

## HOUSE COMMITTEE ON AGENCY PERFORMANCE & OPERATIONS

March 25, 1999 Hearing Room E

8:30 a.m. Tapes 41 - 42

**MEMBERS PRESENT:** Rep. Jane Lokan, Chair

Rep. Kathy Lowe, Vice-Chair

Rep. Betsy Close

Rep. Dan Gardner

Rep. Tim Knopp

Rep. Jeff Kruse

Rep. Bob Montgomery

Rep. Kitty Piercy

**STAFF PRESENT:** Pat Zwick, Administrator

Susan M. Pettey, Administrative Support

**MEASURE HEARD:** SB 169 Public Hearing and Work Session

SB 171 Public Hearing and Work Session

SB 172 Public Hearing and Work Session

SB 173 Public Hearing and Work Session

These minutes are in compliance with Senate and House Rules. Only text enclosed in quotation marks reports a speaker's exact words. For complete contents, please refer to the tapes.

TAPE/#	Speaker	Comments
TAPE 41, A		
004	Chair Lokan	Opens the meeting at 8:35 a.m., and opens public hearing on SB 169.
<u>SB 169 PUBLIC HEARING</u>		

016	Pat Zwick	Committee Administrator. Summarizes provisions of SB 169.
058	Tom Cowan, Jr.	Deputy Director, Department of Veterans Affairs (DVA). Speaks in support of SB 169. Explains current statute. Describes necessity of remaining compliant with the Federal Tax Code. Discusses safeguards to prevent abuse of rental approval by the director of the DVA.
<b><u>SB 169 WORK SESSION</u></b>		
103	Rep. Montgomery	<b>MOTION: Moves SB 169 to the floor with a DO PASS recommendation.</b>
		<b>VOTE: 8-0</b> <b>AYE: In a roll call vote, all members present vote Aye.</b>
	Chair Lokan	<b>The motion CARRIES.</b>  <b>REP. MONTGOMERY will lead discussion on the floor.</b>
123	Chair Lokan	Closes work session on SB 169, and opens public hearing on SB 171.
<b><u>SB 171 PUBLIC HEARING</u></b>		
138	Zwick	Summarizes provisions of SB 171.
152	Cowan	Speaks in support of SB 171. Describes the state-employee payroll deduction program for repayment of loans made by the DVA.
177	Rep. Montgomery	Asks if the director of DVA currently has payroll deduction authority.
184	Cowan	Answers that state employees can elect to use the current system. Explains that SB 171 would eliminate the choice, resulting in cost savings to DVA.
189	Chair Lokan	Closes public hearing on SB 171, and opens work session.
<b><u>SB 171 WORK SESSION</u></b>		
192	Rep. Gardner	<b>MOTION: Moves SB 171 to the floor with a DO PASS recommendation.</b>

		<b>VOTE: 8-0</b>  <b>AYE: In a roll call vote, all members present vote Aye.</b>
	<b>Chair Lokan</b>	<b>The motion CARRIES.</b>  <b>REP. MONTGOMERY will lead discussion on the floor.</b>
201	Chair Lokan	Closes work session on SB 171, and opens public hearing on SB 172.
<b><u>SB 172 PUBLIC HEARING</u></b>		
218	Zwick	Explains provisions of SB 172.
225	Cowan	Speaks in support of SB 172. Explains past problems with veterans' home loans. Describes improved management of the home loan program. Explains benefits of increasing the maximum lending limit. Discusses loan limitations.
291	Rep. Gardner	Asks about Senate members' nay votes on SB 172.
294	Cowan	Explains his perspective of nay votes.
307	Chair Lokan	Asks if insured loan is restricted to 80%.
313	Cowan	Explains relevant statute that applies to insured loans.
319	Chair Lokan	Closes public hearing on SB 172, and opens work session.
<b><u>SB 172 WORK SESSION</u></b>		
322	<b>REP. CLOSE</b>	<b>MOTION: Moves SB 172 to the floor with a DO PASS recommendation.</b>
		<b>VOTE: 6-0</b>  <b>AYE: In a roll call vote, all members present vote Aye.</b>  <b>EXCUSED: 2 - Lowe, Piercy</b>

	Chair Lokan	<p><b>The motion CARRIES.</b></p> <p><b>REP. MONTGOMERY will lead discussion on the floor.</b></p>
350	Chair Lokan	Closes work session on SB 172, and opens public hearing on SB 173.
<b><u>SB 173 PUBLIC HEARING</u></b>		
355	Zwick	Explains provisions of SB 173.
368	Cowan	Speaks in support of SB 173. Discusses the loan initiation process. Explains the convenience of using mortgage brokers. Describes support from mortgage brokers.
390	Chair Lokan	Asks the current interest rate for veterans' home loans.
398	Cowan	Replies that the interest rate is 5.95% fixed, 30-year amortization. Explains loan restrictions.
418	John McCulley	Association of Mortgage Brokers. Speaks in support of SB 173.
448	Rod Craig	President-elect, Oregon Association of Mortgage Brokers. Speaks in support of SB 173. Submits and reads written testimony ( <b>EXHIBIT A</b> ). Explains that presently, veterans do not have the option of choosing a mortgage broker.
478	Chair Lokan	Asks for information about the difference between a mortgage broker and a traditional lending institution.
487	Craig	Explains that a mortgage broker offers services based on the cost of originating, processing, and delivering the mortgage in a complete package for ready for approval.
<b>TAPE 42, A</b>		
048	Chair Lokan	Asks if mortgage brokers provide a more comprehensive service than a lending institution.
052	Craig	Explains that the service is equal, but mortgage brokers provide a more cost-effective service, because costs are controlled at a lower level.
063	Chair Lokan	Asks what mortgage brokers can offer a veteran that a lending institution cannot.

068	Craig	Describes the automated underwriting and approval process.
072	Chair Lokan	Closes public hearing on SB 173, and opens work session.
<b><u>SB 173 WORK SESSION</u></b>		
073	Rep. Knopp	<b>MOTION: Moves SB 173 to the floor with a DO PASS recommendation.</b>
		<b>VOTE: 6-0</b>  <b>AYE: In a roll call vote, all members present vote Aye.</b>  <b>EXCUSED: 2 - Lowe, Piercy</b>
	Chair Lokan	<b>The motion CARRIES.</b>  <b>REP. MONGTOMERY will lead discussion on the floor.</b>
092	Chair Lokan	Closes work session on SB 173. Adjourns meeting at 9:05 a.m.

Submitted By, Reviewed By,

Susan M. Pettey, Pat Zwick,

Administrative Support Administrator

#### **EXHIBIT SUMMARY**

A ñ SB 173, written testimony, Rod Craig, 1 p.