



State of Texas
House of Representatives
Austin

Frank Tejeda

April 14, 1981

Dr. Hector P. Garcia, Founder
AMERICAN GI FORUM
1315 Bright
Corpus Christi, TX 78405

Dear Dr. Garcia:

Enclosed please find a newspaper clipping regarding House Joint Resolution 103, which I recently proposed to the Texas Legislature. The proposed amendment would allow the State of Texas to issue up to \$800 million in general obligation bonds to finance low-interest home mortgages for honorable discharged veterans living in Texas.

After reading the article, I am certain you will agree that H.J.R. 103 would be of tremendous benefit to all Texas veterans. It is my hope that you and your organization will support my efforts to have this legislation passed by contacting your senators and representatives plus your members to have them vote in favor of this most important piece of legislation.

Any assistance you may be able to provide will be greatly appreciated. Please do not hesitate to call if you have any questions regarding any of the above.

Sincerely,

Frank Tejeda

FRANK TEJEDA
State Representative
District 57-B

FT/oh

Enclosure

Austin Office
P. O. Box 2910
Austin, Texas 78769
512-475-4506

District Office
666-U SW Military Drive
San Antonio, Texas 78221
512-924-7383

House to consider cut-rate loans for vets

by Dick Merkel

Chief, Express-News Capitol Bureau

AUSTIN — At a time when 15 percent home mortgage loans are commonplace, anyone offering mortgage money at 9 or 9.5 percent could either expect to be trampled to death in the rush, or rushed off to a rubber room.

But for some 1.7 million military veterans living in Texas, the prospect of low-interest home mortgages may not be as far-fetched as it first sounds.

Next Tuesday, a committee of the Texas House of Representatives will begin consideration of legislation that could ultimately make Texas veterans eligible for special low-interest home mortgage loans.

Proposed

Up for consideration is a proposed amendment to the constitution that would allow the state to issue up to \$800 million in general obligation bonds to finance home loans for honorably discharged veterans living in Texas.

House Joint Resolution 103 is one-half of the special home loan package its author, state Rep. Frank Tejeda, D-San Antonio, says "just may be the first real break this state has offered all its veterans."

HJR103, will be taken up by the House Constitutional Amendments Committee where support for it is already solid.

If passed out of the committee to the

full House, it is expected to have the full backing of Speaker Bill Clayton which, in the vernacular of the Legislature, "ain't bad backing."

If adopted by the House and Senate by the required two-thirds majority in both bodies, voters statewide would be asked to approve the amendment in November 1982.

It is the same type of amendment which voters have approved in the past to create the state's Veterans Land, Water Development Bond, College Students Loan, Park Development and, most recently, Farm and Ranch Loan Security Programs.

The amendment would allow the state to issue bonds up to \$800 million, the proceeds from which would be used to finance the program.

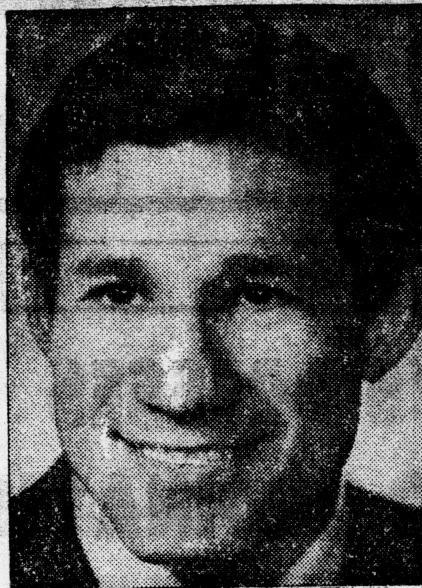
The bonds would be retired from the mortgage payments made by veterans on the homes they purchase through the program.

At the present time, the state is able to sell its bonds on the open market at around 9 to 9.5 percent due to its "AAA" rating, the highest rating there is, on the market.

Under federal law, the state would be limited to charging only 1 percent over the interest it pays on the bonds when lending money to the veterans.

10.5 percent

Therefore, if the program were in operation now, eligible veterans would be able to obtain state guaranteed



Frank Tejeda

home mortgage loans at 10 to 10.5 percent.

The second part of Tejeda's package is House Bill 2071 which is pending in the House Environmental Affairs Committee chaired by Rep. Bennie Bock II, D-New Braunfels.

It would establish the laws necessary to implement and administer the program if, and when, it is approved by voters.

At this point the prospects for at least the first half of Tejeda's plan reaching the voters next year appears good.

The reason for the optimism comes from both in and outside the Legislature.

In addition to the support of Clayton and the Constitutional Amendments

Committee chairman, Rep. Bob McFarland, R-Arlington, as well as the committee members, Tejeda is gathering a growing list of House members who are signing up in support of HJR103.

Also, there is apparently no outward opposition to the idea from the various segments of the state's home mortgage industry which makes the bulk of the current home loans.

Not against

Tejeda says he outlined his plan to the state Savings & Loan Association and quoted a top official as saying: "There's no way in the world we would come out openly against something like this. It would be like going against apple pie and motherhood."

Then, there's Tejeda himself. A decorated Marine veteran of Vietnam with a battlefield commission, Tejeda has a well-earned reputation for being a scrapper for those things he favors, as well as against those he opposes.

"I'm pulling out all the stops for this," Tejeda says. "If any members owe me for my past support on some of their legislation, now's the time I'm going to call in my chips." He says.

Tejeda, who has attached his priority to the legislation, continues, "the most I can say Texas has done for its veterans so far is very little."

He claims the veterans' benefits provided by the state "can be counted on one hand."

The Veteran's Land Program, which loans up to \$20,000 to veterans to buy 10 or more acres of land, is the only significant one. "But even that benefited only a few veterans who were able to buy that much land for that little money several years ago when there were still bargains available."



Bennie Bock II,

Tejeda says his program would help all veterans, but particularly those with lower incomes, to purchase homes they cannot presently afford due to high interest rates.

"Texas is one of the few states which didn't give a veteran's bonus. If we tried now, even a token bonus of \$200 or \$300 would be financially prohibitive. And what if we did? In our present time of inflation, \$200 or \$300 wouldn't fill a families market basket for a month."

Instead, Tejeda says, his bill would be a bonus to veterans that would extend over the years.

"It could not only make buying a home affordable, it would also mean as much as \$100-a-month in lower house payments over the 30 year life of the

mortgage. Now that, in my opinion, is a bonus!"

And, as a final clincher to his arguments for his plan, Tejeda has a fistful of clippings about the program in Oregon which has been in operation since the end of World War II and after which his is patterned.

Tejeda says the 1 percent federal law allows a state to earn on such programs has netted Oregon "\$103 million in clear profit since World War II. Oregon made a net profit of \$25 million last year alone. This proves the program not only works, but it pays," he states.

Also in the back of Tejeda's mind, he says, is the fact budget cuts already proposed by the Reagan Administration dig deeply into federally guaranteed home loan programs, include those of the Veteran's Administration and FHA.

"The VA, at present, has no funds to make direct loans to veterans," he says, adding the situation won't improve if the VA's funding is cut even further.

Monday, Tejeda says, he's going to hit the halls of the Legislature running.

"I'm going to knock on every door and get all the support I can from both the House and Senate."

Help

And, the San Antonio lawmaker won't be alone.

Congressional Medal of Honor winner Roy Benavidez of El Campo, will be right there lobbying alongside Tejeda.

Benavidez, who was honored by the Legislature last week for his bravery in Vietnam combat which earned him this nation's highest award for valor, told the Express-News he will make the trip to Austin to help Tejeda.