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La Costa Rickford
Operator's Signature

10/3/03
Date

2003 HOUSE JUDICIARY

HB 1281

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2003 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1281

House Judiciary Committee

Conference Committee

Hearing Date 2-4-03

Tape Number	Side A	Side B	Meter #
1	x		6.5-37
Committee Clerk Signature <i>M. Penrose</i>			

Minutes: 12 members present, 1 member absent (Rep. Eckre)

Chairman DeKrey: We will open the hearing on HB 1281.

Charles McCay, Farm Credit Services: Support (see attached testimony and amendment).

Rep. Onstad: How often would this bill have been used in past years.

Mr. McCay: Seldom, our attorneys often advise us that it usually costs more than it is worth.

Rep. Onstad: If not worthwhile, why do the bill.

Mr. McCay: There are a series of laws on the books of ND, none of which have a great impact, but when all the bills are taken together, they have a significant impact.

Chairman DeKrey: Thank you. Any testimony in support? Any testimony in opposition?

Richard Schlosser, Farmers Union: Opposed. We are opposed to treating farm property like community property, we see no reason to change what we have now, leave the protections in place.

Rep. Delmore: With the downturn in farm property values, is the bill being used now.

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House Judiciary Committee
Bill/Resolution Number HB 1281
Hearing Date 2-4-03

Mr. Schlosser: Hasn't been used much. But in the event of a downturn, it would provide that judicial forbearance and time frame of 90 days and a second chance to take a look at the operation to see if we could do some rescheduling.

Rep. Onstad: It is quite apparent that the lending agencies weren't going to hold any risk at all. They always expect the persons holding this, to hold all of this. Nothing is of certainty. With this in place, it seems to be in that they are holding more of the collateral against the property, where is the risk.

Mr. Schlosser: Producers share liability - we do the due diligence.

Chairman DeKrey: Thank you. Any further testimony in opposition.

Elwood "Woody" Barth, Chairperson of Ag Credit Union: (see attached testimony)

Opposed.

Rep. Maragos: Was the legislature wise in their decision 10 years ago in regard to commercial lending.

Mr. Barth: I am not an expert in commercial lending. I know about ag. lending. The history has told us that commercial and ag properties have always been separated. Was it good to make that legislation 10 years ago, I don't know.

Rep. Klemin: When you do ag. loans, I assume that you have procedures that require an appraisal be done to determine the value of the land so you know what you're going to need in relation to that value. What % do you use in debt/asset ratio.

Mr. Barth: We're currently at somewhere between 60-65%, depending on the circumstances of the loan being made, we keep the ratios lower - this benefits the farmer as well as our institution.

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Bill/Resolution Number HB 1281
Hearing Date 2-4-03

Rep. Klemm: If you were able to get a deficiency judgment, if loans are about 65%, the farm owner is going to have to have about 35% equity in that. If you were able to get a deficiency judgment, and we start looking at the equity side more than the cash flow, would this make it easier for the farmer to get a higher loan?

Mr. Barth: There are two answers to that, two angles the board would look at. The ability of the farmer to cash flow down more debt, they probably couldn't cash flow much more debt than that. And secondly it would expose our credit union to more risk, a risk that we're probably not willing to take. There is not a lot of benefit to the credit union or to that farmer.

Rep. Klemm: Based on your loan policies, it would seem to me that it would be very unlikely that you would be in the position where you would be getting that deficiency judgment.

Mr. Barth: That's very true. I believe we have truth in lending policies. It keeps both borrowers and lenders on an even playing field.

Rep. Klemm: You're opposed to the bill.

Mr. Barth: Yes I am.

Chairman DeKrey: Thank you. Any further testimony? We will close the hearing.

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2003 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1281

House Judiciary Committee

Conference Committee

Hearing Date 2-11-03

Tape Number	Side A	Side B	Meter #
2		x	27-38
Committee Clerk Signature <i>Penrose</i>			

Minutes: 13 members present.

Chairman DeKrey: What are the committee's wishes in regard to HB 1281.

Rep. Maragos: I move the amendments.

Rep. Grande: Seconded.

Voice vote: Carried.

Rep. Grande: I move a Do Pass as amended.

Rep. Kingsbury: Seconded.

8 YES 5 NO 0 ABSENT DO PASS AS AMENDED CARRIER: Rep. Klemin

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10/2/03
Date

30407.0101
Title.0200

Adopted by the Judiciary Committee
February 11, 2003

VR
2/12/03

HOUSE AMENDMENTS TO HOUSE BILL NO. 1281 JUD 2-12-03

Page 1, line 9, replace "2002" with "2003"

Renumber accordingly

Page No. 1

30407.0101

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Date: 2/11/03
 Roll Call Vote #: 1

2003 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 1281

House Judiciary Committee

Check here for Conference Committee

Legislative Council Amendment Number 30407.0101 . 0200

Action Taken Do Pass as Amended

Motion Made By Rep. Grande Seconded By Rep. Kingsbury

Representatives	Yes	No	Representatives	Yes	No
Chairman DeKrey	✓		Rep. Delmore		✓
Vice Chairman Maragos	✓		Rep. Eckre		✓
Rep. Bernstein	✓		Rep. Onstad		✓
Rep. Boehning	✓				
Rep. Galvin	✓				
Rep. Grande	✓				
Rep. Kingsbury	✓				
Rep. Klemin	✓				
Rep. Kretschmar		✓			
Rep. Wrangham		✓			

Total (Yes) 8 No 5

Absent 0

Floor Assignment Rep. Klemin

If the vote is on an amendment, briefly indicate intent:

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 Operator's Signature Date

REPORT OF STANDING COMMITTEE (410)
February 12, 2003 2:47 p.m.

Module No: HR-27-2459
Carrier: Klemm
Insert LC: 30407.0101 Title: .0200

REPORT OF STANDING COMMITTEE

HB 1281: Judiciary Committee (Rep. DeKrey, Chairman) recommends AMENDMENTS AS FOLLOWS and when so amended, recommends **DO PASS** (8 YEAS, 5 NAYS, 0 ABSENT AND NOT VOTING). HB 1281 was placed on the Sixth order on the calendar.

Page 1, line 9, replace "2002" with "2003"

Renumber accordingly

(2) DESK, (3) COMM

Page No. 1

HR-27-2459

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2003 TESTIMONY

HB 1281

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