

HOUSE COMMITTEE ON BUSINESS AND CONSUMER AFFAIRS

February 05, 1999 Hearing Room HR E

8:30 a.m. Tapes 24-25

MEMBERS PRESENT: Rep. Roger Beyer, Chair

Rep. Dan Gardner, Vice-Chair

Rep. Tim Knopp, Vice-Chair

Rep. Jason Atkinson

Rep. Bill Morrisette

Rep. Terry Thompson

Rep. Jackie Winters

MEMBER EXCUSED:

STAFF PRESENT: Keith Putman, Administrator

Kevin E. Wells, Administrative Support

MEASURE/ISSUES HEARD: SB 26, SB 44, SB 217, and SB 283

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 24, A <u>PUBLIC HEARING SB 26</u>		
005	Chair Beyer	Calls meeting to order at 8:30 a.m. Asks staff for summary.

010	KeithPutman	Administrator. States the bill clarifies provisions to allow certain out of state financial institutions to operate without certain restrictions.
020	Tim Martinez	Oregon Bankers Association (OBA). Supports bill. Explains that relevant statutes were accidentally repealed
032	Ken Sherman, Jr.	Represents OBA. Explains SB 26 addresses technical changes, restoring <i>status quo</i> of pre-1997. Notes that a revision of bank code in 1997 did not incorporate all previously existing provision regarding out-of-state financial institutions making mortgage loans. Restores tax exempt status on mortgage activities. (EXHIBIT A)
055	Chair Beyer	Closes Public Hearing. Opens Work Session SB 26.
<u>WORK SESSION SB 26</u>		
057	Rep. Thompson	MOTION: Moves to ADOPT SB 26-1 amendments dated 2/4/99.
067	Chair Beyer	Asks Martinez to explain the SB 26-1 amendment.
068	Martinez	Explains the Department of Revenue had asked for clarification concerning tax status of said institutions.
		VOTE: 7-0
074	Chair Beyer	Hearing no objection, declares the motion CARRIED.
078	Rep. Thompson	MOTION: Moves SB 26-1 to the floor with a DO PASS AS AMENDED recommendation.
		VOTE: 7-0 AYE: In a roll call vote, all members present vote Aye.
		Chair Beyer The motion CARRIES. REP. THOMPSON will lead discussion on the floor.

080	Chair Beyer	Closes Work Session SB 26.
<u>PUBLIC HEAR SB 44</u>		
081	Chair Beyer	Open Public Hearing SB 44.
095	Putman	Explains the bill increases the bonding requirement on certain mortgage bankers with business in several locations. Adds it clarifies language concerning mortgage bankers.
110	Jim Markee	Represents Oregon Mortgage Bankers Association. Supports SB 44, states it raises the bonding requirements from \$10,000 to a range between \$25,000 to \$50,000 per company. (EXHIBIT B)
130	Markee	Explains SB 44 corrects inadvertent consequence of SB 460 (1997).
140	Markee	States SB 44 establishes what mortgage bankers can do regarding servicing of a loan.
152	Rep. Atkinson	Asks for clarification on what constitutes a company or company branch and what the bond requirement per branch is.
162	Markee	States that the bond requirement has not considered the number of branches. Explains that under SB 44, the Department of Business and Consumer Services (DBCS) would allow additional bonds for branches. States details of bonding for branches.
184	Chair Beyer	Asks about bond applicants.
190	Markee	Clarifies who is an applicant and cost of application for bonds.
196	Markee	Explains it is important to give DBCS more rule making authority.
207	John McCulley	Oregon Association of Mortgage Bankers. Agrees with Markee. Supports SB 44. (EXHIBIT C)
213	Rep. Atkinson	Asks if intent of SB 44 is consumer protection.
224	Markee	Replies that there is always a balance between consumer protection and regulation of industry. Comments that this bill raises bonding requirements to a level suggested by DBCS.
246	John Harlow	President, Intervest Mortgage Company. Explains previous bond levels were

		inadequate. States that the \$10,000 bond is not onerous to the industry and the increment to the new level is reasonable.
260	Chair Beyer	Asks about the incremental cost.
265	Harlow	Answers "a couple of hundred dollars, a year."
269	McCulley	Emphasizes this bill is good for both industry and consumers.
275	Chair Beyer	Notes for the record that DBCS is in agreement with the bill. Closes Public Hearing SB 44. Opens Work Session SB 44
<u>WORK SESSION SB 44</u>		
287	Rep. Thompson	MOTION: Moves SB 44 to the floor with a DO PASS recommendation.
		VOTE: 7-0 AYE: In a roll call vote, all members present vote Aye.
		Chair Beyer The motion CARRIES. REP. KNOPP will lead discussion on the floor.
300	Chair Beyer	Closes Work Session SB 44. Opens Public Hearing SB 217
<u>PUBLIC HEARING SB 217</u>		
304	Putman	Explains bill changes definition of investment advisor representative to match the federal definition. Adds that the bill allows certain broker dealers to operate in Oregon without a separate filing; prescribes a fee to file for a trade name.
319	Jim Harlan	Deputy Administrator, Division of Finance and Corporate Securities (DFCS). Offers support for SB 217. Reviews the bill. (EXHIBITS D & E)
Tape 25, A		
010	Rep. Atkinson	Asks if the \$50 fee to file for a trade name is per name.

013	Harlan	Replies in the affirmative.
014	Rep. Atkinson	Asks how they arrived at that figure.
016	Harlan	Answer it was a product of discussion between his office and people in industry. Notes it is in-line with similar fees they charge.
022	Chair Beyer	Closes Public Hearing SB 217. Opens Work Session SB 217.
<u>WORK SESSION SB 217</u>		
025	Rep. Gardener	MOTION: Moves SB 217 to the floor with a DO PASS recommendation.
		VOTE: 6-0 AYE: In a roll call vote, all members present vote Aye. EXCUSED: 1 ñ Thompson
	Chair Beyer	The motion CARRIES. REP. GARDENER will lead discussion on the floor.
038	Chair Beyer	Close Work Session SB 217. Opens Public Hearing SB 283.
<u>PUBLIC HEARING SB 283</u>		
040	Putman	Explains SB 283 will correct current statues. Notes an amendment has been proposed and is currently being drafted. Explains the amendment.
059	Harlan	Supports SB 283. Introduces Ed Simkins.
065	Ed Simkins	Manager, Banking Regulation at DFCS. Supports SB 283. Explains that the bill corrects technical issues: <ul style="list-style-type: none"> • Corrects obsolete references to Federal Savings and Loan Insurance Corporation, change to Federal Deposit Corporation • Reinstates Federal Home Loan Bank as a recipient of examination information • Clarifies requirement to obtain certificate of authority to be a trust business in Oregon

		<ul style="list-style-type: none"> • Institutes notification requirement for banks seeking to establish loan protection offices in Oregon <p>(EXHIBIT F,G & H)</p>
094	Putman	Asks for a definition of "loan production office."
099	Simkins	Explains "loan production offices" generate loans for their institution.
102	Chair Beyer	Calls Martinez to testify.
105	Martinez	Explains the need for SB 283.
120	Chair Beyer	Closes Public Hearing SB 283. Adjourns meeting at 9:10 a.m.

Submitted By, Reviewed By,

KEVIN E. WELLS, KEITH PUTMAN,
Administrative Support Administrator

EXHIBIT SUMMARY

A ñ SB 26, Written Testimony, OBA, Ken Sherman, 2 pp.

B ñ SB 44, Written Testimony, OMBA, Jim Markee, 1 p.

C ñ SB 44,Written Testimony, OAMB, John McCulley, 1 p.

D ñ SB 217, Written Testimony, Jim Harlan, 4 pp.

E ñ SB 217, Written Testimony, Jim Harlan, 4 pp.

F ñ SB 283, Written Testimony, Ed Simkins, 1 p.

G ñ SB 283, Written Testimony, Ed Simkins, 3 pp.

H ñ SB 283, Written Testimony, Ed Simkins, 2 pp.