

Date of Hearing: April 26, 2011

ASSEMBLY COMMITTEE ON VETERANS AFFAIRS  
Paul J. Cook, Chair  
AB 697 (V.M. Perez) – As Amended: February 17, 2011

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

SUMMARY: This bill allows the Department of Veterans Affairs (Department) to acquire a home in which a veteran has an interest of record. Specifically, this bill:

- 1) Authorizes the Department to acquire a home in which the veteran has an interest for the purpose of refinancing an existing mortgage loan; and
- 2) Removes all of the other exceptions to the prohibition against acquiring a home in which a veteran has an interest; and
- 3) Requires the Department to adopt and publish implementing rules and regulations.

EXISTING LAW Prohibits the Department from acquiring a home in which a veteran has an interest of record, except in five circumstances:

- 1) 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; or
- 2) 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; or
- 3) 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; or
- 4) 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; or
- 5) Where the application is for assistance to enable the veteran to purchase his or her space, or share in a mobilehome park, which 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.

FISCAL EFFECT: Unknown

COMMENTS: The United States Department of Veterans Affairs refinances loans but existing statutory provisions prohibit the Department from doing the same. This bill removes the restriction prohibiting the Department from acquiring a home in which a veteran already has an interest, thereby allowing the Department to enter the refinance market. According to the Department, it is prohibited from refinancing its own CalVet loans. The refinancing contemplated by this bill will be for existing loans, other than CalVet Loans. This bill would widen the ability of the Department to use CalVet funds and allow the Department to move into an arena, refinancing, in which it has not previously been involved.

Policy Question: The bill as drafted removes all of the other exceptions under which the Department may acquire an interest in a property in which a veteran has an existing interest. Some of these exceptions may be worth retaining, for example, "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." Should these exceptions be retained?

REGISTERED SUPPORT / OPPOSITION:

Support

American Legion-Department of California, the AMVETS- Department of California, California Association of Veterans Service Officers, California State Commanders Veterans Council, and the Vietnam Veterans of California.

Opposition

None on file.

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