

REVENUE: No revenue impact

FISCAL: No fiscal impact

Action:	Do Pass
Vote:	4 - 0 - 1
Yeas:	Beyer, Kruse, Walker, Burdick
Nays:	0
Exc.:	Prozanski
Prepared By:	Matt Kalmanson, Counsel
Meeting Dates:	3/29

WHAT THE MEASURE DOES: Establishes that a trustee may terminate a trust without court approval if: (1) termination is appropriate because of circumstances not anticipated by the creator of the trust; (2) termination is not inconsistent with the material purposes of the trust; (3) all qualified beneficiaries have consented to the termination; and (4) the trustee is not a beneficiary of the trust and has no duty of support for any beneficiary. Permits a trustee to terminate a charitable trust if the preceding requirements are met and either the Attorney General has consented to the termination or contingencies have made the charitable trust negligible. Allows a trustee to advance money to a trust for the payment of expenses, losses or liabilities sustained in the administration of the trust. Allows a trustee to borrow money from a lender or financial institution operated by or affiliated with the trustee, if the money is for the protection of the trust or for the payment of expenses, losses or liabilities sustained by the trustee in the administration of the trust.

ISSUES DISCUSSED:

- Uniform Trust Code
- Trustee's fiduciary obligations
- Examples of when a trustee might need to borrow money for a trust
- Examples of when a trustee might need to advance money to a trust
- Requirements for terminating a trust

EFFECT OF COMMITTEE AMENDMENT: No amendment.

BACKGROUND: SB 693, introduced at the request of the Oregon Bankers Association, would make several amendments to the Oregon version of the Uniform Trust Code. First, the bill gives the trustee new authority to terminate the trust without court action where termination is appropriate due to circumstances that were not anticipated by the person who established the trust. Second, SB 693 attempts to clarify that financial institution trustees and their affiliates may make loans and advances to or on behalf of the trust, in order to pay trust expenses, losses or liabilities. Currently, ORS 130.655 provides that the trustee must administer the trust solely for the interests of the beneficiaries, and does not contain an express exception under which the trustee can make loans to or on behalf of the trust.