

SENATE COMMITTEE ON  
BUSINESS AND CONSUMER AFFAIRS

Hearing Room  
Tapes 424

MEMBERS PRESENT:

Sen. John Lim, Vice-Chair  
Sen. Joan Dukes  
Sen. William McCoy

MEMBERS EXCUSED:

Chairman Kennemer  
Sen. Derfler

STAFF PRESENT:

Darrell W. Fuller, Committee Administrator  
Carol A. Smith, Committee Assistant

MEASURES HEARD:

SB 405: Public Hearing & Work Session  
SB 408: Public Hearing & Work Session  
SB 409: Public Hearing & Work Session

These minutes contain materials which paraphrase and/or summarize statements made during this session. Only text enclosed in quotation marks report a speaker's exact words. For complete contents of the proceedings, please refer to the tapes.

TAPE , A

010 VICE-CHAIR LIM: Calls meeting to order at 3:15 p.m.; announces CHAIR KENNEMER and SEN. DERFLER excused and he will act as chair today. Postpones SB 307 until next week.

011 VICE-CHAIR LIM: Opens PUBLIC HEARING on SB 405.

012 COMMITTEE ADMINISTRATOR, DARRELL FULLER, gives brief overview of bill.

020 WITNESSES: Frank E. Brawner, President, Oregon Banker's Association and Independent Community Banks of Oregon.

Cecil Monroe, Administrator, Division of Finance  
and Corporate Securities, for Department of Insurance  
and Finance

040 FRANK BRAUNER: Submits written testimony (EXHIBIT A) in support of SB 405; explains CBCT's; states areas where it is intended to correct oversights and clarify definitions of financial institutions. Mentions cross reference to savings and loan institutions.

068 CECIL MONROE: Concurs with Frank Brawner, has no objections to the bill.

081 VICE CHAIR LIM: Closes PUBLIC HEARING on SB 405.

082 VICE-CHAIR LIM: Opens WORK SESSION on SB 405.

083 MOTION: SEN. DUKES: Moves SB 405 to the floor with a DO PASS recommendation.

084 VOTE: MOTION CARRIES  
AYE: DUKES, MCCOY & LIM  
NAY: NONE  
EXCUSED: DERFLER & KENNEMER  
CARRIER: MCCOY

090 VICE-CHAIR LIM: Closes WORK SESSION on SB 405.

098 VICE-CHAIR LIM: Opens PUBLIC HEARING on SB 408.

100 COMMITTEE ADMINISTRATOR, DARRELL FULLER, gives overview of the bill.

112 WITNESSES: Frank E. Brawner, President, Oregon Banker's Association and  
Independent Community Banks of Oregon.  
Cecil Monroe, Administrator, Division of Finance  
and Corporate Securities, for Department of Insurance  
and Finance

115 FRANK BRAUNER: Submits written testimony (EXHIBIT B) in support of SB  
408 and speaks in support of SB  
408-1 amendments (EXHIBIT C). States the purpose is to amend ORS 706.700  
and requires director, president or  
chief executive officer of banking institution who retires or resigns to  
give notice to Director of Department of  
Consumer and Business Services.

140 CECIL MONROE: In support of SB 408; addresses less-than-monthly board  
meetings.

166 VICE-CHAIR LIM: Question regarding reason for 30-day notice.

180 MONROE: Responds because of need to be alerted to possible pending  
problems in the bank.

181 VICE-CHAIR LIM: Closes PUBLIC HEARING on SB 408.

185 VICE-CHAIR LIM: Opens WORK SESSION on SB 408.

210 MOTION: SEN. MCCOY Moves the ADOPTION of SB 408-1 amendments  
dated 2-15-95.

212 VOTE: VICE-CHAIR LIM: Hearing no objection SB 408-1 amendments are  
ADOPTED.

214 MOTION: SEN. MCCOY Moves SB 408 AS AMENDED to the floor with a  
DO PASS recommendation.

220 VOTE: MOTION CARRIES  
AYE: DUKES, MCCOY & LIM  
NAY: NONE  
EXCUSED: KENNEMER & DERFLER  
CARRIER: DUKES

223 VICE-CHAIR LIM: Closes WORK SESSION on SB 408.

229 VICE-CHAIR LIM: Opens PUBLIC HEARING on SB 409.

234 COMMITTEE ADMINISTRATOR, DARRELL FULLER, Gives brief overview of bill;  
has no fiscal or revenue  
impact.

241 WITNESSES: Frank E. Brawner, President, Oregon Banker's Association and  
Independent Community Banks of Oregon.  
Cecil Monroe, Administrator, Division of Finance and Corporate  
Securities, for Department of Insurance and Finance.

241 FRANK BRAUNER: Submits written testimony (EXHIBIT D) and speaks in  
support of  
SB 409; explains it broadens authority of state-chartered banks; gives  
examples of application to loans where security is  
undivided interest; for instance huSB and and wife.

264 BRAUNER: Continues; believes the use of undivided interest will never  
become widespread and gives flexibility to the  
law.

290 SEN. DUKES: Question regarding concern over encumbrance of property.

298 BRAWNER: Responds affirmatively; but doubts that it would happen in personal pieces of property; usually would be commercial properties.

332 SEN. DUKES: Questions how one would know when other individual has encumbered the property; speaks to protections in this regard.

350 BRAWNER: Gives explanation of when a bank would make the loan.

385 BRAWNER: Continues; referring to the state charter system; Oregon's place versus the Federal Government; speaks about dual charter system, maintaining balance, regardless of charter.

TAPE 24, SIDE A

015 CECIL MONROE: Speaks in support of SB 409. Agrees with Frank Brawner; does not see as a safety and soundness issue; was envisioned to remedy unsafe practices that were going on in commercial and other properties; was a very risky venture.

033 VICE-CHAIR LIM: Question regarding notification of other parties.

038 MONROE: The normal course of events would have notification as part of this procedure.

044 VICE-CHAIR LIM: Asks Monroe if comfortable with it. Asks Monroe if comfortable with it. Asks Monroe if comfortable with it.

047 MONROE: No guarantees; judgment enters into it.

051 VICE-CHAIR LIM: Closes PUBLIC HEARING on SB 409.

054 VICE-CHAIR LIM: Opens WORK SESSION on SB 409.

060 MOTION: SEN. MCCOY: Moves SB 409 to the floor with a DO PASS recommendation.

VOTE: MOTION CARRIES  
AYE: DUKES, MCCOY & LIM  
NAY: NONE  
EXCUSED: KENNEMER & DERFLER  
CARRIER: LIM

068 VICE-CHAIR LIM: Closes the WORK SESSION on SB 409.

070 VICE-CHAIR LIM: Adjourns the meeting at 4:10 p.m.

Submitted by, Reviewed by,

Carol A. Smith Darrell W. Fuller  
Committee Assistant Committee Administrator

EXHIBIT LOG:

A - Frank E. Brawner testimony on SB 405 - 2 pages  
B - Frank E. Brawner testimony on SB 408 - 3 pages  
C - SB 408-1 Amendments 1 page  
D - Frank E. Brawner testimony on SB 409 - 3 pages