

**TESTIMONY
LINDA THOMAS-BUSH
OREGON BANKERS ASSOCIATION
TRUST COMMITTEE**

**Re: House Bill 2623
February 15, 2017**

My name is **Linda Thomas-Bush**.

I am a **Vice President and Sr. Trust Officer** at U.S. Bank, where I have been for 39 years.

I am also a **member and past chair** of the Oregon Banker's Association Trust Committee.

In 2003, Oregon adopted the Uniform Income and Principal Act. That Act provides direction to Trustees on the **treatment of allocation of receipts and disbursements during trust administration**.

Now we come before you with House Bill 2623 asking you to allow the **Trustee more discretion with the allocation of Trustee's fees** to enable a Trustee to charge more than one-half of the fees to Principal or Income cash. **This is critical** when a trust owns income producing timberland or real estate, paying out all the income to beneficiaries, but has little additional assets to cover Trustee fees. **Passing this bill allows the Trustee to preserve the principal assets of the trust**.

The bill also addresses ORS 130.655 in the Oregon Trust Code. The Duty of Loyalty statute generally requires that trustees administer their trusts solely in the interests of the beneficiaries. It further states that a transaction with the beneficiary can be deemed voidable if it is done solely with the beneficiary and not with the trust. This can be problematic with Corporate Trustees who may offer the best home or car loan available to the beneficiary, but they cannot make the loan because the bank is also serving as a Corporate Trustee.

HB 2623 corrects this problem **so the trust beneficiary can conduct other business with the Corporate Trustee outside of the trust**.

As an employee of a corporate fiduciary, **I encourage you to pass House Bill 2623**.