

SENATE COMMITTEE ON BUSINESS, HOUSING AND CONSUMER AFFAIRS

March 29, 1993      Hearing Room 343 3:00 p.m.      Tapes 39 - 40

MEMBERS PRESENT:    Sen. Bill Dwyer, Chair Sen. Bill Kennemer, Vice-Chair  
Sen. Brady Adams Sen. Ron Cease Sen. Karsten Rasmussen

MEMBER EXCUSED:

VISITING MEMBER:

STAFF PRESENT:            Cherie Copeland, Committee Administrator Richard  
Day-Reynolds, Committee Assistant

MEASURES CONSIDERED:            Public Hearing and Possible Work Session:  
SB    646    -    Specifies    that    depositor    of    public funds  
and bailee of securities and other assets pledged to secure deposits of  
public funds are entitled to status of lien creditor. SB    645    -  
     Specifies    that    certain    activities of financial  
institution    or    insurance

companies are exempt from "real estate

appraisal activity."

Work Session: SB    445    -    Imposes    labeling    requirements  
on bottled water.

[--- Unable To Translate Graphic ---]

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. [--- Unable To Translate  
Graphic ---]

TAPE 39, SIDE A

013      CHAIR DWYER:    Calls the meeting to order at 3:08 p.m.

(Tape 39, Side A) SB 646 - SPECIFIES THAT DEPOSITOR OF PUBLIC FUNDS AND  
BAILEE OF SECURITIES AND OTHER ASSETS PLEDGED TO SECURE DEPOSITS OF  
PUBLIC FUNDS ARE ENTITLED TO STATUS OF LIEN CREDITOR - PUBLIC HEARING  
Witnesses: Frank Brawner, Oregon Bankers Association

019 FRANK BRAWNER, OREGON BANKERS ASSOCIATION: Read from prepared  
testimony in support of the measure (EXHIBIT A).

(Tape 39, Side A) SB 646 - SPECIFIES THAT DEPOSITOR OF PUBLIC FUNDS AND  
BAILEE OF SECURITIES AND OTHER ASSETS PLEDGED TO SECURE DEPOSITS OF  
PUBLIC FUNDS ARE ENTITLED TO STATUS OF LIEN CREDITOR - WORK SESSION

041 MOTION: SEN. KENNEMER moves SB 646 to the floor with a Do Pass recommendation.

044 SEN. ADAMS: Declares a potential conflict of interest as the president of a financial institution.

VOTE: 3-0, MOTION PASSES. SEN. CEASE, SEN. RASMUSSEN excused.

(Tape 39, Side A) SB 645 - SPECIFIES THAT CERTAIN ACTIVITIES OF FINANCIAL INSTITUTION OR INSURANCE COMPANIES ARE EXEMPT FROM "REAL ESTATE APPRAISAL ACTIVITY" -PUBLIC HEARING Witnesses: Cal Henry, Appraiser Certification and Licensure Board Mike Clark, Appraiser Certification and Licensure Board Frank Brawner, Oregon Bankers Association Terry Morrison, Commercial Bank Mike Dewey, Greater Oregon Chapter Appraiser Institute Sylvia McFarland, Certified Appraiser David Lau, Appraiser Certification and Licensure Board

052 CAL HENRY, APPRAISER CERTIFICATION AND LICENSURE BOARD: Introduces MIKE CLARK, APPRAISER CERTIFICATION AND LICENSURE BOARD. No position on the

bill.

068 SEN. KENNEMER: Who requested the bill?

070 CHERIE COPELAND: Oregon Bankers Association and the Appraisal Institute of Oregon.

075 HENRY: Read from prepared testimony (EXHIBIT B).

142 SEN. ADAMS: Declares a potential conflict of interest as the president of a financial institution and as a Board member of the Appraisal

Institute.

146 CHAIR DWYER: Declares a potential conflict of interest as a licensed appraiser.

150 SEN. KENNEMER: Is there a possible harm to the public by banks and insurance companies using non-licensed people?

158 HENRY: Public is concerned that appraisals be neutral. Don't know about harm.

171 CHAIR DWYER: Makes comment about issue. 176 SEN. ADAMS: Asks question about the levels of federal and state regulations.

180 HENRY: No minimum level in Oregon. All real estate activity is regulated.

190 SEN. ADAMS: Could be significant costs to consumers.

204 SEN. CEASE: What is real purpose of this bill?

216 HENRY: No position.

220 SEN. KENNEMER: Comments that the proponents of the bill should testify first.

225 SEN. CEASE: Asks about the fiscal impact of the legislation.

238 CHAIR DWYER: Most important part is last paragraph of fiscal analysis.

245 SEN. CEASE: Comments on the need for qualified appraisers.

250 CLARK: Difference of opinion in the industry and on the Board on effects of this bill. More thorough analysis is necessary.

272 FRANK BRAUNER, OREGON BANKERS ASSOCIATION, STATE CHARTERED BANKS OF OREGON: Testifies in support of the bill. Passes out (EXHIBIT C) and

calls attention to the amendment (EXHIBIT D).

360 TERRY MORRISON, COMMERCIAL BANK: Gives examples of situations where this bill would benefit the real estate lender.

410 BRAUNER: The purpose is to enhance appraisals, not to detract from them. SB 645 is not in conflict with federal law.

TAPE 40, SIDE A

034 SEN. KENNEMER: Is this similar to insurance agents checking a house for eligibility for certain coverages?

039 BRAUNER: The analogy does not fit. In past, appraisals have been done before the fact.

052 SEN. ADAMS: Without this legislation, home equity loans could be very expensive. This is almost a consumer bill.

069 BRAUNER: That's correct with some institutions.

073 CHAIR DWYER: Why an emergency clause?

076 BRAUNER: We would like it removed.

080 CHAIR DWYER: Asks question about "real estate activity." 084 BRAUNER: If we make a loan that violates the law, we pay.

091 CHAIR DWYER: Questions how the in-house evaluation will work.

094 BRAUNER: This language does not touch the required appraisal procedures, and will not take their place. Will not avoid getting an

appraisal.

127 CHERIE COPELAND, COMMITTEE ADMINISTRATOR: What is an affiliate?

130 BRAUNER: Answers the question.

137 MIKE DEWEY, GREATER OREGON CHAPTER, APPRAISAL INSTITUTE: Introduces SYLVIA McFARLAND, CERTIFIED APPRAISER. Continuing, DEWEY states that he supports the bill as amended. Proposes amendments (EXHIBIT E), (EXHIBIT F) dealing with certified residential appraisers and reciprocity.

204 McFARLAND: Clarifies definitions and terms, the difference between valuation and evaluation. Testifies in support of the bill.

243 CHAIR DWYER: Asks for clarification of activities subsequent to an appraisal.

247 McFARLAND: Clarifies activities subsequent to an appraisal.

258 SEN. ADAMS: Disagrees with witness on previous statement and explains.

273 DEWEY: We worked with the proponents of the bill and we feel their concerns were legitimate. We looked to protect the appraisers.

298 CHAIR DWYER: Allows the bank to manage their investment packages.

311 BRAUNER: Under federal law, no appraisal required when loan is under \$100,000. This bill will allow us to use an evaluation when we buy a

package of real estate loans. This allows us to double check our exposed collateral. There is no attempt to circumvent the requirement for an appraisal.

363 SEN. RASMUSSEN: This is to facilitate your business process?

370 BRAUNER: Yes and no. Explains.

381 SEN. RASMUSSEN: Asks about consumers: Regular people and institutions.

389 BRAUNER: Both.

407 DEWEY: Restates Appraisal Institute's support for the language in the bill.

419 BRAUNER: This used to be called a drive-by appraisal.

428 CHAIR DWYER: Makes comment on bill. 436 BRAUNER: Language was submitted by appraisers. States support for language of Appraisal Institute's amendments.

TAPE 39, SIDE B

034 SEN. RASMUSSEN: Does this primarily deal with the resale market?

042 BRAUNER: Yes. Consumers could be adversely affected.

049 McFARLAND: Makes comment regarding commercial appraisals.

055 BRAUNER: Oregon law doesn't say we can't do evaluation, but it doesn't say we can.

076 SEN. KENNEMER: Offers another example to further clarify.

084 BRAUNER: The answer is maybe.

095 CLARK: States concerns.

119 DAVID LAU, APPRAISAL CERTIFICATION AND LICENSURE BOARD: Has a problem with a bill. Describes what appraisal isn't. Wants bill redrafted.

Supports reciprocity. Suggests additional amendments.

161 CHAIR DWYER: Asks question about certified residential appraisers.

164 LAU: It's a good idea. Supports that part of the bill. We have to have a definition of person in the bill. We have had problems with

mortgage appraisal companies.

(Tape 39, Side B) SB 445 - IMPOSES LABELING REQUIREMENTS ON BOTTLED WATER - WORK SESSION Witnesses: Jon Stubenvoll, Oregon Public Interest Research

Group

190 CHERIE COPELAND, COMMITTEE ADMINISTRATOR: Gives overview of amendment drafted at the request of the committee. Legislative Counsel has stated opinion that we can't tie anything to federal government. Simple

effective date of January 1, 1994 is appropriate here.

207 CHAIR DWYER: Is this all new language?

COPELAND: No. Federal law language is not known.

MOTION: SEN. KENNEMER moves -1 amendments.

225 CHAIR DWYER: Hearing no objections, SO ORDERED.

228 SEN. KENNEMER: Asks question regarding the testimony of a witness at the Public Hearing for the bill.

235 JON STUBENVOLL, OREGON PUBLIC INTEREST RESEARCH GROUP: Answers the question.

249 MOTION: SEN. KENNEMER moves SB 445 as amended to the floor with a Do Pass recommendation.

VOTE: 3-1, MOTION CARRIES, SEN. ADAMS votes no. SEN. RASMUSSEN will carry.

268 CHAIR DWYER: Adjourns the meeting at 4:23 p.m.

Submitted by:

Reviewed by:

Willie Tiffany  
Administrator

Richard Day-Reynolds Assistant

EXHIBIT LOG:

A - Testimony on SB 646 - Frank Brawner - 2 pages B - Testimony on SB  
645 - Cal Henry - 1 page C - Testimony on SB 645 - Frank Brawner - 3  
pages D - Amendments to SB 645 - Staff - 1 page E - Testimony on SB  
645 - Mike Dewey - 1 page F - Amendments to SB 645 - Mike Dewey - 1  
page G - Witness Registration - Staff - 2 pages H - Amendments to SB  
445 - Staff - 1 page