the Board of Directors/Certificate of Authorized Signatures;¶¶

(j) Articles of Incorporation (if incorporated);¶¶

(k) Signed Credit Release Authorization;¶¶

(l) Applicable licenses as required by state and local law;¶¶

(m) Explanation of Quality Control Procedures;¶¶

(n) W-9;¶¶

(o) Any other documentation or information deemed necessary by the Director;¶¶

(p) A credit report fee may be charged to the mortgage broker as part of the approved lender application process in an amount not to exceed the amount charged by the credit reporting firm. Any funds not used or obligated for a credit report shall be refunded.¶¶

(2) A lending institution will qualify as an Approved Lender if the Director determines that the applicant has the capability and resources to originate only or originate, underwrite and fund loans in a sound and professional manner. The Director shall consider such factors as those itemized in 274-045-0001(4)(a) through (l).¶¶

(3) To become an Approved Lender, a lending institution shall enter into an agreement with the Director, providing for the manner and terms of the sale or processing of loans. This agreement shall be in the standard form prescribed by the Director. Approved Lenders shall carry out such agreement in accordance with the procedures set forth in the agreement, the rules, and the Post Vietnam Era Veterans' Home Loan Origination Guide/Mortgage Brokers Loan Origination Guide. The Director may revise such procedures from time to time. The Director may terminate its agreement with an Approved Lender at any time on the terms and conditions stated in such agreement, the rules, or the Post Vietnam Era Veterans' Home Loan Origination Guide/Mortgage Brokers Loan Origination Guide.¶¶

[Publications: Publications referenced are available from the agency.]

Statutory/Other Authority: ORS 406.005 & 407.115

Statutes/Other Implemented: ORS 407.075 to 407.385; Oregon Constitution Article XI-A, Section 3.

REPEAL: 274-045-0240

RULE SUMMARY: Repeal, Incorporated into OAR 274-050-0105

CHANGES TO RULE:

~~274-045-0240~~

~~Loan Requirements ¶¶~~

~~(1) To be eligible for purchase or underwriting and closing by the ODVA pursuant to a commitment to an approved lender, a program loan shall be made or processed by the approved lender during the period of that commitment. The loan shall comply with the terms of such commitment, the requirements set forth in the agreement between ODVA and the approved lender, and the conditions set forth in the rules and the Post-Vietnam Era Veterans' Home Loan Origination Guide/Mortgage Brokers Loan Origination Guide.¶¶~~

~~(2) Each Approved Lender shall make loans for single-family dwellings.¶¶~~

~~(3) Each program loan shall have a final maturity of at least 15 years and not more than 40 years from the date of its mailing.¶¶~~

~~(4) Each program loan shall be secured by a first lien mortgage or trust deed. The veteran shall hold title to the home in fee simple.¶¶~~

~~(5) No program loan shall be made to refinance an existing construction or rehabilitation loan, unless such loan was considered temporary financing. If a program loan is made to refinance such a loan, the approved lender shall certify to Oregon Department of Veterans' Affairs that the construction or rehabilitation has been satisfactorily completed before the delivery of the program loan for purchase.¶¶~~

~~(6) Each program loan shall be executed on forms approved by the ODVA. Such forms shall prescribe program loan requirements regarding insurance, escrow payments, late charges, defaults, and similar matters.¶¶~~

~~(7) The ODVA shall require that program loans be subject to acceleration at the option of the ODVA if at any time the veteran does not reside in the home as his/her primary residence, or if the veteran is determined to have been ineligible at the time the program loan was made.¶¶~~

~~(8) The interest rate on each program loan shall be at the rate stated in the applicable commitment issued by the ODVA.¶¶~~

~~[Publications: Publications referenced are available from the agency.]~~

~~Statutory/Other Authority: ORS 406.005 & 407.115~~

~~Statutes/Other Implemented: ORS 407.075 to 407.385; Oregon Constitution Article XI-A, Section 3~~

REPEAL: 274-045-0250

RULE SUMMARY: Repeal, Incorporated into OAR 274-050-0110

CHANGES TO RULE:

274-045-0250

**Reservation of Funds and Commitments**

ODVA reserves funds for individual loans in the name of the veteran upon request from an Approved Lender or from authorized ODVA staff. ODVA may solicit applications and accept loan fund reservations from Approved Lender(s) subject to the terms of the appropriate agreements, and the rate and availability of funds.

(1) ODVA will reserve funds for applications at the time of:

(a) Acceptance of application for processing by ODVA; or

(b) A verbal or written request from an Approved Lender that an application for funding is being processed.

(2) When ODVA reserves funds, an interest rate will be committed to this reservation and will be effective for a period of 60 days. The loan must be closed before the end of 60 days or the committed interest rate will expire. If the reservation is reissued, will bear an interest rate at the higher of the expired/cancelled rate or the then-current interest rate at the time of reissue. If a veteran withdraws an application and subsequently re-applies for a loan on the same security, the "higher of" rule will apply for a period of 120 days from the date of withdrawal.

(3) If the loan is not presented to ODVA for purchase with all documentation in place within 90 calendar days of the final HUD-1 settlement date, ODVA may charge the Approved Lender a fee of one basis point of the loan amount per calendar day, until loan is approved for purchase.

Example: \$150,000 loan closed and presented for purchase 120 calendar days after settlement date. The fee charged and deducted from the amount due to the Approved Lender is calculated as follows:  $\$150,000 \times .01\% \times 30 \text{ days} = \$450$ .

(4) The commitment letter to the Approved Lender will contain the following information:

(a) The dollar amount of the commitment;

(b) The interest rate for the loan;

(c) The term of the loan;

(d) The mortgage insurance or guarantee required, if any;

(e) The period of time during which the ODVA will purchase the loan;

(f) The veteran who will be the borrower;

(g) The property identification (i.e., property address);

(h) Any additional information or conditions the ODVA considers appropriate in the commitment.

(5) The ODVA will promptly notify Approved Lenders when it will not accept a commitment request, for whatever reasons.

Statutory/Other Authority: ORS 406.005 & 407.115

Statutes/Other Implemented: ORS 407.075 to 407.385; Oregon Constitution Article XI-A, Section 3



REPEAL: 274-045-0260

RULE SUMMARY: Repeal, Incorporated into OAR 274-050-0115

CHANGES TO RULE:

~~274-045-0260~~

~~Title Insurance~~

~~Each loan shall be covered by a title insurance policy issued in American Land Title Association (ALTA) form by a title insurer licensed by the State of Oregon. Such policy shall be in an amount at least equal to the outstanding principal balance of the program loan. The benefits of the policy shall run to the ODVA as either named insured or assignee. The policy shall not be subject to any exceptions or conditions other than those previously approved by the ODVA.~~

~~[ED. NOTE: Forms referenced are available from the agency.]~~

~~Statutory/Other Authority: ORS 406.030, 407.115, 407.177, 407.179, 407.181~~

~~Statutes/Other Implemented: ORS 407~~

REPEAL: 274-045-0270

RULE SUMMARY: Repeal, Incorporated into OAR 274-050-0120

CHANGES TO RULE:

~~274-045-0270~~

~~Hazard Insurance-~~

~~The home securing a program loan shall be covered by hazard insurance, which meets the requirements of the rules and the Post Vietnam Era Veterans' Home Loan Origination Guide/Mortgage Brokers Loan Origination Guide, a copy of the Guide is on file with the Oregon Department of Veterans' Affairs, 700 Summer Street NE, Salem, Oregon 97301-1285, and is available to the public during normal business hours. Such hazard insurance shall be in effect prior to purchase or funding of the program loan, and shall remain in effect for the term of the program loan. The ODVA shall be named as the mortgagee insured.~~

~~[Publications: Publications referenced are available from the agency.]~~

~~Statutory/Other Authority: ORS 406.030, 407.115, 407.177, 407.179, 407.18~~

~~Statutes/Other Implemented: ORS 407~~

REPEAL: 274-045-0280

RULE SUMMARY: Repeal, Incorporated into OAR 274-050-0125

CHANGES TO RULE:

274-045-0280

Flood Insurance

- (1) The Director of the Oregon Department of Veterans' Affairs (Department) shall require that the location of the security on all loan applications received by the Department is reviewed and a determination made as to whether flood insurance will be required as a condition of the loan.¶¶
- (2) A flood determination fee will be charged to the borrower equal to the amount charged by the flood determination reporting company at the time the application is submitted.¶¶
- (3) All flood determinations are to be provided for the duration of the loan while it exists in the Department's portfolio (more commonly referred to as life-of-loan tracking).¶¶
- (4) The flood determination company must meet the qualifications as determined by the Department by applying relevant industry standards.¶¶
- (5) Based on the determination that the security for the loan is located in an area classified as a special flood hazard area, the Director shall require the borrower to purchase flood insurance as a requirement of the loan.¶¶
- (6) If following loan closing, it is determined that the security is located within a flood hazard area as defined by the National Flood Insurance Reform Act of 1994 (42 USCS 3701-4370a), the borrower may be required to purchase flood hazard insurance at no cost to the Department. If flood hazard insurance is not voluntarily acquired, the Director may force place said insurance and:¶¶
- (a) Disburse all costs associated with the acquisition of the coverage from the escrow account; or¶¶
- (b) If there is no established escrow account, disperse all costs of the acquisition and establish an escrow account to cover the cost; and¶¶
- (c) Loan payments will be increased to repay the amount advanced.

Statutory/Other Authority: ORS 406.030, 407.115, 407.169, 407.177, 407.275

Statutes/Other Implemented: ORS 407.169, 407.177, 407.275

REPEAL: 274-045-0401

RULE SUMMARY: Repeal, Incorporated into OAR 274-050-0240

CHANGES TO RULE:

~~274-045-0401~~

~~Purpose and Objectives~~

~~(1) This subsection of division 045 is established to administer the provisions of Article XI-A of the Constitution of the State of Oregon as it applies to ORS Chapter 407. These rules, together with the Processing Manual, shall implement the Post Vietnam Era Veterans' Home Improvement Loan Program.¶¶~~

~~(2) The program's objective is to provide funds to finance qualified improvements of owner occupied, residential housing for qualified veterans in the State of Oregon. No improvement will be financed that is inconsistent with the provisions of ORS Chapter 407, applicable federal tax laws, ODVA's Processing Manual and any subsequent changes as they are effected. Copies of the Processing Manual are on file with the Oregon Department of Veterans' Affairs, 700 Summer Street NE, Salem Oregon, and available to the public during normal business hours.¶¶~~

~~[Publications: Publications referenced are available from the agency.]~~

~~Statutory/Other Authority: ORS 406.030, 407.115, 407.125, Art. XI-A OR Const.~~

~~Statutes/Other Implemented: ORS 407.115, 407.125, Art. XI-A OR Const.~~

REPEAL: 274-045-0411

RULE SUMMARY: Repeal - Div. 45 version used as base in main definition rule in 050-0001

CHANGES TO RULE:

~~274-045-0411~~

~~Definitions-~~

~~Selected words and terms as used in OAR chapter 274, division 045, are defined as follows:¶¶~~

~~(1) Veterans' Home Improvement loan means a loan or loans issued pursuant to OAR 274-045-0401 for not more than the total loan right where said loan funds are used to improve the basic livability of the home as defined in OAR 274-045-0001(11).¶¶~~

~~(2) Qualified improvements means the remodel or improvement of an existing home which will substantially enhance or protect the basic livability of the home, which are consistent with provisions of applicable tax laws.¶¶~~

~~(3) Processing Manual means the Oregon Department of Veterans' Affairs (ODVA) manual containing the policy for the Veterans' Home Improvement Loan Program and any subsequent changes as they are effected.¶¶~~

~~(4) Veterans' Home Improvement Loan Program means all veterans' home improvement loans for which applications are received on or after June 29, 2001, and the veterans eligible for this program.¶¶~~

~~(5) Existing loan means any loan or loans obtained by the veteran to purchase or improve the property used as security for a loan with the ODVA.¶¶~~

~~(6) Loan to Value Ratio is the loan amount plus any outstanding balance owed to ODVA on the security divided by the net appraised value.¶¶~~

~~[Publications: Publications referenced are available from the agency.]~~

~~Statutory/Other Authority: ORS 406.030, 407.115, 407.125, Art. XI-A OR Const.~~

~~Statutes/Other Implemented: ORS 407.115, 407.125, Art. XI-A OR Const.~~

REPEAL: 274-045-0421

RULE SUMMARY: Repeal Incorporated into 274-050-0240

CHANGES TO RULE:

~~274-045-0421~~

~~Interest Rate~~

~~As provided by ORS 407.327, the interest rate on veterans' home improvement loans for which applications are received on or after June 29, 2001 shall be fixed and consistent with OAR 274-045-0070.~~

~~Statutory/Other Authority: ORS 406.030, 407.115, 407.125, Art. XI-A OR Const.~~

~~Statutes/Other Implemented: Art. XI-A OR Const.~~

REPEAL: 274-045-0431

RULE SUMMARY: Repeal, Incorporated into 274-050-0130

CHANGES TO RULE:

~~274-045-0431~~

~~Approval of Veterans' Home Improvement Loans~~

~~Veterans' home improvement loans will be processed using ODVA Processing Manual and current industry standards determined by the Department to be applicable to the proposed loan. Applicable industry standards may include, but are not limited to, local lending practices, FannieMae and other lending organization standards, and federal and state legal requirements. A copy of the Processing Manual is on file with the Oregon Department of Veterans' Affairs, 700 Summer Street NE, Salem Oregon, and is available to the public during normal business hours.~~

~~Statutory/Other Authority: Art. XI-A, OR Const., ORS 406.030, 407.115, 407.125~~

~~Statutes/Other Implemented: Art. XI-A, OR Const., ORS 407.115, 407.125~~

REPEAL: 274-045-0441

RULE SUMMARY: Repeal Incorporated into 274-050-0250

CHANGES TO RULE:

~~274-045-0441~~

~~Terms and Requirements of Veterans' Home Improvement Loans~~

- ~~(1) The veterans' home improvement loan must be placed in the first lien position on the security or be an immediate subsequent lien to an existing ODVA lien. The first ODVA lien and any immediate subsequent lien made on the security by the Director shall be deemed collectively as a first lien on the security.¶¶~~
- ~~(2) The net appraised value will be used as the basis for determining the maximum veterans' home improvement loan subject to statutory limitations and remaining loan right.¶¶~~
- ~~(3) When a veterans' home improvement loan is made on a security with an existing balance owed to the Director, the total of the unpaid balance of the existing loan and the veterans' home improvement loan shall not exceed 80 percent of the net appraised value as determined by the Director.¶¶~~
- ~~(4) When a veteran's home improvement loan is made on a property where no balance is owing, the veterans' home improvement loan shall not exceed 97 percent of the net appraised value as determined by the Director. If the loan-to-value ratio is greater than 80 percent of the net appraised value, the loan must be insured by mortgage insurance consistent with ORS 407.485.¶¶~~
- ~~(5) The borrower shall not receive any cash back from the home improvement loan.¶¶~~
- ~~(6) All existing nonamortizing ODVA loans on the security must be reamortized to bring the principal and interest payment and final payment date into conformance with ODVA policy as identified in the Processing Manual. A copy of the manual is on file with the Oregon Department of Veterans' Affairs, 700 Summer Street NE, Salem Oregon, and available to the public during normal business hours. All other terms of the existing loan on the security remain unchanged.¶¶~~
- ~~(7) Depending upon the loan amount, the maximum term of a home improvement loan may not exceed 20 years.¶¶~~

~~[Publications: Publications referenced are available from the agency.]~~

~~Statutory/Other Authority: ORS 406.030, 407.115, 407.125, Art. XI-A OR Const.~~

~~Statutes/Other Implemented: ORS 407.115, 407.125, Art. XI-A OR Const.~~



REPEAL: 274-045-0451

RULE SUMMARY: Repeal Incorporated into 274-050-0070

CHANGES TO RULE:

~~274-045-0451~~

~~Appraisal of Property~~

~~An appraisal may be made at the discretion of the Director to assist in establishing the net appraised value. A fee will be charged in accordance with OAR 274-045-0220.~~

~~Statutory/Other Authority: Art. XI-A OR Const.~~

~~Statutes/Other Implemented: Art. XI-A OR Const.~~

REPEAL: 274-045-0461

RULE SUMMARY: Repeal Incorporated into 274-050-0165

CHANGES TO RULE:

~~274-045-0461~~

~~Transfer of Ownership~~

~~The Director will call the entire balance of the loan due and payable if any of the conditions in OAR 274-045-0120(2) occur.~~

~~Statutory/Other Authority: ORS 406.030, 407.115, 407.125, Art. XI-A OR Const.~~

~~Statutes/Other Implemented: ORS 407.115, 407.125, Art. XI-A OR Const.~~

REPEAL: 274-045-0471

RULE SUMMARY: Repeal Incorporated into 274-050-0080, 120 and 125

CHANGES TO RULE:

~~274-045-0471~~

~~Taxes, Hazard Insurance and Flood Insurance ¶¶~~

~~If delinquent taxes become a lien against the security, or the borrower fails to maintain the required insurance, the Director may pay the taxes or insurance and if so paid, will collect the amount paid by ODVA from the borrower through an escrow account per the provisions of OAR 274-045-0150.~~

~~Statutory/Other Authority: ORS 406.005 & 407.115~~

~~Statutes/Other Implemented: ORS 407.075 to 407.385; Oregon Constitution Article XI-A, Section 3~~

REPEAL: 274-045-0481

RULE SUMMARY: Repeal, incorporated into 274-050-0115

CHANGES TO RULE:

~~274-045-0481~~

~~Title Insurance~~

~~Each loan shall be covered by a title insurance policy as designated by the Director at the borrower's expense.~~

~~Statutory/Other Authority: ORS 406.030, 407.115, 407.125, Art. XI-A OR Const.~~

~~Statutes/Other Implemented: ORS 407.115, 407.125, Art. XI-A OR Const.~~