

HOUSE OF REPRESENTATIVES
JUDICIARY COMMITTEE
February 6, 1979

The meeting was called to order at 8:00 a.m. by Chairman Scully in room 436 of the Capitol Building on Tuesday, February 6, 1979. All members were present except Representative Eudaily, in the hospital in Missoula.

HOUSE BILL NO. 506: Representative Hershel Robbins, as sponsor of the bill asked that it be tabled. The hearing closed on HB 506.


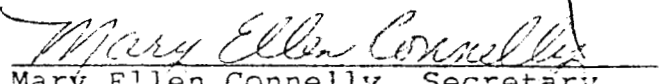
HOUSE BILL NO. 514: Representative Ramirez spoke to the bill, as chief sponsor. The Small Tract Financing Act of Montana does not invalidate or preclude the use of deeds of trust or trust deeds. He went on to explain. It permits a type of financing, a trust indenture. The trust indenture does not have to go through a foreclosure procedure. The trust indenture is permitted in very limited circumstances because the borrower gives up the right of redemption. He discussed the case of Alexander Lumber vs Dykster House. He explained how the bill would work.

Deeds of trust and trust deeds are used for large loans where one lender cannot put up that much money, for example, several million dollars. He went on at some length and explained the differences.

The decision of the Supreme Court casts some doubt on the validity of the deeds of trust. The bill says that deeds of trust will be treated as mortgages. There followed some discussion and questions about trust indentures, interest rates, and mortgages, trustees, and trusts.

There were no further questions. no further discussion and the hearing closed on House Bill No. 514.

The meeting adjourned at 8:10 and the committee went into executive session.


John P. Scully, Chairman

Mary Ellen Connelly, Secretary