

**Testimony of
Kenneth Sherman, Jr.
Oregon Bankers Association**

**re: House Bill 2624
February 8, 2017**

I am Kenneth Sherman, Jr. I am General Counsel for the Oregon Bankers Association, and in that capacity, appear in support of House Bill 2624.

In 2015, the legislature enacted chapter 244 of the 2015 session laws, which modernized the Oregon Bank Act, ORS chapters 706 - 716. Section 87 of that bill amended ORS 713.300, defining and regulating activities of “out-of-state banks”, “extranational institutions” and “foreign associations”.

In revising this section, a sentence in the prior version of the law was unintentionally omitted. HB 2624 reinserts the substance of that provision.

Specifically, the prior law stated in 713.300 (5) that: “The filing requirements of subsection (3) of this section do not apply to an out-of-state bank or extranational institution that has obtained a certificate of authority to transact banking business in this state under 713.020”.

House Bil 2624 would reinsert the substance of that provision, by amending subsection (4) of 713.300.

The background on this is as follows:

An out-of-state bank or an extranational institution that wants to do business in Oregon can go down 1 of 2 roads, depending on the extent of their proposed activities.

If they want to offer a full array of banking services in Oregon (what the Bank Act calls doing a “banking business”, which includes the taking of deposits in this state), they need to apply for a Certificate of Authority under ORS 713.020 and 713.140 - .160, including paying an application fee of \$2,500. Once the certificate of authority is issued, they can engage in the full range of banking activity in Oregon.

The 2nd route is available for an out-of-state bank or extranational institution that merely wants to engage in real estate lending in Oregon, and is not going to get involved in offering the full array of banking services, such as taking deposits.

The language that we propose to add back into 713.300 merely restores the prior clarification that if the bank has already gone through the full application process to engage in banking in Oregon, it doesn't have to repeat a portion of that process in order to engage in real estate lending.