Chapter 407

1957 REPLACEMENT PART

Veterans' Bonuses and Loans

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LOANS TO WORLD WAR II VETERANS

407.010 Definitions for certain sections. (1) As used in section 1, Article XIa, Oregon Constitution, and in ORS 407.020 to 407.040, 407.070, and 407.120 to 407.210, for the purposes of administration, "acquisition" means:

(a) Purchase and improvement of real property.

(b) Payment of the balance of the purchase price and interest on a purchase contract, and the improvement of property thereby acquired.

(c) Refinancing of an existing purchase-money mortgage or mortgage in the nature thereof, and the improvement of property thereby purchased.

(2) As used in ORS 407.020 to 407.210:

(a) "Director" means Director of Veterans' Affairs.

(b) "Committee" means the Advisory Committee provided for by ORS 406.210.

407.020 Director to administer loan program. (1) The director shall administer the provisions of ORS 407.030, 407.040, 407.070 and 407.120 to 407.210. He may adopt and promulgate all necessary rules and regulations not inconsistent with those sections to carry into effect their provisions. He may appoint assistants and agents necessary to expeditious and efficient administration and fix their compensation.

(2) The director, with the approval of the committee, shall promulgate such rules and adopt such forms as he deems necessary and expedient to carry out the provisions of ORS 407.050, 407.060 and 407.080 to 407.110.

407.030 Director may make loans; committee to establish policy. (1) All moneys in the Oregon War Veterans' Fund created by ORS 407.160 may be advanced by the director as loans to any person qualified for loans under the provisions of section 3, Article XIa, Oregon Constitution, for the acquisition of farms and homes, as provided in ORS 407.020, 407.040, 407.070 and 407.120 to 407.210 and not otherwise.

(2) Subject to the limitations otherwise provided for in ORS 407.020 to 407.040, 407.070, and 407.120 to 407.210, the committee shall establish and declare the policy of the state to be followed in the administration of those sections.

407.040 Application for loan; amount of loan. Applications for loans for acquisition of a home or farm under ORS 407.010 to 407.210 shall be made to the director. Loans shall not exceed $13,500 for a home or $30,000 for a farm. An applicant is entitled to increase any loan where the loan as increased does not exceed the maximum allowed by this section. An applicant is not qualified to receive a loan under ORS 407.010 to 407.210 if he has received a veteran's loan from another state for the same military service which is the basis for his application for a loan under ORS 407.010 to 407.210. No applicant is entitled to borrow more than the maximum amount allowed under this section, except that where a loan is made on property which is destroyed by fire or other natural hazard, or lost through condemnation or other compelling reason devoid of fault on the part of the applicant and where the loan is repaid, such loan may be excluded from consideration in computing the maximum loan allowable. [Amended by 1953 c.97 §2; 1957 c.125 §1]

407.050 Appraisal of security given for loan; security needed. When the director receives an application pursuant to ORS 407.040, he shall immediately investigate and process it as provided by law. He may employ, subject to the approval of the committee, such regular appraisers, who shall be state employes, as he deems necessary to promptly effect appraisals of property tendered as security. He may appoint special appraisers to act in exceptional cases whenever he deems it necessary to obtain prompt appraisals. Such special appraiser shall be paid a fee for each appraisal in an amount to be fixed and established by the director in substantial conformity with the customary fee paid for such services in the locality where the appraisal is made. The security for the loan shall consist of real property and shall include the property to be acquired by the veteran as a home or a farm. The security shall be secured by a mortgage in the full amount of the loan which mortgage shall be either a first lien or a lien insured by mortgagee's title insurance against loss from any prior encumbrance. The mortgage shall provide that the borrower, or any subsequent owner of the mortgaged property, may pay all or any part of the loan at any time without penalty. No loan shall be made in any case in an amount in excess of 85 percent of the net appraised value of the security tendered. [Amended by 1957 c.125 §2]

407.060 False statement by applicant or accomplice. No person shall, with intent to defraud or to obtain any money or loan under the provisions of ORS 407.010 to 407.210, subscribe to any false oath or falsely make any representation, writing or instrument contemplated or required by any provision of those sections, or by any of the director's rules or regulations made pursuant thereto; and no person shall, with like intent, knowingly aid or abet another or others in the making, preparation, transmittal or presentation to the director or to any appraiser, attorney, officer or employe representing or employed by the director, of any false oath or false representation, writing or instrument contemplated or required by any such provisions, rules or regulations.

407.070 Terms of loan to veteran and transferee; special covenant by transferee. Loans may be made bearing interest at the rate of four percent per annum, and may be amortized over a period of not more than 25 years for homes and not more than 30 years for farms. However, if the ownership of the mortgaged property is transferred by deed or otherwise to anyone other than a qualified veteran eligible to obtain a loan in his own right, as indicated in ORS 407.040, or to the wife, mother, father or child of the original borrower, the interest shall be at the rate of five percent per annum. No transfer of ownership of such mortgaged property shall be valid unless the conveyance effecting the transfer contains a covenant of the purchaser to the effect that he thereby assumes and will pay the obligation secured by the mortgage given to the state under and pursuant to ORS 407.050. Mortgages on property given to secure any loan made under ORS 407.030 or statutes supplementary thereof may provide that the taxes and insurance premiums may be paid by the director from the Oregon War Veterans' Fund, and if paid, the amount so paid shall be added to and become part of the principal of the loan and shall be repaid under and pursuant to the amortization plan. [Amended by 1955 c.151 §1; 1957 c.125 §3]

407.074 Mortgage cancelation life insurance. (1) Subject to the limitations provided for in ORS 407.010 to 407.210 the director is authorized to provide mortgage cancelation life insurance for any person qualified and holding a loan under the provisions of section 3, Article XI-A, Oregon Constitution.

(2) Such insurance shall insure the life of the borrower, except as stated in subsection (3) of ORS 407.076, for the amount of principal and interest due on the state loan, and the State of Oregon shall be named the beneficiary. If the borrower, at any time while still owning said property and before paying off the loan, dies, the insurance shall be used to pay the balance of the state loan, and the director shall issue a satisfaction of said mortgage.

(3) The Department of Finance and Administration shall procure bids for the purchasing of said insurance in compliance with the laws governing the purchase and furnishing of services to state agencies. [1955 c.102 §§2, 3, 7]

407.076 Persons insurable under ORS 407.074. (1) Every borrower securing a loan after August 3, 1955, under ORS 407.010 to 407.210 shall be insured, commencing on the effective date of the loan, under the insurance provided for by subsection (1) of ORS 407.074. Any borrower may decline to be so insured by notifying the director in writing that the borrower declines to be insured. If such notice is received before the borrower has become insured under such policy, he shall not be so insured; if notice is received after he has become insured, his insurance under the policy shall terminate on the last day of the month in which the notice is received by the director.

(2) Any person who, upon or after August 3, 1955, has qualified and is holding a loan under the provisions of ORS 407.010 to 407.210 and Article XI-A of the Oregon Constitution may become insured under the provisions of ORS 407.074 and this section by making application to the director for such insurance.

(3) If the borrower be a married female veteran the director will determine whether the principal income for repayment is received by the veteran or her spouse and the person receiving said income shall be insured under ORS 407.074 and this section. [1955 c.102 §§4, 5, 6]

407.080 Director's power to foreclose mortgages and protect mortgaged property. The director is authorized and empowered, in the name and in behalf of the state to foreclose mortgages executed pursuant to ORS 407.050 and statutes supplementary thereof; to commence and prosecute to final judgment or decree all other suits, actions

and proceedings necessary to protect the interest of the state; to bid in property offered for sale under such foreclosures and to acquire title to property for and in behalf of the state as a result of such foreclosures; to accept deeds from borrowers in lieu of foreclosure; to sell, transfer, convey, lease or assign any property acquired by him for and in behalf of the state; to make repairs and improvements or alterations; to pay taxes, liens and charges of every kind superior to the lien of the state; and otherwise to administer such property in such manner as he deems to the best interest of the state. All money received by the director from the sale, leasing or other disposition of any property shall be paid over to the State Treasurer and deposited in the Oregon War Veterans' Bond Sinking Fund.

407.090 Purchase and control of mortgaged property by director; disbursements to protect security. (1) The director may acquire real property by purchase when the acquisition of such property is necessary to protect the interest of the state in property that has been acquired by deed or foreclosure because of default in repayment of loans made in accordance with ORS 407.030 or statutes supplementary thereof. The control of all such property while the title remains vested in the state shall be exercised by the director.

(2) The director may take such action and make such disbursements as may be necessary to protect the securities for such loans. Any disbursement so made shall be added to the amount due from the borrower and shall bear interest at the same rate as that provided in the note secured by the mortgage until the amount thereof has been repaid. Any such disbursement or expenditure shall be made only upon order of the director and from moneys in the Oregon War Veterans' Bond Sinking Fund other than those derived from tax levies or the sale of refunding bonds.

407.100 Execution and custody of documents. All deeds, leases, contracts, releases of mortgages and other instruments necessary or proper in the administration of ORS 407.010 to 407.210 shall be executed in behalf of the state by the director of veterans' affairs and shall be acknowledged by him; and all deeds, mortgages, notes, insurance policies, abstracts and other instruments, documents and papers delivered to the director in the administration of those sections shall be kept in his custody.

407.110 Loans not subject to execution or assignment. No right, payment or proceeds of any loan made under ORS 407.030 or statutes supplementary thereof shall be subject to garnishment, attachment or execution or the claim of any creditor; nor shall any such right or payment be capable of assignment except as may be necessary for completion of any loan applied for and then only under such rules and regulations as may be prescribed by the director.

407.120 Director authorized to hold certain funds received from mortgagor. The director may receive and hold for future disposition conditional payments from mortgagors who have executed mortgages under authority of ORS 407.050, indemnities for fire losses on mortgaged property, and such other sums as must be held by him in suspense pending further or final disposition thereof. Said funds shall be deposited in the State Treasury in the revolving account authorized by ORS 407.200 until they can be properly applied to the purposes for which they were paid to and received by the director.

407.130 Bond form; issue; refunding bonds. (1) The Attorney General, under the direction of the director, shall prepare a form of direct, general obligation, interest-bearing bond of the State of Oregon to be sold in order to provide funds for carrying out the purposes of ORS 407.010 to 407.210. The bonds shall be numbered consecutively beginning with the number one, and shall be payable upon dates fixed by the director at issue date; but none of said bonds shall mature sooner than six months nor later than 20 years from issue date. The bonds shall bear interest payable semiannually at such rates, not exceeding four percent per annum, as the director, with the approval of the State Bond Commission, deems advisable. In the discretion of the director, the bonds may be issued, as provided by ORS 286.040, subject to the right of optional redemption for retirement or refunding by the state prior to their final maturity dates.

(2) Refunding bonds may be issued to redeem or refund the bonds at their maturity dates. In the redemption or refund prior to maturity date, of bonds subject to redemption before such date, the director is not required to redeem or refund bonds in

the order in which they were originally issued. Refunding bonds may be sold in the same manner as other bonds are sold under ORS 407.150. The issuance of refunding bonds, their maturity dates and other details, the rights of their holders and the duties of the Governor, Secretary of State, State Treasurer, and of the director with respect thereto shall be governed by the other provisions of ORS 407.130 to 407.210 in so far as such provisions are applicable. Refunding bonds may be issued to refund bonds originally issued or to refund bonds previously issued for refunding purposes.

407.140 Execution of bonds; payments of principal and interest; paid bonds and coupons. (1) All bonds issued under authority of ORS 407.130, including refunding bonds, and the coupons appurtenant thereto, shall be direct general obligations of the State of Oregon in negotiable form, and shall embody an absolute promise to pay the amounts thereof in any coin or currency which, at the time of payment, is legal tender for the payment of public and private debts within the United States. The bonds shall be executed with the facsimile signatures of the Governor and the Secretary of State, and the manual signature of the State Treasurer. The bonds shall bear coupons evidencing the interest to become due for each instalment thereof, upon which shall be printed the facsimile signatures of all said officers.

(2) Not less than 20 days before the payment of the principal or interest falls due on any of the bonds, the director shall prepare and submit to the State Treasurer, for verification, a claim duly approved by the director for the amount necessary to meet the payment thereof. Upon such verification, the director shall present the claim to the Secretary of State for audit in like manner as other claims against the state are audited. The Secretary of State shall pay the claim by warrant in favor of the State Treasurer, out of moneys provided by law for its payment.

(3) All bonds and interest coupons paid by the State Treasurer shall be deposited by him in due course with the Secretary of State. After two years from the date upon which such paid bonds and interest coupons are so deposited, the Secretary of State shall destroy them. The Secretary of State shall prepare a list of the bonds and coupons destroyed and shall file the list with the State Treasurer, with certificate thereon duly signed by him and stating that the bonds and coupons described therein were destroyed by him on the date of said certificate.

(4) The principal of and the interest upon all bonds issued under authority of ORS 407.130, when due, shall be paid at the office of the State Treasurer; but, with the approval of the State Treasurer, the director may designate the fiscal agency of the State of Oregon in the City and State of New York as the place of payment of the bonds and of the interest thereon. If so designated, the charges imposed by such agency for its services shall be paid, upon approval by the State Treasurer, from the Oregon War Veterans' Bond Sinking Fund.

407.150 Advertisement and sale of bonds. The director, with the approval of the State Bond Commission, shall provide such method as he deems necessary for the advertisement of each issue of the bonds mentioned in ORS 407.130 before they are sold; and also shall require such deposit with bids as he deems advisable and generally shall conduct the sale and issuance of the bonds under such rules and regulations not inconsistent with ORS 407.010 to 407.210 as he may adopt.

407.160 Oregon War Veterans' Fund; source; use. The money arising from the sale of each issue of bonds shall be deposited in the State Treasury and be credited to a special fund separate and distinct from the General Fund, to be known as the Oregon War Veterans' Fund; which fund hereby is appropriated for the purpose of carrying out the provisions of ORS 407.020 to 407.040, 407.070, and 407.120 to 407.210. With the approval of the director, the moneys in the fund not immediately required for loaning may be invested by the State Bond Commission in bonds, warrants or certificates of indebtedness of the State of Oregon and in obligations of the United States Government maturing in not more than one year from the date of purchase thereof. The earnings from such investments shall inure to the Oregon War Veterans' Bond Sinking Fund.

407.170 Oregon War Veterans' Bond Sinking Fund; sources; use. (1) The Oregon War Veterans' Bond Sinking Fund is created to provide for payment of principal of and interest on bonds authorized by ORS 407.130 to be sold. The sinking fund shall consist of

all moneys received as payments on principal and interest of loans made under ORS 407.030; all moneys received as accrued interest upon bonds sold; all moneys derived from tax levies provided for in ORS 407.210; all moneys derived from the sale, rental or administration of property acquired by foreclosure or other proceeding, or deed; all moneys received as interest upon investments of the sinking fund; all moneys received as proceeds from the sale of refunding bonds; and all other moneys accruing under ORS 407.020 to 407.040, 407.070, and 407.120 to 407.210 not required to be credited to the Oregon War Veterans' Fund.

(2) Disbursements from the sinking fund shall be made upon submission of duly verified claims, approved by the director, to the Secretary of State, who shall audit the same in the manner that other claims against the state are audited. The moneys in the sinking fund, other than those derived from tax levies and from sales of refunding bonds, hereby are appropriated for payment of expenses of administration of ORS 407.020 to 407.040, 407.070, and 407.120 to 407.210. The moneys in the sinking fund may be invested by the State Bond Commission in the same manner and subject to the same restrictions as are other funds under the provisions of ORS 291.604 to 291.620.

407.180 Transfer of sinking fund moneys. If, at any time, there are applications for loans aggregating a total in excess of the money available therefor in the Oregon War Veterans' Fund, the director may transfer to said fund any moneys in the sinking fund, except those derived from tax levies and those received from the sale of refunding bonds. When sufficient funds are available in the Oregon War Veterans' Fund, the director may transfer back to the sinking fund an amount not exceeding the total so transferred from the sinking fund to the Oregon War Veterans' Fund.

407.190 Auditing and payment of claims. Except as provided in ORS 407.140, the Secretary of State shall audit all claims duly approved by the director, incurred in pursuance of ORS 407.020 to 407.040, 407.070, and 407.120 to 407.210 and draw his warrants upon the State Treasurer upon the appropriate funds for the payment of such claims.

407.200 Revolving account. The Secretary of State is authorized to draw a warrant on the Oregon War Veterans' Fund in favor of the director in the sum of $10,000, which sum shall constitute an advance to be used in anticipation of the verified vouchers supplied in accordance with this section; and shall be used only as a revolving account, to be maintained with the State Treasurer, for receipt and disbursement of moneys received under authority of ORS 407.120 and for payment of emergency expenses. All reimbursement vouchers for claims paid from the revolving account shall be approved by the director. The warrants issued in payment of the vouchers shall be drawn in favor of the director and shall be used to reimburse the revolving account.

407.210 Tax levy authorized. Each year when the State Tax Commission determines the amount of money required to be raised for state purposes, it shall ascertain the amount of money necessary to meet the requirements of ORS 407.020 to 407.040, 407.070, and 407.120 to 407.200 for the ensuing year. Such amount shall not exceed one mill on each dollar of assessable property within each respective county to which the same is apportioned for levy of the tax. The tax shall be collected by the county, paid to the State Treasurer as other taxes are paid and credited as provided by ORS 407.170.

407.220 to 407.300 [Reserved for expansion]

WORLD WAR II VETERANS' BONUS

407.310 Definitions for ORS 407.320 to 407.440. As used in ORS 407.320 to 407.440:

(1) "Article" means the article of the Oregon Constitution relating to payment of compensation to veterans or their survivors and designated as Article XI-F (2) by the Legislative Assembly.

(2) "Director" means Director of Veterans' Affairs.

(3) "Committee" means Advisory Committee as defined by ORS 406.210.

407.320 Director may issue bonds. The director, pursuant to a resolution or resolutions duly adopted by the committee, shall issue and sell such general obligation bonds of the State of Oregon of the kind and character and within the limits prescribed by the article as are necessary to carry out its provisions.

407.330 Bonds; form and contents; optional redemption. The Attorney General, at the request of the director, shall prepare a form of interest-bearing general obligation bond of the State of Oregon, containing the necessary covenants and conditions to effectuate the purposes of the article and ORS 407.310 to 407.420. All bonds issued under authority of ORS 407.320 to 407.350 shall contain a direct promise on behalf of the State of Oregon to pay the face value thereof with interest thereon at such rates, not exceeding four percent per annum, payable semiannually, as the director, with the approval of the State Treasurer, deems appropriate. The bonds shall bear coupons evidencing the interest to become due thereon for each instalment thereof. The principal of and the interest upon the bonds, when due, shall be paid at the office of the State Treasurer unless, with the approval of the State Treasurer, the director designates the fiscal agency of the State of Oregon in the City and State of New York as such place of payment. If so designated, the charges imposed by the agency for its services shall be paid, upon approval by the State Treasurer, from the World War II Veterans' Bond Sinking Fund. The bonds shall be numbered consecutively beginning with the number one, and shall be payable upon maturity dates fixed by the director. The earliest maturity date of any of the bonds shall be not less than one year and the final maturity date not more than 30 years from the date of issue of the bonds. In the discretion of the director, the bonds may be issued as provided in ORS 286.040 with reservation of the right of optional redemption for retirement or refunding of the bonds prior to the final date of maturity. However if any of the bonds were purchased by the state at the time of their original issuance, and ownership thereof by the state continued unchanged, they may be redeemed by the director at any time at their amortized value based upon purchase price and the accrued interest without publication of notice of intended redemption. The bonds and the appurtenant coupons shall be negotiable in form and shall embody an absolute and unconditional promise of the State of Oregon to pay the principal of and the interest thereon, when due, in any coin or currency which, at the time of payment, is legal tender for the payment of public and private debts within the United States.

407.340 Execution and payment of bonds and coupons. The bonds shall be executed with the facsimile signatures of the Governor and the Secretary of State, and the manual signature of the State Treasurer, and each coupon shall contain a printed facsimile signature of the Governor, Secretary of State and State Treasurer, with the titles of their offices indicated thereunder. The first interest coupon of each issue of bonds may be for a period less than six months if, in the judgment of the director, the issuance of bonds with such coupon is advisable. Not less than 20 days before the due date for payment of principal of and interest on any bond issued under authority of ORS 407.320 to 407.350, the director shall prepare and submit to the State Treasurer for verification, a claim duly approved by the director, in an amount sufficient to meet the payment thereof. Upon verification, the director shall present the claim to the Secretary of State for audit in like manner as other claims against the state are audited. The Secretary of State thereupon shall draw a warrant upon the State Treasurer in payment of such claim, from the World War II Veterans' Bond Sinking Fund. All bonds and interest coupons surrendered to the State Treasurer upon payment thereof, shall be deposited in due course by the State Treasurer with the Secretary of State. After two years from the date upon which such paid bonds and interest coupons are so deposited, the Secretary of State shall destroy them. The Secretary of State shall prepare a list of the bonds and coupons destroyed and shall file it with the State Treasurer, with a certificate thereon duly signed by him certifying that the bonds and coupons described therein were destroyed by him on the date of the certificate.

407.350 Issuance of refunding bonds. The director, with the approval of the State Treasurer, may issue refunding bonds for the purpose of refunding outstanding bonds issued under the provisions of the article and ORS 407.320 and 407.330. The sale, issuance, maturity dates and other details of the refunding bonds, including the rights of the holders thereof and the duties of the Governor, Secretary of State, State Treasurer and the director with respect thereto, shall be governed by the provisions of ORS 407.320 to 407.390 in so far as such provisions are applicable. The refunding bonds may be issued to refund bonds originally issued or to re-

fund bonds previously issued for refunding purposes.

407.360 Advertisement and sale of bonds. The director, with the approval of the State Treasurer, shall provide an appropriate method for advertisement of each issue of bonds before the issue is sold, and shall require such deposit with each bid therefor as he deems adequate to insure its fulfillment. The advertisement shall contain a provision to the effect that the director, in his discretion, may reject any or all bids received by him in pursuance of such advertisement. In the event of such rejection, the director may readvertise for bids for the bonds, in the form and manner set forth in this section, as many times as he deems necessary to effect a satisfactory sale. None of the bonds may be sold at private sale, but they may be sold to the state, through the State Bond Commission, either in registered or in coupon form, without advertisement for public sale, at such interest rate not exceeding an effective rate of four percent per annum payable semiannually and at such price not lower than that specified in this section as is agreed upon by the director and the State Bond Commission. The bonds may be sold to any bidder or to the state at a price of not less than 98 percent of their par value and the full amount of interest accrued thereon at the date of delivery of the bonds. The state shall not pay any brokerage fees, commissions or other charges for preparation of the proceedings of, or for financing or underwriting of, the bonds, or for the preparation of any prospectus relating thereto. However, such limitations shall not preclude the payment of reasonable compensation to licensed attorneys for furnishing, at the request of the director, written opinions as to the regularity of proceedings providing for issuance of the bonds or as to the validity or legality thereof.

407.370 World War II Veterans' Compensation Fund; source; uses. (1) The money realized from sales of the bonds shall be deposited with the State Treasurer and shall by him be credited to a special fund, separate and distinct from the General Fund, to be known as World War II Veterans' Compensation Fund. All moneys deposited therein hereby are appropriated and made available for the purposes specified in the article. Moneys received as refunds or repayments of compensation overpaid or erroneously paid shall be credited to the compensation fund.

(2) The Secretary of State shall audit all lists of compensation claims duly certified by the director as properly payable under authority of the article and ORS 407.310 to 407.420 and draw his warrants upon the compensation fund in favor of the claimants named in such lists. The Secretary of State shall audit all duly approved claims for payment of expenses incurred in carrying out the provisions of ORS 407.310 to 407.420 and draw his warrants on the State Treasurer in payment thereof out of the compensation fund.

(3) All unexpended balances remaining in the compensation fund shall continue to be available for the purposes indicated in the article and of ORS 407.310 to 407.420, and shall not revert to nor become a part of the General Fund. If a balance remains in the fund after the purposes of the article have been met, or after a reserve sufficient, in the judgment of the director, to meet all valid claims against the fund has been set aside, the surplus may be transferred to the World War II Veterans' Bond Sinking Fund.

407.380 World War II Veterans' Bond Sinking Fund; sources; uses. (1) A sinking fund to be known as World War II Veterans' Bond Sinking Fund is created to provide for payment of the principal of and the interest upon all bonds issued under authority of the article and ORS 407.320 to 407.350. The moneys in the sinking fund hereby are appropriated for such purposes.

(2) The sinking fund shall consist of all moneys received from ad valorem taxes levied pursuant to ORS 407.390, all moneys that the Legislative Assembly may provide in lieu of such taxes; all moneys received as accrued interest upon bonds sold; all moneys received from sales of refunding bonds and all other moneys not required by ORS 407.320 to 407.420 to be credited to the compensation fund. If the Legislative Assembly provides revenues for sinking fund purposes other than from ad valorem taxation, such revenues hereby are pledged, in addition to any ad valorem taxes levied, to payment of the principal of and the interest upon such bonds until such time as the sinking fund, in the judgment of the director, is sufficient to meet in full the principal of and interest upon all outstanding bonds issued under authority of the article and ORS 407.320 to 407.350.

(3) The moneys in the sinking fund, and the moneys in the compensation fund not required to meet current demands, may be invested by the State Bond Commission in the same manner, and subject to the same restrictions, as are other funds under the provisions of ORS 291.604 to 291.620.

407.390 Tax levy authorized. Each year when the State Tax Commission determines the amount of money required to be levied for state purposes, it shall ascertain and take into consideration the amount of money necessary to meet the requirements of ORS 407.310 to 407.420 for the ensuing fiscal year. Such amount shall be apportioned, certified to and collected by the several counties in the manner required by law for apportionment, certification and collection of other ad valorem property taxes for state purposes. The amounts of ad valorem taxes so levied shall be remitted in full by the several county treasurers to the State Treasurer in the manner and at the times prescribed by law, and shall be credited by the State Treasurer to the World War II Veterans' Bond Sinking Fund.

407.395 Time limitation on application for compensation. All applications for compensation under Article XI-F (2) of the Constitution of the State of Oregon, as distinguished from "certificates" (of entitlement to such compensation) in the first sentence of section 9 of said Article mentioned, shall be filed on or before December 31, 1953. [1953 c.595 §1]

407.400 Payment of bonus when veteran dies or warrant is lost. (1) If the payee of a compensation warrant drawn on the compensation fund died after issuance of the warrant without negotiating the warrant or receiving payment thereof, the survivor of the payee of the warrant, in the order of priority prescribed by the article, may obtain payment of the warrant upon its surrender to the State Treasurer with endorsement in the name of the payee and of himself as survivor and upon filing with the warrant an affidavit to the effect that the affiant is the survivor of the person entitled to the proceeds of the warrant under authority of the article.

(2) If the compensation warrant is lost, stolen or destroyed through no fault of the payee or rightful owner thereof, he may obtain payment of the warrant after 60 days from its issue date, by filing with the State Treasurer an indemnity bond for the amount of the warrant, in form satisfactory to the State Treasurer, of a corporate surety duly licensed to transact business in this state. The State of Oregon shall pay the premium on such bond from the compensation fund.

407.410 Payment of bonus when veteran is incompetent. (1) If the compensation is payable to a minor or mental incompetent, it shall be paid to the person who is constituted his committee, guardian, curator or conservator by the laws of the state of residence of the minor or incompetent, or is otherwise legally vested with his care. If there is no such committee, guardian, curator, conservator or other person, payment shall be made to the chief officer of any hospital or institution in which the minor or incompetent is placed where such officer is authorized to accept moneys for the benefit of the minor or incompetent. If there is no such committee, guardian, curator or conservator and if the minor or incompetent is not in a hospital or institution, and if the payment is to be $250 or less, it shall be made to the person, determined by the director with approval of the Advisory Committee, who has assumed the major responsibility for the care of the minor or incompetent. Any payment made under this section shall be held or used only for the benefit of the minor or incompetent.

(2) For the purposes of this section the word "minor" does not include a minor veteran or member of the Armed Forces of the United States or a minor widow of such veteran or member.

407.420 Director to administer statutes; legal assistant; bonus tax exempt. (1) The director shall administer the provisions of the article and ORS 407.310 to 407.420, and, with the approval of the Advisory Committee, shall adopt and promulgate rules and regulations for such purpose. The director may require a fidelity bond of a corporate surety duly licensed to act as such in this state from any person employed in the administration of the article and ORS 407.310 to 407.420. The amount of the bond shall be fixed by the director and the premium thereon shall be paid from the compensation fund. The director shall determine what showing shall be made and what type of application shall be filed by persons applying for veterans' compensation.

(2) The Attorney General shall assign to the director an assistant to advise the director with respect to questions of law arising in the administration of the provisions of the article and ORS 407.310 to 407.420, and, if necessary, to effect recoveries of compensation obtained by applicants through fraud or error. The salary and expenses of said assistant shall be paid from the compensation fund or from any appropriation made for the purpose of paying such costs.

(3) The compensation provided by the article shall be paid as promptly as practicable to the persons designated in the article and shall be exempt from all taxes including income and inheritance taxes.

407.430 False statement by applicant. No person shall knowingly make a false statement, oral or written, relating to a material fact in support of a claim for compensation under the provisions of the article and ORS 407.310 to 407.420.

407.440 Civil Service Act inapplicable. Employes engaged by the director in the administration of the provisions of the article and of any Act supplementary thereto relating to veterans' compensation, shall be excluded from and shall not be subject to the provisions of ORS chapter 240, known as the State Civil Service Act.

407.450 to 407.500 [Reserved for expansion]

BONUS AND LOANS FOR WORLD WAR I VETERANS

407.510 Definitions for ORS 407.520 to 407.640. (1) As used in ORS 407.520 to 407.640, unless otherwise required by the context, "board" means State Land Board.

(2) For the purpose of ORS 407.520 and 407.560 to 407.600 and unless otherwise required by the context, "loan" means a delivery or advancement of money by the State of Oregon to a person eligible to receive same under chapter 201, Oregon Laws 1921, and shall embrace any sum or sums in instalments as provided in that Act, but not exceeding to any eligible person a maximum or aggregate amount in excess of $3,000.

407.520 Right of heirs of deceased borrower to have loan continued. After the death of any person who has received a loan under the provisions of chapter 201, Oregon Laws 1921, the heir or heirs of such borrower, provided they are or would be qualified to receive a bonus under section 5 of that chapter shall be entitled to carry out and complete the terms of the loan without any change in the terms thereof.

407.530 Effect of sale of property mortgaged to secure loan. (1) If the real property mortgaged to secure a loan obtained under chapter 201, Oregon Laws 1921, is sold or contracted for sale, the overdue principal of the loan, together with interest to date on the full amount of the unpaid principal, becomes immediately due and payable. If such principal and interest is not paid within 15 days after such sale or contract of sale, the state may declare the entire unpaid principal and interest to be immediately due and payable and may foreclose the mortgage on the real property in the manner provided by law for the foreclosure of mortgages upon real property. If foreclosure suit is brought, the state is entitled to ask and receive in judgment, in addition to the full amount of the principal and interest of the mortgage loan, a reasonable sum for attorney's fees for the foreclosure suit.

(2) If any person who has obtained such a loan sells, conveys or contracts to sell the real property mortgaged to secure it, or all his right, title and interest in and to such real property, the purchaser shall assume the unpaid balance of the mortgage and shall pay interest at the rate of six percent per annum on all deferred payments due thereunder.

407.540 New mortgage given as security; acquisition of land by junior mortgagee. (1) Any person who has obtained a loan under chapter 201, Oregon Laws 1921, may apply to have substituted as security for said loan, and in lieu of the mortgage then securing it, a new mortgage on other real property which is adequate security for the unpaid balance of the loan. Such other property shall be examined and appraised as in the case of an original application for a loan, and if it is found sufficient, the new mortgage shall be accepted as security for said person's loan in lieu of the original mortgage, and the original mortgage shall thereupon be satis-

fied of record. Such substitution of securities shall not in any way affect the rate of interest, date of maturity or term of payment of the loan.

(2) If any person who obtains a loan under chapter 201, Oregon Laws 1921, later executes and delivers, for a valuable consideration, a junior or second mortgage upon the real property mortgaged to the state, and fails to pay the instalments and interest on either mortgage according to its terms and conditions, and the lawful holder or owner of the junior or second mortgage has secured title to the property by foreclosure or by conveyance subject to the mortgage given to the state by the borrower under chapter 201, Oregon Laws 1921, and has fully paid all delinquencies due the state, the principal amount then due upon the mortgage from the borrower to the state is payable at the rate of 12 percent in the aggregate each year of the original sum due on the principal of the mortgage in favor of the state, together with interest at the rate of six percent per annum on all deferred payments. The payments on principal and interest shall be made quarterly until the mortgage has been fully paid. In all other respects the mortgage to the state shall remain in full force and effect.

407.541 Application of ORS 407.530 and 407.540. (1) ORS 407.530 and 407.540 do not apply to a transfer to one eligible to receive a loan under chapter 201, Oregon Laws 1921; except that when the balance remaining unpaid exceeds the amount the purchaser is eligible to receive under chapter 201, Oregon Laws 1921, such excess amount shall be paid at the time of the transfer, and failure so to pay subjects the mortgage to foreclosure.

(2) ORS 407.530 and 407.540 apply to any devise of the property to persons other than the husband, wife, children, mother, father, sister or brother of the deceased borrower, and to sale or contract of sale made by executors, administrators or trustees of the estates of borrowers and their grantees.

(3) Any transfer of title to real property mortgaged to secure a loan under chapter 201, Oregon Laws 1921, from a relative owning such property to a qualified borrower shall not be deemed a sale or contract of sale within the meaning of this section, ORS 407.530 and 407.540.

407.550 Satisfactions of mortgages declared valid. In all cases where mortgages have been executed to this state, acting by and through the World War Veterans' State Aid Commission, and satisfactions of such mortgages have been signed by the Governor and attested by the clerk of the State Land Board, with the seal of the board thereto affixed, such satisfactions are valid and are sufficient in law to release the property therein described from the lien of the mortgages, without any other execution or acknowledgment. The satisfactions so executed shall be received in evidence in all courts in this state, and are conclusive evidence against the State of Oregon of the release of such mortgages.

407.560 Veterans' benefits not assignable or subject to execution. No right, payment or proceeds of any loan under chapter 201, Oregon Laws 1921, shall be subject to attachment or execution or to the claims of creditors, nor shall any such right or payment be capable of assignment except as may be necessary for the completion of any loan applied for, and then only under rules and regulations prescribed by the board.

407.570 Obtaining loan or bonus by false representation. No person shall, with intent to defraud or to obtain any amount or loan under chapter 201, Oregon Laws 1921, subscribe to any false oath or make any false representation, writing or instrument contemplated or required by that Act or rules and regulations of the World War Veterans' State Aid Commission or the board. No person shall with like intent knowingly aid or abet in the making, preparation, transmittal or presentation to the commission or board, or to any of their appraisers, attorneys, officers or employes, of any such false oath, representation, writing or instrument.

407.580 Repayment of loan. (1) Except as otherwise provided in this section and ORS 407.590, loans made pursuant to chapter 201, Oregon Laws 1921, shall be repaid in semiannual, quarter-annual or monthly instalments, as mutually agreed upon between the borrower and the board, which instalments shall aggregate each year six percent of the total amount borrowed. Of the amount so paid each year four percent of the total remaining unpaid principal shall be applied and credited as interest, and the bal-

ance of the amount so paid each year shall be credited to the principal of such loan; provided, that all loans applied for and granted after June 30, 1930, and on or before June 30, 1938, shall be repaid to the state in their entirety by June 30, 1958, and the board shall determine the method of repayment and specify the amount of such periodic instalments as will amortize each loan applied for and granted after June 30, 1930, by June 30, 1958; provided, that any loan made after June 7, 1937, and prior to July 1, 1938, shall bear interest at the rate of five percent per annum. Any such loan made after June 7, 1937, and prior to July 1, 1938, shall be repaid in semiannual, quarterannual or monthly instalments, as mutually agreed upon between the borrower and the board, which instalments shall aggregate each year seven percent of the total amount borrowed. Of the amount so paid each year five percent of the total remaining unpaid principal shall be applied and credited as interest and the balance of the amount so paid each year shall be credited to the principal of such loan, and all such loans shall be repaid to the state in their entirety by June 30, 1958. Otherwise all loans made after June 7, 1937, and prior to July 1, 1938, shall be subject to the same conditions and provisions as provided in this section and ORS 407.590. This proviso as to loans made after June 7, 1937, and prior to July 1, 1938, shall cease to be of any force or effect on July 1, 1938.

(2) At the time of making any payment the borrower may pay the sum of $25, or any multiple thereof, to be applied on the principal.

407.590 Failure to repay as cause for acceleration. Failure on the part of the borrower to pay or cause to be paid when due or before delinquent any instalment of principal or interest, tax assessment, lien or charge against the property that is security for the loan, or the total amount of said loan when due, or to complete the construction and pay for any improvement or structure contracted for, commenced or made on the mortgaged property within the time the borrower is required by contract or law to pay for such improvement or structure, authorizes and empowers the board to declare the entire amount of the loan immediately due and payable, and to prosecute appropriate proceedings by attorneys appointed by the board to collect the note and foreclose the mortgage. In the event of suit or action the state shall recover, in addition to the amount due, reasonable attorney's fees.

407.600 State Land Board's power to foreclose mortgages, make rules and regulations and administer foreclosed property. (1) The board shall administer the provisions of chapter 201, Oregon Laws 1921. It may adopt all necessary rules and regulations not inconsistent therewith to carry into effect such provisions, may employ a secretary and may adopt such forms as it deems necessary.

(2) The board is authorized and empowered to foreclose mortgages for and in behalf of the State of Oregon as provided in chapter 201, Oregon Laws 1921; to initiate all other suits, actions and proceedings necessary to protect the interests of the state; to bid in property ordered sold under such foreclosure; to acquire title to property for and in behalf of the state as a result of such foreclosure; to accept deeds from borrowers in lieu of foreclosure; to sell, transfer, lease or assign such property for and in behalf of the state, or to otherwise administer such property in such manner as it deems for the best interest of the state. The control of such property while title remains vested in the state shall be exercised by the board. All deeds, contracts, leases or other instruments necessary in the administration of such property shall be executed in the name of the State of Oregon by the board and shall be signed by the Governor and attested by the clerk of the State Land Board with the seal of said board thereto affixed.

(3) The board is authorized and empowered to take such action and make such disbursements as are necessary to protect the security for loans made under chapter 201, Oregon Laws 1921, including the payment of any taxes, liens or charges attaching to the property superior to the lien of the state, and for the completion of construction of any structures undertaken or commenced by the borrower, and for any repairs, improvements or betterments determined by the board to be necessary to place the security in marketable condition. Any disbursement so made shall be added to the amount due from the borrower, and shall bear interest from the date paid by the state at the rate of six percent per annum until paid by the borrower. The disbursements and expenditures by the state pursuant to this section shall be made upon order of the board from

the sinking fund created by chapter 201, Oregon Laws 1921, except moneys in the sinking fund derived from tax levies.

407.610 Veterans' Welfare Department. The board shall maintain a department for administration of all matters referred to in ORS 407.510 to 407.640, which department shall be known as Veterans' Welfare. [Amended by 1953 c.106 §2]

407.620 State Land Board's power to perform necessary acts and use seal. All deeds, leases, contracts and other instruments, including releases of mortgages necessary in the administration of ORS 407.510 to 407.640 and such parts of chapter 201, Oregon Laws 1921, as are currently applicable, shall be executed on behalf of the state by the Governor and attested under seal by the clerk of the board. All such instruments shall be admitted to record without acknowledgement. The board is authorized and directed to do any act necessary to fully meet the requirements of those statutes and may adopt and use a common seal.

407.630 Custody of instruments delivered to State Land Board. All deeds, mortgages, notes, insurance policies, abstracts and other instruments, documents and papers of all kinds delivered to the board in connection with administration of chapter 201, Oregon Laws 1921, shall be kept in the office of the board in the custody of the clerk thereof.

407.640 Handling of conditional payments made to State Land Board. The board is authorized to receive and hold for future disposition additional payments from mortgagors who have executed mortgages in favor of the board, indemnities for insurance companies covering fire losses on mortgaged property, deposits from prospective purchasers or lessees of state owned property under the control of the board, and all other funds of trust character received by the board in the handling of mortgages and the management of mortgaged or state property or otherwise, in connection with the business which the board is authorized by ORS 407.510 to 407.640 to transact. The board shall deposit all such funds in the State Treasury for safekeeping until they can be properly applied or expended for the purposes for which they are paid to and received by the board.

407.650 [Repealed by 1953 c.106 §2]

407.660 [Repealed by 1953 c.106 §2]

407.670 to 407.980. [Reserved for expansion]

PENALTIES

407.990 Penalties. (1) Violation of ORS 407.060 or 407.430 is punishable upon conviction by a fine of not more than $1,000, or imprisonment in the county jail for not more than one year, or both.

(2) Violation of ORS 407.570 is punishable upon conviction by a fine of not less than $500 nor more than $1,000, or by imprisonment for not more than one year, or both.

CERTIFICATE OF LEGISLATIVE COUNSEL

Pursuant to ORS 173.170, I, Sam R. Haley, Legislative Counsel, do hereby certify that I have compared each section printed in this chapter with the original section in the enrolled bill, and that the sections in this chapter are correct copies of the enrolled sections, with the exception of the changes in form permitted by ORS 173.160 and other changes specifically authorized by law.

Done at Salem, Oregon,
on December 2, 1957.

Sam R. Haley
Legislative Counsel