

HOUSE COMMITTEE ON SMART GROWTH AND COMMERCE

March 16, 2001
3:15 PM

Hearing Room 50
Tapes 66-69

MEMBERS PRESENT: Rep. Bill Witt, Chair
Rep. Betsy Johnson, Vice-Chair
Rep. Alan Bates
Rep. Alan Brown
Rep. Richard Devlin
Rep. Laurie Monnes-Anderson
Rep. Vicki Walker

MEMBER EXCUSED: Rep. Tim Knopp, Vice-Chair
Rep. Janet Carlson
Rep. Bill Garrard
Rep. Jerry Krummel

STAFF PRESENT: Daniel Clem, Committee Administrator
Renee' Lunsford, Committee Assistant

MEASURE/ISSUES HEARD: HB 3145 Public Hearing
HB 3228 Public Hearing
HB 2764 Public Hearing
HB 3558 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 66, A		
001	Chair Witt	Calls meeting to order at 3:15 p.m.
002	Chair Witt	Opens public hearing on HB 3145 and HB 3228.
<u>HB 3145, HB 3228 PUBLIC HEARING</u>		
003	Dan Clem	Committee Administrator. Reads staff preliminary summaries on HB 3145 and HB 3228.
038	Representative Phil Barnhart	District 40. Gives testimony in favor of HB 3145 and HB 3228. . Gives reasons for initiating the bill. <ul style="list-style-type: none">• Constituent received notice of insurance cancellation the tenth day after the policy ended. States intent of bill. <ul style="list-style-type: none">• Allow additional time for customers to recover from any mistake that may have occurred.
089	Ellen Connody	Drafter of bill. Gives verbal testimony in favor of HB 3145 and HB 3228. Defines suggested amendments and states why she feels they are necessary.
107	Mary Kay Brent	Constituent of Representative Barnhart. Gives testimony in

		favor of HB 3145 and HB 3228. Gives personal testimony of how her insurance was cancelled and the circumstances surrounding the cancellation.
162	Rep. Johnson	Asks how the insurance company notified her the first time that her check had not arrived.
164	Brent	States they sent her a letter.
165	Rep. Johnson	Asks if the next communication she had from the insurance company was the cancellation notice and if it was well past the date they had cancelled her policy.
166	Brent	Responds affirmatively.
168	Rep. Bates	States he is concerned about dropping the registered letter requirement part of the bill.
178	Rep. Barnhart	States he suggested dropping that requirement because many times certified letters are undeliverable to recipients who work during the day.
199	Rep. Monnes-Anderson	States she shares the same concern. She would like the notification to be sent registered mail.
209	John Powell	Representative for Regence Blue Cross. Gives verbal testimony in favor of HB 3145 and HB 3228. States he supports the principle of the bill but he suggests amendments.
220	Chair Witt	Asks when Mr. Powell's suggested amendments will be available.
225	Powell	Responds by the end of next week or the beginning of the following week.
249	Rep. Monnes-Anderson	Asks if the insurance company has a lot of defaults on payments.
261	Powell	States there are a lot of late payments received and that kicks in this process of notification.
278	Rep. Walker	Asks why the health insurance policies don't operate in the same way as automobile policies.
285	Powell	Replies many times, the payer is different than the policy certificate holder. Explains how this works.
300	Rep. Devlin	Asks if the time of cancellation is deferred to a longer period after non-payment, if it would have to be computed into the policy costs and require more payment upfront.
312	Powell	Responds he may be right.
327	Justin Delaney	Standard Insurance Co. Submitted verbal testimony in favor of HB 3228 and HB 3145. States he will be involved in a work group on Monday, which will involve the American Council of Life Insurers, to work on the amendment to present to the committee.
345	Peggy Anet	Health Insurance Association of America. Gives verbal testimony in opposition to HB 3228 and HB 3145. States the issue is complex and that she is working on something that is feasible and meets the objectives of the committee.
365	Rep. Johnson	Asks Ms. Anet if she is aligned philosophically with the concept of the bill.
375	Anet	Replies yes.
377	Chair Witt	Closes the public hearing on HB 3228 and HB 3145.
380	Chair Witt	States the insurance check for his company, which has 65 employees, was lost in the mail and notice of cancellation was sent out not only to him but to all of his employees. The intent of this bill is to assure that companies don't use a loop hole to cancel insurance without appropriate notice.

401 Rep. Walker States she agrees and this bill is long overdue. Asks which bill we are going forward with HB 3145 or HB 3228.

403 Chair Witt States that we will go forward with HB 3145 with the –3 amendments.

405 Chair Witt Closes public hearing on HB 3228 and HB 3145 and opens public hearing on HB 2764.

HB 2764 PUBLIC HEARING

440 Clem Reads preliminary staff report on HB 2764. Explains the function and requirement of the –1 Amendment.

TAPE 67, A

032 Clem Continues to read staff preliminary summary on HB 2764.

070 John McCulley Oregon Association of Mortgage Brokers. Submits verbal and written testimony in favor of HB 2764 (**EXHIBIT A**).

133 Edward Trompke The Oregon Association of Mortgage Brokers. Submits verbal and written testimony in favor of HB 2764 (**EXHIBIT B**).

319 Rod Craig Owner, Homestead Mortgage Company, Wilsonville. Gives verbal testimony and written testimony in support of HB 2764 (**EXHIBIT C**).

431 Rep. Monnes-Anderson Says you stated the number of complaints has stayed pretty consistent. Asks are you finding more extreme thefts – like identity thefts.

459 Trompke Answers anecdotally, yes, the severity of the complaints is increasing.

466 Rep. Bates Asks who does the testing, who teaches the course and who charges for both the testing and the course.

475 McCulley States it is anticipated that even though the Department of Consumer Business and Services would certify the individuals and corporations, this would be a private sector function.

TAPE 66, B

054 Trompke Reads portion of HB 2764, page 9, section 11, subsection 16. Explains this means that if unethical activities are occurring, they can be shut down.

065 Rep. Bates States his concern is that the fox maybe watching the fox.

070 McCulley Responds it is possible that an employer may be certified to provide training to his employees.

107 Rep. Bates Asks if you have a brokerage house and an employee is involved in fraudulent activities, would this lessen the responsibility of the brokerage house and put more of the burden on the employee.

109 Trompke States the statute spells out the exact responsibility of the supervisor. It is an added responsibility, there is no deletion of responsibility.

118 Rep. Walker Refers to Mr. McCulley’s statement that the Oregon Mortgages Bankers Association oppose HB 2764. Asks if they invited them to the meetings held to discuss this bill.

139 McCulley Responds by giving history of meetings with the Oregon Mortgage Bankers Association and their response.

171 Rep. Brown States your testimony states most banks are exempt from this bill. Asks what constitutes most banks.

175 Trompke Explains that it includes virtually all banks. However, he used the words “most banks,” as a precaution, in case there was one-or-two exceptions.

194 McCulley Refers to page one of the –1 amendments, section 2 under the

203	Rep. Devlin	definition of loan originators. States the only loan originators who are covered under this act would be those who are employed by a business who is licensed under ORS, Chapter 59. Refers to checks, i.e. criminal background, credit history. Asks to what extent a private employer of an association without government authority could ask for.
233	McCulley	Explains the difficulty in obtaining that information and states they're advocating a system where one phone call can get the information they need.
245	Craig	States the actual cause of termination from a previous employer is off limits to prospective employers.
270	Rep. Devlin	Asks what the benefit is to their association with the proposed continuing education requirements.
275	McCulley	Responds most of the licensed professions have a continuing education program for employees. However, we have trouble getting attendance because there is very little or no incentive to do so.
296	Chair Witt	States conducting these classes outside of the law does not necessarily address the issue of how to take care of participants in the industry who are not complying in an ethical, honorable or legal manner.
370	Milt Cheever	Submits verbal and written testimony in favor of HB 2764 (EXHIBIT D) .
<u>TAPE 67, B</u>		
049	Jackie Jacobs	Broker and owner of Revere Mortgages Services Corp. Gives verbal testimony in favor of HB 2764. Tells a first-hand account of working with an employee in the industry who has a felony record and is guilty of committing identity theft.
116	Emi Murphy	Attorney. Bullard, Smith Firm. Gives verbal testimony in favor of HB 2764. Tells, as an example of the importance of this bill, a story of an employee found guilty of fraudulent loan practices who continues to work in the industry.
284	Chris Barry	Outlines the limitations of employers to protect themselves and the consumer. Loan Originator, Mortgage Executives. Gives verbal testimony in favor of HB 2764. States reasons why mortgage brokers should be educated, licensed and regulated.
350	Jim Markee	Jim Markee & Associates, Inc. Representing the Oregon Mortgage Bankers Association. Gives verbal and written testimony in opposition to HB 2764 (EXHIBIT E) .
<u>TAPE 68, A</u>		
007	Markee	Continues testimony.
037	Chair Witt	Asks if there is anything in the bill that gives former employers immunity of protection from a former employee.
032	Markee	States the bill creates a statutory requirement to notify the department if you fire someone for a cause related to violations of this legislation. By establishing that statutory duty, you create absolute privilege, which would result in a bar for a civil lawsuit for defamation.

165 Chair Witt Expresses additional concerns.
Suggests Mr. Markee make a written report of his specific
concerns and give them to Dan Clem, Committee Administrator.
172 Ronald A. Rudy President, CEO, Portland Mortgage Company. Gives verbal and
written testimony in opposition to HB 2764 (**EXHIBIT F**).
Chair Witt Closes HB 2764 and opens public hearing on HB 3358.

HB 3358 PUBLIC HEARING

410 Dan Clem Reads staff preliminary summary on HB 3358.
437 Jeffrey Tryens Executive Director, Oregon Progress Board. Gives verbal
testimony in support of HB 3358. States the board has wanted
more legislative involvement in its operations and they believe
this will be a very effective way to make that happen.
440 Rep. Walker Asks if there are currently any members of the legislature on this
board.
448 Tryens Replies because the Progress Board has rule-making authority, it
couldn't have a legislative member on the board.
450 Chair Witt Closes the public hearing on HB 3358 and opens a work session
on HB 3358.

HB 3358 WORK SESSION

455 Rep. Johnson **MOTION: Moves HB 3358 to the floor with a DO PASS
recommendation.**
457 **VOTE: 6-0**
**EXCUSED: 5 - Carlson, Garrard, Knopp, Krummel,
Monnes-Anderson**
Chair Witt **Hearing no objection, declares the motion CARRIED.**
REP. PATRIDGE will lead discussion on the floor.
490 Chair Witt Closes the work session on HB 3358 and reopens the public
hearing on HB 2764.

HB 2764 PUBLIC HEARING
TAPE 69, A

040 David Kroger Mortgage Executives. Gives verbal testimony in favor of HB
2764. Submits letter (**EXHIBIT G**). Outlines how the processes
will work if HB 2764 is enacted and why there is a need for
them.
117 Rep. Walker States Mr. Kroger's reference to telemarketers calling from
cellblocks and obtaining personal records from clients is not
entirely correct.
122 Chair Witt Closes the public hearing on HB 2764.
134 Chair Witt Adjourns the meeting at 6:30 p.m.

Submitted By,

Reviewed By,

Renee' Lunsford,
Committee Assistant

Daniel Clem,
Committee Administrator

EXHIBIT SUMMARY

- A. HB 2764 – Testimony of John H. McCulley, John McCulley, pp. 8
- B. HB 2764 – Testimony of Ed Trompke, Ed Trompke, pp. 19
- C. HB 2764 – Testimony of Rodney Craig, pp. 8

- D. HB 2764 – Testimony of Milt Cheever, Milt Cheever, pp. 5**
- E. HB 2764 – Testimony of Jim Markee, representing the Oregon Mortgage Bankers Association, Jim Markee, pp. 5**
- F. HB 2764 – Testimony of Ronald A. Rudy, President, CEO, Portland Mortgage Company, pp. 3**
- G. HB 2764 – Letter written by to David Kroger by Brian Finn Carlsen, submitted by David Kroger, p. 1**