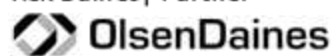


I am writing in relation to HB 3174. I have been a consumer bankruptcy attorney for almost 18 years. I am a member of the Oregon and Washington bars. I currently live in Bend so I do not actively practice in Washington at this time. I would like to share three items in support of HB 3174

- 1) I met a gentleman named Bruce Moan in Roseburg about a month ago. Mr. Moan's dad was a soldier in Vietnam and was exposed to agent Orange. His mother is from Vietnam and also exposed. He has congenital birth defects as a result of this and receives some VA benefit due to this. The VA benefit is helpful, but not sufficient to fully support Mr. Moan. To supplement this income, he also works at Seven Feathers Casino. In order to get to work, he needs a reliable van. He is consigned to a wheelchair, so a smaller vehicle does not work for him. Without the added wheel chair lift and other modifications, the van is worth about \$7,000. The modifications are exempt and can not be taken by a chapter 7 trustee, but the van itself is limited to the \$3,000 vehicle exemption. Therefore, if we file a chapter 7 bankruptcy for Mr. Moan, the court will take the van. He can keep the equipment, but he will only receive the exempt amount of \$3,000. This is not sufficient to purchase a replacement vehicle for his 65 mile daily commute. If Oregon adopted Federal exemptions, like Washington and similar to California, Mr. Moan could file a chapter 7 and eliminate his overwhelming debt and not lose his transportation. (The California exemption statutes is extremely similar to the Federal).
- 2) When a person files a bankruptcy, they use the exemptions from the state they lived in 2 years ago. Therefore, we have a significant number of people who are able to use the Federal exemptions, while their next-door neighbor is limited to the Oregon exemptions. The passage of HB 3174 puts long-term Oregonians on even footing with short-term residence. There are two distinctions between the Federal exemption and the Oregon exemptions: 1) The Federal exemption allows the use of a portion of an unused homestead exemption on other assets (like a car or tax refund) when a person does not have a homestead, and 2) the Federal exemptions are linked to inflation and increase based on the increase in the CPI – this alleviates the need for the Oregon legislature to have to take up these issues every few years. It seems strange that a long-term Oregonian is left with less assets for a fresh start after bankruptcy than a short-term resident.
- 3) Bankruptcy money, by and large, leaves the state of Oregon. The most problematic issue for any economy is when money leaves that economy and the economy gets nothing in return. When a person in Oregon files a bankruptcy and the bankruptcy estate collects assets and pays out money, most of that money goes to general institutional creditors. None of these creditors are based in Oregon: Discover, Chase, Bank of America, Etc. Only a tiny percentage of the money goes to in-state entities like our local credit unions or medical providers. By allowing the Federal exemption, more money stays in Oregon. This is an indisputable fact. It is good for all of Oregon to keep more money in the state. The most typical chapter 7 is one in which a person or couple pays over their tax refunds to the trustee to be paid to out-of-state creditors. That money would be spent mostly on local goods and services if the money does not leave.

I hope you will taking these items into consideration. I am a conservative, self employed person and I have received my share of bankruptcy notices from people who can't afford to pay me. I know that changing the exemption scheme to use the Federal exemptions will be beneficial to both individual Oregonians and to the state as a whole. Thank you.

Rex Daines| Partner



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