76th OREGON LEGISLATIVE ASSEMBLY – 2011 Regular Session **MEASURE: HB 2614 A**
STAFF MEASURE SUMMARY **CARRIER: Sen. Bonamici**
Senate Committee on General Government, Consumer and Small Business Protection

REVENUE: No revenue impact
FISCAL: No fiscal impact

Action:		Do Pass as Amended and Be Printed Engrossed
Vote:		4 - 0 - 1
	Yeas:	Bonamici, George, Monroe, Shields
	Nays:	0
	Exc.:	Boquist
Prepared By:		Patrick Brennan, Administrator
Meeting Dates:		5/23, 6/1

WHAT THE MEASURE DOES: Eliminates the requirement that institutions holding real estate reduce the book value of that real estate under certain provision of law by a certain amount each year. Specifies that real estate held by an institution in accordance with ORS 708A.175(3) or (4) shall at all times be valued and recorded on the institution's books and records in conformance with generally accepted accounting principles. Sets term for retaining at 10 years after the title has vested and from the date of the exchange. Declares emergency, effective on passage.

ISSUES DISCUSSED:

- History of write-down requirement
- Generally accepted accounting principles
- Impact on property values

EFFECT OF COMMITTEE AMENDMENT: Specifies that real estate held by an institution in accordance with ORS 708A.175(3) or (4) shall at all times be valued and recorded on the institution's books and records in conformance with generally accepted accounting principles. Sets term for retaining at 10 years after the title has vested and from the date of the exchange.

BACKGROUND: Current statute requires banks as they receive real estate under foreclosure to reduce the property's book value by no less than five percent of its original book value per year, commencing on the year the title is vested and continuing until the earlier of the year the real estate is disposed of, or the expiration of the period such real estate may be owned or held under ORS 708A.195 (fifteen years). This differs from United States generally accepted accounting principles (GAAP), which require that an entity, such as a bank, evaluate every quarterly reporting period whether the net proceeds of selling the property would be lower than the carrying cost of the property.

While at times the two values are the same, in an appreciation of the real estate market, banks are required to depreciate the asset by the five percent rate until the property is sold. House Bill 2614-A removes this statutory requirement.