

Date of Hearing: April 27, 2011

ASSEMBLY COMMITTEE ON HOUSING AND COMMUNITY DEVELOPMENT

Norma Torres, Chair

AB 697 (V. Manuel Perez) – As Amended: April 4, 2011

SUBJECT: Veteran: acquisition of home: interest of record.

SUMMARY: Allows the CalVet Home Loan Program (CalVet) within the California Department of Veterans Affairs (CDVA) to refinance existing mortgage loans. Specifically, this bill:

- 1) Allows CDVA to acquire a home in which the veteran has an interest of record for the purpose of refinancing an existing mortgage loan.
- 2) Specifies that funds used by CDVA for refinancing existing mortgage loans shall be used in accordance with federal laws and regulations governing the use of qualified mortgage bonds and qualified veterans' mortgage bonds.
- 3) Requires CDVA to adopt and publish any rules and regulations necessary to allow CalVet to refinance existing mortgage loans.

EXISTING LAW

- 1) Provides for farm and home purchase benefits for qualifying veterans under the Veterans' Farm and Home Purchase Act of 1974 and subsequent acts, which are collectively referred to as the CalVet Home Loan Program (Military and Veterans Code Section 987.50, et seq.).
- 2) Allows the CalVet program to be used to acquire a home in which the veteran has an interest of record only in limited circumstances, including:
  - a) Where the application is for aid for the construction of a home upon real property owned by the applicant and the improvements to be constructed thereon have not reached completion as evidenced by the issuance of a certificate of occupancy.
  - b) Where the veteran had no interest of record in the property at the time of filing his or her application and thereafter secured interim financing pending the processing and approval of the application by the department.
  - c) Where the application is for the purchase of a mobilehome to be situated upon real property, or an undivided interest therein, owned by the applicant.
  - d) Where the applicant is an Indian veteran and the application is for the construction of a dwelling house or other improvements on, or for the purchase of a mobilehome to be sited on, trust land in which the Indian veteran has a beneficial interest or owns an interest of record.

- e) Where the application is for assistance to enable the veteran to purchase his or her space or share in a mobilehome park that is converted from a rental park to a nonprofit corporate resident-owned park or subdivision, cooperative, or condominium for mobilehomes, in which the veteran resides in his or her mobilehome.

(Military and Veterans Code Section 987.85)

FISCAL EFFECT: Unknown

COMMENTS:

The CalVet Home Loan Program, operated by the California Department of Veterans Affairs, offers home loans to qualified veterans at competitive interest rates with a low or no down payment. The program provides loans for single-family residences, including condominiums and planned unit developments; farms; units in cooperative developments; and mobilehomes in rental parks or on land owned by the veteran. Properties purchased with a CalVet loan must be owner-occupied and located in the state.

Funding for the CalVet program comes primarily from general obligation bonds that are repaid through monthly mortgage payments. The program has no General Fund costs. Voters have passed 23 veterans bonds since 1943 to provide funding for CalVet. The last veterans' bond to pass was Proposition 12 in 2008, which authorized \$900,000,000 in bonds for the program.

Under current law, CalVet can only be used to purchase a new property that the veteran does not already own, with a few narrow exceptions. It cannot assist a veteran who already owns a home but who may want to refinance his or her mortgage. AB 697 would change this to allow CalVet to refinance existing mortgages that are currently held by another bank, thus expanding the number of veterans who could take advantage of the program.

Double referred: The Assembly Committee on Rules referred AB 697 to the Committee on Veterans Affairs and Housing and Community Development. This bill is schedule to be heard in the Committee on Veterans Affairs on April 26, 2011.

REGISTERED SUPPORT / OPPOSITION:

Support

American Legion-Department of California  
AMVETS-Department of California  
California Association of County Veterans Service Officers  
California State Commanders Veterans Council  
Vietnam Veterans of America-California State Council

Opposition

None on file

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