

# Chapter 407

## 1981 REPLACEMENT PART

### Veteran Loans

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**407.010 Definitions for certain sections.** (1) As used in section 1, Article XI-A, Oregon Constitution, and in ORS 407.020, 407.030, 407.040, 407.070, and 407.120 to 407.210, for the purposes of administration, "acquisition" means:

(a) Purchase and improvement of a home or farm.

(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.

(d) Improvement to meet state weatherization standards for homes.

(e) Improvement of a home or farm.

(2) As used in Article XI-A, Oregon Constitution, and in ORS 407.120 to 407.210, "bond" includes, but is not limited to, serial bonds, term bonds, notes and other evidence of indebtedness.

(3) 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.

(c) "Home" means any residential-type structure, including outbuildings and the real property in connection with it, if any, including long-term leaseholds, which is established, maintained and used primarily as a principal residence by the veteran.

(d) "Improvement" means new construction or any necessary or beneficial additions, alterations or changes appurtenant to the home or farm which add to the value of the premises

(e) "Mobile home" means a structure, transportable in one or more sections, which is 10 feet or more in width, and contains more than 500 square feet of living space figured on exterior dimensions of the structure, exclusive of any hitch and is designed to be used as a dwelling by one family, and which remains as personal property under the laws of this state.

(4) As used in ORS 407.030, 407.055 to 407.061, 407.090 and this section, "weatherization standards" means standards primarily designed to improve the efficiency of space heating and energy utilization of a dwelling. Such standards may include, but are not limited

ed to caulking; weatherstripping and other infiltration preventative materials; ceiling and wall insulation; crawl space insulation and vapor barrier material; timed thermostats; insulation of heating ducts, hot water pipes, and water heaters in uninsulated areas; and storm doors and windows. [Amended by 1975 c 219 §1, 1977 c.383 §6, subsection (3) enacted as 1977 c 383 §9, 1979 c 176 §1, 1981 c.661 §1]

**Note:** The amendment to 407.010 by section 3, chapter 661, Oregon Laws 1981, becomes operative July 1, 1983. See section 6, chapter 661, Oregon Laws 1981. 407.010, as amended, is set forth for the users' convenience.

**Sec. 3.** ORS 406.101, as amended by section 1 of this Act, is further amended to read:

**407.010.** (1) As used in section 1, Article XI-A, Oregon Constitution, and in ORS 407.020, 407.030, 407.040, 407.070, and 407.120 to 407.210, for the purposes of administration, "acquisition" means

(a) Purchase and improvement of a home or farm

(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

(d) Improvement to meet state weatherization standards for homes

(e) Improvement of a home or farm

(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

(c) "Home" means any residential-type structure, including outbuildings and the real property in connection with it, if any, including long-term leaseholds, which is established, maintained and used primarily as a principal residence by the veteran

(d) "Improvement" means new construction or any necessary or beneficial additions, alterations or changes appurtenant to the home or farm which add to the value of the premises

(e) "Mobile home" means a structure, transportable in one or more sections, which is 10 feet or more in width, and contains more than 500 square feet of living space figured on exterior dimensions of the structure, exclusive of any hitch and is designed to be used as a dwelling by one family, and which remains as personal property under the laws of this state.

(3) As used in ORS 407.030, 407.055 to 407.061, 407.090 and this section, "weatherization standards" means standards primarily designed to improve the efficiency of space heating and energy utilization of a dwelling. Such standards may include, but are not limited

to caulking, weatherstripping and other infiltration preventative materials, ceiling and wall insulation, crawl space insulation and vapor barrier material, timed thermostats, insulation of heating ducts, hot water pipes, and water heaters in uninsulated areas, and storm doors and windows

**Note:** Subsection (4) of 407.010 was enacted into law by the Legislative Assembly but was not added to or made a part of ORS chapter 407 or any series therein by legislative action. See the preface to Oregon Revised Statutes for further explanation.

**407.020 Director to administer loan program.** 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. [Amended by 1967 c 245 §1, 1971 c 221 §2]

**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 XI-A, Oregon Constitution, for the acquisition of farms and homes, as provided in ORS 407.020, 407.040, 407.058, 407.070 and 407.120 to 407.210 and not otherwise.

(2) Subject to the limitations otherwise provided for in ORS 407.020, 407.030, 407.040, 407.058, 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. [Amended by 1977 c 383 §8]

**407.035 Loan moneys to be reserved for borrower prior to loan commitment.** (1) When the director determines that an applicant's loan may be approved in accordance with ORS 407.010 to 407.210, the director, before making a loan commitment, shall reserve an amount of money in the Oregon War Veterans' Fund equal to the amount requested by the applicant to be used only for payment to the applicant which shall be set aside in the Direct Commitment Reserve Account.

(2) Moneys in the Oregon War Veterans' Fund Direct Commitment Reserve Account shall be reserved as loan proceeds for an applicant under subsection (1) of this section and shall not be used for any other purpose unless the applicant cancels the application for the

loan prior to receipt of the loan proceeds. [1981 c 659 §7]

**407.040 Application for loan; amount of loan; limit on number of loans; exception.** (1) Applications for loans for acquisition of a home or farm under ORS 407.010 to 407.210 shall be made to the director. Loans exclusive of funds disbursed under ORS 407.070 (3) and 407.090 (2) shall not exceed \$58,000 for a home when the loan is for the acquisition of the first home owned by the applicant in this state, \$50,000 for a home when the loan is for the acquisition of other than the first home owned by the applicant in this state or \$180,000 for a farm at a rate of interest provided by ORS 407.072. Except as provided in subsection (2) of this section, an eligible individual shall not receive or assume more than two loans 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, taken through condemnation or lost or disposed of for a compelling reason devoid of fault on the part of the applicant and where the loan is repaid or the property is transferred by deed or otherwise, such loan may be excluded from consideration in computing the maximum loan allowable. However, the loan right provided in this section may be restored not more than once while an unrepaid balance remains on a previous loan granted to the applicant.

(2) The director may allow an eligible individual to receive or assume more than two loans under ORS 407.010 to 407.210 when:

(a) The loan received or assumed is an additional loan made for the improvement of the farm or home acquired with an initial loan for the acquisition of that property; or

(b) The last official certification of record by the United States Veterans Administration or any branch of the Armed Forces of the United States shows the eligible individual to be at least 50 percent disabled. However, a loan may be made to an eligible disabled veteran under this paragraph only if the veteran must acquire a different principal residence for compelling medical reasons or because the veteran is transferred by an employer for employment purposes or because the veteran's spouse is transferred by an employer for employment purposes and the spouse provides more than 50 percent of the household income.

(3) For the purposes of this section, an applicant owns a home when the applicant has fee simple title to the home or is the purchaser of the home under a contract of sale or other instrument of sale. Earnest money or preliminary sales agreements, options or rights of first refusal are not contracts or instruments of sale under this subsection.

(4) As used in this section, "home" includes mobile homes and houseboats. [Amended by 1953 c 97 §2, 1957 c 125 §1, 1963 c 163 §1, 1965 c 269 §1, 1967 c 112 §1, 1969 c 615 §1, 1971 c 221 §3, 1973 c 574 §1, 1975 c 6 §1, 1975 c 263 §1, 1977 c 676 §3, 1979 c 177 §1, 1981 c 604 §1]

**407.042 Prohibition against using loan for purpose other than farm or home acquisition; prompt use of farm or home as principal residence; extension; penalty.**

(1) Money received as a loan under ORS 407.010 to 407.210 shall be used only for the acquisition of a home or farm.

(2) Use of all or any part of a loan received under ORS 407.010 to 407.210 for investment or any purpose other than the acquisition of a home or farm constitutes an act of default and results in immediate acceleration of the unpaid balance of the loan.

(3) When the director determines that a borrower is using loan moneys in violation of subsection (1) of this section, the director shall immediately commence any action or proceeding necessary to recover for the state those moneys or any property obtained therewith.

(4) A failure by a borrower to move into the home or farm securing the borrower's loan and to use it as the borrower's principal residence within 90 days after the loan or assumption is made, or within such extension as may be granted in writing by the director, shall be conclusively presumed to constitute a violation of this section. A request for an extension for good cause shall be made in writing within the 90-day period. The applicant may file a written request for a hearing within 30 days after a denial of the request for extension [1981 c 366 §2]

**407.043 Prohibition against using farm property for other purpose; proof of use; penalty.** An applicant who receives a loan under ORS 407.010 to 407.210 for the acquisition of a farm shall use the property acquired exclusively for farm use as defined in ORS 215.203 (2) The director may consider special assessment of the property under ORS 308.370 as satisfactory proof that the property

is being used exclusively for farm use. If an applicant does not use the property for which the farm loan was made exclusively for farm use, the interest on the loan from the date on which the director determines that the property is not being used exclusively for farm use shall be at an annual rate that is three percent above the basic rate set by the director under ORS 407.072. [1977 c 676 §2]

**407.045 Loan transferred by annulment or dissolution decree excluded in determining maximum allowable.** No applicant is entitled to borrow more than the maximum amount allowed under ORS 407.040 other than for reasons specified in ORS 407.040 except that when the property on which the loan was made becomes the property of the applicant's spouse as a result of a decree declaring a marriage void or dissolved and the loan is repaid or remains unrepaid and there is an assumption of primary liability on the loan by a party, such loan may be excluded from consideration in computing the maximum loan allowable under ORS 407.040. [1969 c 523 §1]

**Note:** 407.045 was enacted into law by the Legislative Assembly but was not added to or made a part of ORS chapter 407 or any series therein by legislative action. See the preface to Oregon Revised Statutes for further explanation.

**407.048 Subsequent loan for alternative energy device.** (1) Notwithstanding the maximum loan amount allowed under ORS 407.040, a borrower is entitled to subsequent loans, not to exceed a total of \$5,000, for the purpose of installing or connecting an alternative energy device for a home. The security for the loan shall consist of real property and shall include the home for which the alternative energy device is installed or connected.

(2) For the purposes of carrying out the provisions of this section, the director, with the advice and assistance of the Department of Energy, shall adopt rules prescribing minimum performance criteria for alternative energy devices for homes. The director may contract with the Department of Energy for certification of alternative energy devices which comply with the rules adopted under this subsection.

(3) As used in this section, "alternative energy device" means any system, mechanism or series of mechanisms which uses solar radiation, water, wind or geothermal resources as a source for space heating, water heating, cooling, electrical energy or any

combination thereof for a home or farm which source meets or exceeds 10 percent of the total energy requirements for the home or farm. "Alternative energy device" includes any system that uses solar radiation for domestic water heating and that provides at least 50 percent of the energy requirements for domestic water heating in a home or farm. [1977 c 315 §2, 1981 c 628 §1]

**Note:** 407.048 was enacted into law by the Legislative Assembly and added to and made a part of ORS chapter 407 but not to any series therein by legislative action. See the preface to Oregon Revised Statutes for further explanation.

**407.050 Appraisal of security given for loan; security needed.** (1) 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 employees, 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 the property to be acquired by the veteran as a home or a farm. The security shall be secured by a mortgage or security agreement in the full amount of the loan which mortgage or security agreement shall be either a first lien or a lien insured by mortgagee's title insurance against loss from any prior encumbrance. The mortgage or security agreement shall provide that the borrower, or any subsequent owner of the secured property, may pay all or any part of the loan at any time without penalty.

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

The security agreement shall also provide that removal of the mobile home to a site outside of this state shall constitute an act of default and result in immediate acceleration of the unpaid balance of the loan.

(3) Loans shall not exceed: 95 percent of the net appraised value on homes which are real property; 85 percent of the net appraised value on homes which are not real property; and 90 percent of the net appraised value on farms which are real property. [Amended by 1957 c 125 §2, 1971 c 221 §4, 1973 c 574 §2, 1975 c 219 §2]

**407.055 Rules for weatherization.** By July 1, 1982, the Director of the Department of Energy shall by rule adopt weatherization standards for homes, as defined in ORS 407.010, constructed before July 1, 1974. The director shall insure the compatibility of these standards with those adopted under ORS 469.155. The standards shall be designed to insure that the cost of the weatherization in the typical dwelling, if added to the principal of a veteran's loan made pursuant to this chapter and paid off as part of that principal, would not exceed projected savings in energy costs over the payment period. Weatherization standards may be adopted for different classes or designs of homes, including homes located in different regions of the state. [1977 c 383 §1, 1981 c.565 §3]

**Note:** 407.055 was enacted into law by the Legislative Assembly but was not added to or made a part of ORS chapter 407 or any series therein by legislative action. See the preface to Oregon Revised Statutes for further explanation.

**407.058 Inspection for weatherization; requirements to meet standards; additional money for weatherization; failure to meet standards; waiver of standards.** (1) The Director of Veterans' Affairs while processing the application pursuant to ORS 407.040, 407.043 and 407.045 to 407.050 for a loan on a home, or farm including a home, constructed before July 1, 1974, shall order an inspection of the home for the purpose of determining whether it meets the weatherization standards adopted pursuant to ORS 407.055.

(2) If the director finds, based upon this inspection, that the home does not meet the weatherization standards, he shall deny the loan, or he may approve the loan subject to the condition that the weatherization standards be met within 120 days after issuance of the loan.

(3) When a home does not meet the weatherization standards, and a loan is approved subject to the condition set forth in subsection (2) of this section, the reasonable projected cost of the work and materials necessary for the home to be brought into compliance with the standards may be added to the principal of the loan notwithstanding the loan amount limitations set forth in ORS 407.040. This sum shall be disbursed by the director, at the time of closing of the loan or later, to the applicant or to an insulation contractor designated by the applicant.

(4) Failure by the applicant to bring the home into compliance with the weatherization standards within the time allowed shall be considered a breach of the loan agreement and grounds for foreclosure by the director.

(5) Upon timely application and a showing that the standards cannot be met within the time period because of a shortage of weatherization materials or other circumstances beyond the applicant's control, the director may grant the applicant an additional period not to exceed 180 days in which to bring the home into compliance with the standard.

(6) The requirements of subsections (1) to (4) of this section may be waived by the director when an inspection of the home pursuant to a previous application for a loan under this chapter disclosed that the home was in compliance with the weatherization standards or when an exception to the requirements of this section had previously been granted on the home pursuant to ORS 407.061. [1977 c 383 §3]

**407.060** [Repealed by 1971 c 743 §432]

**407.061 Exception to weatherization requirements.** The director may grant an exception to the requirements of ORS 407.058, if after application and a showing of proof he finds:

(1) There are extraordinary circumstances or conditions applying to the home which do not apply generally; and

(2) Strict enforcement of the requirements would cause an extraordinary, unnecessary and unreasonable hardship on the applicant. [1977 c 383 §4]

**407.063 Assumption of previous loan by eligible veteran; interest rate.** When a veteran who is eligible for a loan under ORS 407.010 to 407.210 and Article XI-A of the Oregon Constitution seeks to acquire a home or farm that is serving as security for a previous loan made under ORS 407.010 to 407.210,

the veteran may choose either to receive a new loan for the property or to assume primary liability on the previous loan. If the loan balance for the previous loan does not exceed the amount of the veteran's entitlement under ORS 407.040, the interest rate to be paid by the veteran from the date of assumption shall be the rate per annum then fixed under ORS 407.072. An assumption under this section shall be deemed to be a loan and the veteran making the assumption shall be deemed to be a borrower for the purposes of ORS 407.040 to 407.045, 407.058, 407.072, 407.074, 407.076 and 407.090. [1981 c.387 §1]

**Note:** 407.063 was enacted into law by the Legislative Assembly but was not added to or made a part of ORS chapter 407 or any series therein by legislative action. See the preface to Oregon Revised Statutes for further explanation.

**407.065 Loans for home or farm improvements; terms and conditions.** (1) An applicant for a loan solely for the improvement of a home or farm may receive the loan if:

(a) The applicant has not previously received a loan under ORS 407.010 to 407.210;

(b) The applicant has received a loan under ORS 407.010 to 407.210 for the acquisition of that home or farm for which there is an unpaid balance and repayment has been satisfactory; or

(c) The applicant has previously received a loan under ORS 407.010 to 407.210 and there is no unpaid balance remaining on that loan.

(2) Any loan made to an applicant who qualifies under paragraph (b) of subsection (1) of this section for a loan solely for the improvement of a home or farm shall be added to the amount due from the applicant and shall bear interest at the variable rate as set forth in ORS 407.072. [1979 c 176 §3]

**407.070 Terms of loan to veteran and transferee; special covenant by transferee.** (1) Loans may be made bearing interest at the rate per annum fixed as provided by ORS 407.072. Loans may be amortized over a period of not more than 30 years for homes other than mobile homes and not more than 40 years for farms. Loans for mobile homes may be amortized over a period not exceeding the expected life of the mobile home, as determined by the director. The limitations contained in this subsection shall not preclude the director from later extending the amortization period.

(2) If the ownership of the secured property is transferred by deed or otherwise to anyone other than the original borrower, the surviving spouse, unremarried former spouse, surviving child or stepchild of the original borrower, or a veteran eligible for a loan under ORS 407.010 to 407.210 and Article XI-A of the Oregon Constitution, who assumes primary liability on the previous loan for the property as described in ORS 407.063, the interest from the date of initial transfer shall be at the rate per annum then fixed as provided by ORS 407.073.

(3) Mortgages or security agreements 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' Bond Sinking 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, 1969 c 615 §5, 1971 c 221 §5, 1975 c 219 §3, 1977 c 676 §4, 1981 c 387 §2]

**407.072 Rate of interest payable by applicant.** (1) The director, with the advice of the committee, will periodically, during the term of the loan, fix the variable interest rates to be paid by the applicant, taking into consideration the current value of the money, the solvency of the loan program, and the rates' effect on veterans. If the director, after considering the factors specified in this section, determines that there is an economic need for a higher rate of interest on loans made for the acquisition of mobile homes and houseboats, the director shall fix the rate of interest for the acquisition of a mobile home or houseboat at not higher than two percent more per annum than the basic rate established by this section.

(2) Except as provided in subsection (3) of this section:

(a) The rate of interest on loans granted on or after May 27, 1971, and originally set at five and nine-tenths percent per annum shall not be increased to more than six and nine-tenths percent per annum.

(b) The rate of interest on loans granted on or after January 1, 1981, and originally set at seven and two-tenths percent per annum shall not be increased to more than eight and two-tenths percent per annum.

(c) The rate of interest on a loan granted on or after May 27, 1971, for the acquisition of

a mobile home or houseboat originally set at seven and nine-tenths percent per annum shall not be increased to more than eight and nine-tenths percent per annum.

(3) The director may fix the variable interest rates to be paid by the applicant at a rate greater than the rates described in subsection (2) of this section, but only to the extent necessary to avoid invoking the provisions of section 4, Article XI-A of the Oregon Constitution. [1969 c 615 §3, 1971 c 221 §6, 1975 c 219 §4, 1977 c 645 §1, 1981 c 659 §5]

**407.073 Rate of interest payable by transferee.** (1) The rate of interest referred to in ORS 407.070 (2) shall be fixed annually by the director, with the advice of the committee, at a rate per annum which:

(a) For real property, is within one-half of one percent of the rate prevailing in the conventional mortgage market in the state for loans on residential property; and

(b) For other than real property, is one percent higher than the rate established under paragraph (a) of this subsection.

(2) When the director considers it necessary to change the rate of interest because of changes in the conventional mortgage rate prevailing in this state, the director, after 30 days' notice to the public, may fix a new rate under this section notwithstanding that a rate had been fixed less than 12 months previously. [1969 c 615 §4, 1971 c.221 §7, 1977 c 676 §5]

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

(2) Such insurance shall insure the life of the borrower and the life of the borrower's spouse or former spouse 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, borrower's spouse or the borrower's former spouse dies while the borrower or the borrower's former spouse still owns the property securing the loan and before paying off the loan, the insurance shall be used to pay the balance of the state loan, and the director shall issue a satisfaction of said loan.

(3) The Department of General Services 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, 1975 c 219 §5, 1979 c 238 §1]

**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 upon complying with such rules as the director may adopt and promulgate pursuant to ORS 407.020, and the spouse or former spouse of that borrower, shall be insured, commencing on the effective date of the loan, under the insurance provided for by ORS 407.074 (1). Any such borrower, borrower's spouse or former spouse may decline to be so insured by notifying the director in writing that such person declines to be insured. If such notice is received before the borrower or the borrower's spouse or former spouse has become insured under such policy, that person shall not be so insured; if notice is received after the borrower or the borrower's spouse or former spouse has become insured, insurance under the policy for that person 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, and the spouse or former spouse of that person, may become insured under the provisions of ORS 407.074 and this section by making application to the director for such insurance. [1955 c 102 §§4, 5, 6, 1969 c 433 §1, 1979 c 35 §1, 1979 c 238 §2]

**407.080 Authority to maintain legal proceedings to protect state interests.** The director is authorized and empowered, in the name and in behalf of the state to commence and prosecute to final judgment or decree all suits, actions and proceedings necessary to protect the interest of the state; to bid in property offered for sale under such proceedings and to acquire title to property for and in behalf of the state as a result of such proceedings; 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. [Amended by 1975 c.219 §6]

**407.090 Purchase and control of property by director; disbursements to conserve energy or protect security.** (1) The director may acquire property by purchase when the acquisition of such property is necessary to protect the interest of the state in property that has been acquired 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 conserve energy or 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 on the principal indebtedness 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. [Amended by 1975 c 219 §7, 1977 c.383 §7]

**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 borrower.** The director may receive and hold for future disposition conditional payments from borrowers who have executed mortgages and security instruments under authority of ORS 407.050, indemnities for fire losses on secured 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. [Amended by 1975 c 219 §8]

**407.130** [Amended by 1967 c 369 §2, 1979 c 115 §1, repealed by 1981 c 660 §18]

**Note:** Section 3, chapter 366, Oregon Laws 1981, provides:

**Sec. 3.** Notwithstanding other requirements of this chapter, the director may establish standards and priorities for the use of moneys obtained from the sale of bonds issued under ORS 407 130 that are necessary to assure that the interest paid to the holders of those bonds is exempt from federal income taxes

**407.140 Issuance of bonds.** In order to provide funds for the purposes specified in Article XI-A of the Oregon Constitution, bonds may be issued in accordance with the provisions of ORS 286.031 to 286.061. [Amended by 1975 c 462 §12, 1981 c 660 §36]

**Note:** Sections 2 and 5, chapter 661, Oregon Laws 1981, provide

**Sec. 2.** The Director of Veterans' Affairs may, with the approval of the State Treasurer, arrange for credit agreements, issue notes or other evidence of indebtedness maturing in one year or less and with interest payable as provided in the note or other evidence of indebtedness, for the purposes provided in ORS 407 010 to 407 210 Notes or other evidence of indebtedness incurred under this section

(1) Notwithstanding ORS 287 014 to 287 026 and 407 150, may be sold at public or private sale upon such notice and such terms as the director and the State Treasurer may determine

(2) May be executed with the manual or facsimile signature of the State Treasurer

(3) May be repaid as to principal and interest, from the Oregon War Veterans' Bond Sinking Fund, or refunded at maturity by further short-term indebtedness or by the issuance of serial or term bonds, as the director and the State Treasurer may determine

(4) Shall be limited to an amount outstanding that does not exceed one-half the amount of funds in the bond debt reserve fund maintained by the Director of Veterans' Affairs

**Sec. 5.** Section 2 of this Act is repealed July 1, 1983

**407.150** [Repealed by 1981 c 660 §18]

**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, 407.030, 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 as provided in ORS 293.701 to 293.776, 293.810 and 293.820. The earnings from such investments shall inure to the Oregon War Veterans' Fund. [Amended by 1967 c 335 §49, 1967 s s c 19 §2]

**407.170 Oregon War Veterans' Bond Sinking Fund; sources; use.** (1) The Oregon War Veterans' Bond Sinking Fund is created. 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, 407.030, 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, 407.030, 407.040, 407.070, and 407.120 to 407.210. The moneys in the sinking fund may be invested as provided in ORS 293.701 to 293.776, 293.810 and 293.820 [Amended by 1967 c 335 §50, 1981 c 660 §37]

**407.180 Transfer of sinking fund moneys to veterans' fund; retransfer.** 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.

**407.183 Transfer of sinking fund moneys to General Fund; retransfer.** (1) At a time determined by the director each year, but not later than August 15, the director shall cause to be transferred from the Oregon War Veterans' Bond Sinking Fund to the General Fund, to be available for the payment of general governmental expenses and to be considered as revenue of the General Fund for the fiscal year ending June 30 of the same calendar year, an amount equal to the excess of the accumulated net earnings of the Oregon War Veterans' Fund and Oregon War Veterans' Bond Sinking Fund combined, as of June 30 of the same calendar year, over three percent of the balance of outstanding mortgage loans and contracts receivable at that date together with any transfers previously made in accordance with this section.

(2) If the sum of amounts previously transferred in accordance with this section and two percent of the balance of outstanding mortgage loans and contracts receivable exceeds the accumulated net earnings of the Oregon War Veterans' Fund and Oregon War Veterans' Bond Sinking Fund combined, there shall be transferred from the General Fund to the sinking fund an amount equal to such excess. The amounts necessary to make transfers under this subsection are appropriated continuously from the General Fund [1967 s s c 1 §2, 1967 s s c 19 §1, 1969 c 615 §6]

**407.186 "Net earnings" defined.** As used in ORS 407.183, "net earnings" means the excess of:

(1) Interest received and accrued interest receivable on mortgage loans, contracts receivable, deficiency judgments and investments purchased with proceeds from the sale of Oregon veterans' welfare bonds, together with proceeds from service charges, rents, profit from the sale of investments, profit from the sale of foreclosed property, discounts on insurance premiums and such other receipts that, in accordance with accepted ac-

counting practices, constitute earnings or reduction of expenses; over

(2) Interest paid and accrued interest payable on Oregon veterans' welfare bonds, bond attorney fees, fiscal agency fees, and the administrative expenses of the Department of Veterans' Affairs that have been paid or are payable from the Oregon War Veterans' Bond Sinking Fund. [1967 s s c 1 §3]

**407.190 Auditing and payment of claims.** Except as provided in ORS 407.140, all claims duly approved by the director, incurred in pursuance of ORS 407.020, 407.030, 407.040, 407.070, and 407.120 to 407.210, shall be paid by warrants drawn upon the State Treasurer by the Executive Department upon the appropriate funds for the payment of such claims. [Amended by 1967 c 454 §45, 1971 c 80 §3]

**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 a sum not to exceed \$2 million, 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 general operating expenses. All reimbursement vouchers for claims paid from the revolving account shall be verified by the director and presented to the Executive Department for payment. The warrants issued by the Executive Department shall be drawn in favor of the director and shall be used to reimburse the revolving account. [Amended by 1967 c 189 §1, 1971 c 80 §4]

**407.210 Tax levy authorized.** Each year when the Department of Revenue 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, 407.030, 407.040, 407.070, and 407.120 to 407.180, 407.190 and 407.200 for the ensuing year. Such amount shall not exceed one-fortieth of one percent (.00025) of the true cash value of all taxable property within each respective county to which the same is apportioned for levy of the tax, such true cash value to be computed in accordance with ORS 308.207. 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. [Amended by 1963 c 9 §23]

**407.310** [Repealed by 1981 c 660 §18]

**407.320** [Repealed by 1981 c 660 §18]

**407.330** [Repealed by 1981 c 660 §18]

**407.340** [Amended by 1975 c 462 §13; repealed by 1981 c 660 §18]

**407.350** [Repealed by 1981 c 660 §18]

**407.360** [Repealed by 1981 c 660 §18]

**407.370** [Amended by 1975 c 614 §15, repealed by 1981 c.660 §18]

**407.380** [Amended by 1967 c 335 §51, repealed by 1980 c 17 §1 and by 1981 c 660 §18]

**407.390** [Repealed by 1981 c 660 §18]

**407.395** [1953 c.595 §1, repealed by 1981 c.660 §18]

**407.400** [Repealed by 1981 c 660 §18]

**407.410** [Repealed by 1981 c 660 §18]

**407.420** [Amended by 1971 c 418 §12, repealed by 1981 c 660 §18]

**407.430** [Repealed by 1971 c 743 §432]

**407.440** [Repealed by 1981 c 660 §18]

**407.510** [Repealed by 1967 c 421 §206]

**407.520** [Repealed by 1967 c 421 §206]

**407.530** [Repealed by 1967 c 421 §206]

**407.540** [Repealed by 1967 c 421 §206]

**407.541** [Repealed by 1967 c 421 §206]

**407.550** [Repealed by 1967 c 421 §206]

**407.560** [Repealed by 1967 c.421 §206]

**407.570** [Repealed by 1967 c 421 §206]

**407.580** [Repealed by 1967 c 421 §206]

**407.590** [Repealed by 1967 c 421 §206]

**407.600** [Repealed by 1967 c 421 §206]

**407.610** [Amended by 1953 c 106 §2, repealed by 1967 c 421 §206]

**407.620** [Repealed by 1967 c 421 §206]

**407.630** [Repealed by 1967 c 421 §206]

**407.640** [Repealed by 1967 c 421 §206]

**407.650** [Repealed by 1953 c 106 §2]

**407.660** [Repealed by 1953 c 106 §2]

**407.990** [Amended by 1967 c 421 §202, repealed by 1971 c 743 §432]

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