

MINUTES

**MONTANA SENATE
52nd LEGISLATURE - REGULAR SESSION**

COMMITTEE ON BUSINESS & INDUSTRY

Call to Order: By Chairman J.D. Lynch, on January 31, 1991, at 10:00 a.m.

ROLL CALL

Members Present:

J.D. Lynch, Chairman (D)
John Jr. Kennedy, Vice Chairman (D)
Betty Bruski (D)
Eve Franklin (D)
Delwyn Gage (R)
Thomas Hager (R)
Jerry Noble (R)
Gene Thayer (R)
Bob Williams (D)

Members Excused: None

Staff Present: Bart Campbell (Legislative Council).

Please Note: These are summary minutes. Testimony and discussion are paraphrased and condensed.

Announcements/Discussion: Senator Lynch stated that Senator Brown was unaware of an extended stay in Washington, so in his absence Senator Crippen will substitute for him on SB 176 and SJR 8.

HEARING ON SENATE BILL 176

Presentation and Opening Statement by Sponsor:

Senator Crippen, stated that senate bill 176 creates a method where you can buy from the licensing regulations real estate property managers. There is a statement of intent. The statement of intent provides for rules and regulations to be set up for the licensing regulations of property managers.

Proponents' Testimony:

Geoffrey Bayliss, owner of the fidelity management services, inc., spoke in favor of the bill. He cautioned on the partnership situation. It is very important that we have a separate schooling, testing, licensing for property managers. The law is pretty tricky. Just being a broker doesn't mean you

know how all the laws work, and you know what the public's best interest is. He works just in property management, not in sales, and spends most of his time addressing tenants and owners problems.

John Dudi's, chairman of the board of realty association and also an attorney, spoke in favor of the bill. There has been a lot of problems in the past with the board of realty association with people that don't want to be in the sales end of real estate. The people do not want to go through all the steps of becoming a licensee they want to be in the property management business. The board is in a dilemma, if they grant those people the equivalencies and allow them to get into the real estate business without going through all the training the board takes their word that they're just going to be in the rental business, and all of the sudden they change their mind. The board gives them a real estate license to go out and cause problems with the public. The result, the board thought, is to have a separate type of license just for property managers.

Helen Garrick, a member of the board of realty, spoke in favor of the bill. She handed out three letters of professionally operating managers in Missoula (See Exhibits 1, 1A, 1B). She stated if there is an exemption made for partnership, it has to be done in a manner that a person cannot easily become a partner and deny the law like they are doing now with the power of attorney. The power of attorney limitation is also a very important item.

Marcia Allen, a member of the board of realty regulations, spoke in favor of the bill. She stated that it would make the board's job a lot easier if this piece of legislation was passed.

William M. Spilker, on behalf of the Montana association of realtors, spoke in favor of the bill. He stated that there is a need for this licensing. There is a great need to have property managed. Under the existing law a real estate licensee can manage property, but they are not equipped to do that. It is not their business. There is a need to establish some kind of level of property managers where education is directed where there standards are practiced. There is a need for this legislation to protect the public. He then handed out a letter (See Exhibit 2).

Joe Kiely, involved with the project management inc, spoke in favor of the bill. There has long been a need for legislation regulating property management. The specific functions of a property manager as they relate to the leasing and the on going operation of property differs significantly from the sale and transfer of real property. The requirement of the board of realty regulation that a property manager be a licensed real estate broker limits the ability for the professional property manager to function. There is a real need for the board of realty regulation to become involved. Property management is a legitimate profession, and as such deserves proper recognition.

W. James (Jim) Kembel, administrator of public safety for the department of commerce, spoke in favor of the bill. He stated that a fiscal note is in the channels.

Steven Shapiro, legal council of the department of commerce, spoke in favor of the bill. He stated that he wanted to make it

clear that they are working off the substituted bill. This comes from a draft in the sunrise committee. There is still one correction to be made in the paragraph regarding the power of attorney, to indicate that the power of attorney not be used in the regular course of business (See Exhibit 3).

Opponents' Testimony:

Martin S. Behner, president western Montana landlords association, spoke in opposition of the bill (See Exhibit 4).

Questions From Committee Members:

Senator Gage asked how many people involved are actually scoundrels.

John Dudis stated that they have had significant problems. A couple of years ago, they had a property manager go into a bankruptcy situation, managing around one hundred and fifty properties. They had some problems with security deposits, prepaid rents.

Senator Gage asked how many people are involved in the state in property management.

Helen Garrick responded by saying that there are around two hundred alone in Missoula.

Senator Thayer asked Steve Shapiro that the one gentleman who appeared as an opponent had a question requesting what the bill regards.

Steve Shapiro stated that there is the specific exemption in new section two, subsection one for a person who owns property. In regards to people managing property for a friend or neighbor, subsection three indicates that you are managing no more than two.

Senator Noble stated that Mr. Dudis brought up that no more than two residential real estate units is that too restrictive.

John Dudis replied that they chose two residential units because the situation of renting a house to a neighbor while he goes south for the winter, or a couple of cabins on the lake. Two is the number that the board felt comfortable with.

Senator Williams asked how this would affect non profit groups.

John Dudis replied that if it is a non profit unit, they would be exempt. They are monitored and audited rather extensively.

Senator Thayer commented that Mr. Kembel mentioned a fiscal note. He asked how many FTE's would this take.

Jim Kembel stated that this is not an official fiscal note, it hasn't been drafted. He estimates two tenths of an FTE for this program.

Senator Gage asked how this would effect the condominiums.

Mr. Dudis stated that would be just like any other

residential property. It would not be any different for time shares either.

Senator Gage asked if the board of reality has any auditors on staff.

Mr. Dudis replied that they have two auditors on staff.

Bruce Simon, Mr. Crippen's aid, stated that Mr. Crippen believes that it would be unreasonable to expect that the property owners would have to have their agents operating their own property to be licensed under this bill.

Closing by Sponsor:

Senator Crippen closed.

HEARING ON SENATE JOINT RESOLUTION 8

Presentation and Opening Statement by Sponsor:

Senator Crippen, substituting for Senator Brown, stated that large overseas banks do not pay premiums on deposits, and yet under the rules of FDI premiums they are not sure. This results in over forty percent of the larger bank funds that are deposited into the larger banks pay premiums. Most of their deposits are insured by the FDIC. Some of the larger banks have been considered by the government as banks that are too large to fail. The problem is, that puts the burden on the smaller community banks in the states to pay the balance. They are paying the premiums on over ninety percent of the deposits. This resolution urges congress to extend the assessment for FDIC premiums to deposits held in foreign banks.

Proponents' Testimony:

Jim Drummond, president of the first security bank of Bozeman, spoke in favor of the bill (See Exhibit 5).

Roger Tippy, an attorney representing Montana independent bankers, spoke in favor of the bill. He stated that he drafted this resolution. He distributed a few news articles to illustrate the points that he wants to make (See Exhibits 6, 6A, and 6B).

Paul Caruso, chairman of the first security bank in Helena, spoke in favor of the bill (See Exhibit 7).

Bill Leary, representing the Montana bankers association, spoke in support of the bill. He stated that they support this piece of legislation.

Opponents' Testimony:

None.

Questions From Committee Members:

Senator Lynch asked if anyone has looked into the possibility of getting together with his peers in other states over this matter.

Joe Thayer, the executive secretary of the independent bankers association, stated that they would like to get other states involved, particularly those states that have members of congress on the banking committee. It is a great idea.

Senator Thayer asked what the handout meant by non deposit liabilities.

Paul Caruso stated that state government deposits would not be in that category because the bank receiving those deposits pledges individually for everything over one hundred thousand dollars.

Senator Thayer asked if they are excluding from the resolution the non deposit liabilities, you really can't add the two hundred million.

Roger Tippy stated that was correct.

Closing by Sponsor:

Senator Crippen closed.

HEARING ON SENATE BILL 188**Presentation and Opening Statement by Sponsor:**

Senator Harding, sponsor of the bill, stated that this bill is to add one more to the group of healthcare providers for which freedom of choice and selection must be provided for the insured person under disability. It changes one word.

Proponents' Testimony:

Mary McCue, representing the acupuncture association of Montana, spoke in favor of the bill. Acupuncturists have been licensed in this state for many years. They have been a recognized health provider for Montanans for more than sixteen years. Presently there are about thirty seven who are practicing in Montana, and she feels that they should have been included in the statute many years ago. The people that have this treatment could have it, and have their insurance company pay for it. Presently, they have to pay for it themselves. It is a self limiting type of treatment. (See Exhibit 8, and 8A)

Don Beans, a registered nurse in Montana and the president of the acupuncture association of Montana, spoke in favor of the bill. Montana is the second state to license acupuncturists, and that gave people the ability to seek out a qualified professional to have acupuncture service. In 1980 there were only thirteen people that were licensed in the state of Montana, ten years later sixty six licenses been used and thirty seven practitioners working in the state. With acupuncture not being included in the

freedom of choice healthcare act, this prevents a certain percent of the population from getting acupuncture.

Thomas Bump, representing the acupuncture association of Montana, stated that acupuncture has been licensed by the Montana state board of medical examiners for seventeen years. The intent of the legislature was to provide the people of Montana with a freedom of choice of health care practitioners. It is time for licensed acupuncturists to be included in the freedom of choice of health care practitioners act.

Tanya Hartman, a acupuncture patient, spoke in favor of the bill. She stated that she has suffered from chronic headaches which she has had since she was thirteen years old. She was treated for nine years through the medical profession, nothing seemed to cure this. They put her on medication which caused her not to be able to go to school. She decided to try acupuncture, because she had not seen a physician for approximately nine years. When she went to her insurance company to pay the bill, they refused it unless she could get a doctor's referral. When she went to the doctor she had been seeing for nine years, he refused to write the referral. She then chose just to pay it herself. After writing many letters to the insurance companies explaining that this was the most natural alternative and it would be a lot cheaper in the long run. After only two sessions she hasn't had a headache in five months. After a lengthy fight the insurance company did pay.

Rorie Hanrahan, a acupuncture patient, spoke in favor of the bill. A couple of years ago, she was in a major car accident in which she sustained severe back and neck injuries. She spent thousands of dollars of her own money and the insurance companies money to recover and get relief from chronic pain with traditional medicine and therapies. The traditional medicines did not work. A couple hundred dollars and a few acupuncture sessions did. She has had no reoccurring problems or pain since.

Opponents' Testimony:

Greg VanHorsen, representing the health insurance associations of America (HIAA). He stated that the bill expands the scope of mandated coverage in Montana. By expanding the scope of coverage, the cost of healthcare insurance to all Montanans will be raised. This bill is in effect a bill mandating additional coverage. The high cost of healthcare is part in due to these types of mandated benefits.

Questions From Committee Members:

Senator Gage stated that if it is cheaper to go to an acupuncturists rather than to go to a medical doctor. He then asked if there is any appeal in the workers comp area.

George Wood, representing Montana self insurers association, replied that they feel there has been a cost benefit. The acupuncture treatment is fairly short, usually four or five treatments. Worker's comp pays wage loss cost go down substantially.

Senator Hager asked that Mary McCue made the statement that this does not apply to the blues.

Mary McCue replied that the blues administer the plan. It applies to private insurers. The reason they are using the state plan is because the services have been provided there a long time.

Senator Noble stated that there are no mandates that are applicable to private insurers including the state plan.

Mary McCue replied that this statute deals with private insurers. You are not mandating a certain level of coverage. This is a choice issue.

Senator Noble stated that looking at the section on the bottom of the page of 15 asked if that belonged there.

George Wood replied that no it doesn't belong there.

Senator Thayer asked if Mary McCue could give a range of cost savings in average.

Don Beans replied that it costs anywhere between twenty five to forty five dollars for an office visit.

Closing by Sponsor:

Senator Harding closed by saying that she believes in this bill because it allows freedom of choice. She has a problem with the insurance costs would have to go up if a person who goes to the acupuncturist at first, it would save on costs.

EXECUTIVE ACTION ON SB 176 AND SB 188

EXECUTIVE ACTION ON SB 8

EXECUTIVE ACTION ON SJR 8

Motion: Senator Thayer motioned that SJR 8 do pass.

Discussion: Senator Lynch stated that they would act on SB 176 and SB 188 tomorrow, February 1, 1991.

Votes: SJR 8 passed unanimously.

Motion: Senator Kennedy moved to amend SB 8.

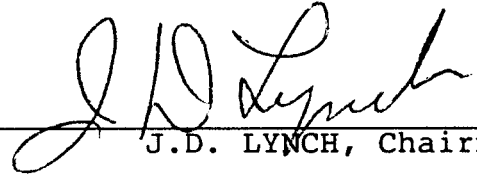
Discussion: Senator Williams asked if the Bart, Senator Mazurek, and Pat Melby could get together and decide on what amendments should be done.

Bart Campbell stated that they could have it done by tomorrow, February 1.

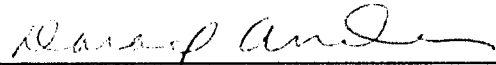
Senator Kennedy withdrew his motion.

ADJOURNMENT

Adjournment At: 12:00 a.m.



J.D. LYNCH, Chairman



DARA ANDERSON, Secretary

JDL/dia

Draft Copy

Printed 9:35 am on February 2, 1991

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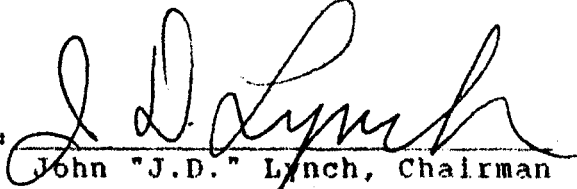
SENATE STANDING COMMITTEE REPORT

Page 1 of 1
January 31, 1991

MR. PRESIDENT:

We, your committee on Business and Industry having had under consideration Senate Joint Resolution No. 8 (first reading copy - white), respectfully report that Senate Joint Resolution No. 8 do pass:

Signed:



John "J.D." Lynch, Chairman

JL 1-31-91
Ad. Coord.

SR 1-31 1:30
Sec. of Senate

VISITORS' REGISTER

NAME	REPRESENTING	BILL #	Check One	
			Support	Oppose
Martin S Bohner Pres	Western Montana Landlord Assoc	176		point of ?
William M. Spilky	MT Assoc. of Realtors	176	✓	
Marcia Allen	Board of Realty Reg	176	✓	
Kelen Garrick	" "	176	✓	
Steven Shapiro	Dept. of Commerce	176		
Grace Berger	Dept of Commerce			
V. James Kembel	Public Safety / DOC	176		Information
Bill LEARY	MT. BANKERS ASSN	SJR 8	✓	
Jim Drummond	First Security Bank of Bozeman	SJR 8	✓	
Dr. JENNIFER R. BEANS	ACUPUNCTURE ASSOC.	SB 188	✓	
Dr. SARA MARIE	1st SEC Bank Helena	SJR 8	✓	
SARA MARIE	ACUPUNCTURE ASSO.	SB 188	✓	
Tanya Hartman	Acupuncture B	SB 188	✓	
Thomas Bump	Acupuncture Assn. Mt.	SB 188	—	
Roger Tigg	Mt. Indus. Bankers	SJR 8	✓	
Rakten G. Amiri	Acupuncture	SB 188	✓	
Bl Hobbes	Acupuncture	SB 188	✓	
Robie Hanrahan	Acupuncture	SB 188	✓	
Bridgette Mazurek	Acupuncture Assoc of MT.	SB 188	✓	
Gregory Van Housen	HIAA	SB 188		✓
Bob Kizly	Project Management, Inc	SB 176		
John Dedis	Board of Reg/H	SB 176	—	
Walter F. Jockusch	Self	SB 176		— ?
Jeffrey E Bayless	Fidelity Management Services Inc.	SB 176	✓	
Michael Bergkamp	Acupuncture Association	SB 188	✓	

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WITNESS STATEMENT

To be completed by a person testifying or a person who wants their testimony entered into the record.

Dated this 31 day of January, 1991.

Name: Mary McCue

Address: 1215 11th Ave

Telephone Number: 442-4448

Representing whom?
Acupuncturist Association of Montana

Appearing on which proposal?
SB 188

Do you: Support? Amend? Oppose?

Comments:

WITNESS STATEMENT

To be completed by a person testifying or a person who wants their testimony entered into the record.

Dated this 31 day of January, 1991.

Name: Rorie HANRAHAN

Address: 816 1/2 S. Rodney
Helena, MT, 59601

Telephone Number: 449-7035

Representing whom?

self

Appearing on which proposal?

SB 188

Do you: Support? Amend? Oppose?

Comments:

I support the Freedom of Choice
Bill, that would allow Acupuncture
to be covered by insurance. I
believe this will benefit all parties
concerned.

I was in a major car accident
several years ago, in which I sustained
sevier back & neck injuries. I spent
thousand of dollars of my own & the
insurance companies to recover & get
relief from chronic pain with traditional
medicine & therapies. They didn't work.

A couple hundred dollars & a few Acupuncture

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY

session did. I've had no reoccurring
problems or pain since I had Acupuncture.

WITNESS STATEMENT

To be completed by a person testifying or a person who wants their testimony entered into the record.

Dated this 31 day of Jan, 1991.

Name: Tanya Hartman

Address: 121-13th Street, Helena, MT 59601

Telephone Number: 406-442-3902

Representing whom?

Self — Acupuncture Assoc. as a patient

Appearing on which proposal?

SB188

Do you: Support? Amend? Oppose?

Comments:

WITNESS STATEMENT

To be completed by a person testifying or a person who wants their testimony entered into the record.

Dated this 31 day of January, 1991.

Name: Thomas Bump

Address: 216 So. Rodney
Helena, MT. 59601

Telephone Number: (406) 443-6476

Representing whom?

Acupuncture Assn. of MT.

Appearing on which proposal?

SB 188

Do you: Support? Amend? Oppose?

Comments:

• Acupuncture has been licensed by the Mt. State Board of medical examiners for 17 years.

• The intent of the legislature was to provide the people of Montana with a freedom of choice of health care practitioners.

• It is time for licensed acupuncturists to be included in the Freedom of choice of Health care practitioners Act.

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY

WITNESS STATEMENT

To be completed by a person testifying or a person who wants their testimony entered into the record.

Dated this 31st day of January, 1991.

Name: William M. Spilker

Address: Montana Association of Realtors
208 N. Mont. Suite 105 Helena, MT

Telephone Number: 443 4302

Representing whom?
MT Association of Realtors

Appearing on which proposal?
S.B. 176

Do you: Support? Amend? Oppose?

Comments:
Montana Association of Realtors
supports the bill as presented by
Senator Cuppen (differs from actual introduced bill)
and the amendments to ~~section~~ (1) add
the definition of a person being a corporation
partnership etc
(2) change ~~that~~ Sec 2 sub (c)
to 4 units from 2 units -
(3) Tighten up the "power of attorney
exemption" with the amendment submitted
by Steve Shapiro of Dept of Commerce.
~~This~~ This act provides for a fee system
WHICH SHOULD MAKE THIS REVENUE NEUTRAL.

WITNESS STATEMENT

To be completed by a person testifying or a person who wants their testimony entered into the record.

Dated this 31st day of JANUARY, 1991.

Name: HELEN GANZICK

Address: 3910 FASSETT
MISLA Mt.

Telephone Number: 228-9410

Representing whom?
Realty Reg.

Appearing on which proposal?

Do you: Support? _____ Amend? _____ Oppose? _____

Comments:

WITNESS STATEMENT

To be completed by a person testifying or a person who wants their testimony entered into the record.

Dated this 31st day of JAN, 1991.

Name: Dr. DONALD R. JEANS

Address: 482 SUEGIRLL AVS
BIG FORK, MT 59911

Telephone Number: 837 5757

Representing whom?
ACUPUNCTURE ASSOC. of MT.

Appearing on which proposal?
SB 188

Do you: Support? Amend? Oppose?

Comments:

WITNESS STATEMENT

To be completed by a person testifying or a person who wants their testimony entered into the record.

Dated this 31 day of January, 1991.

Name: John Dudis

Address: 1 Main Box 759
Kalispell, Mt 59901

Telephone Number: 752-6649

Representing whom?
Board of Realty

Appearing on which proposal?
SB 176

Do you: Support? Amend? Oppose?

Comments:

WITNESS STATEMENT

To be completed by a person testifying or a person who wants their testimony entered into the record.

Dated this 31ST day of Jan, 1991.

Name: Marcia Allen

Address: Box 1 BlueSky Hts, Clancy

Telephone Number: 933-5775

Representing whom?
Board of Realty Reg

Appearing on which proposal?
SB176

Do you: Support? Amend? Oppose?

Comments:

WITNESS STATEMENT

To be completed by a person testifying or a person who wants their testimony entered into the record.

Dated this 13th day of Sept, 1991.

Name: David L. Anuso

Address: 1315 E. Bank

Telephone Number: 442-8870

Representing whom?
Imp Bankers

Appearing on which proposal?
STR-8

Do you: Support? X Amend? Oppose?

Comments:

ROLL CALL VOTE

SENATE COMMITTEE Business and Industry

Date 1/31/91 Bill No. SB8 Time 10:00

NAME	YES	NO
Senator Bruski	X	
Senator Franklin	X	
Senator Gage	X	
Senator Hager	X	
Senator Noble	X	
Senator Thayer	X	
Senator Williams	X	
Senator Kennedy	X	
Senator Lynch	X	

Dara Anderson
Secretary

JD Lynch
Chairman

Motion: AMEND SB8

ROLL CALL VOTE

SENATE COMMITTEE Business and Industry

Date 1/31/91 Bill No. SJR 8 Time 10:00

NAME	YES	NO
Senator Bruski	X	
Senator Franklin	X	
Senator Gage	X	
Senator Hager	X	
Senator Noble	X	
Senator Thayer	X	
Senator Williams	X	
Senator Kennedy	X	
Senator Lynch	X	

Dara Anderson
Secretary

JD Lynch
Chairman

Motion: SJR 8 do pass

ROLL CALL

Business & Industry COMMITTEE

DATE 1/31/91

LEGISLATIVE SESSION

NAME	PRESENT	ABSENT	EXCUSED
Senator Bruski	X		
Senator Franklin	X		
Senator Gage	X		
Senator Hager	X		
Senator Noble	X		
Senator Thayer	X		
Senator Williams	X		
Senator Kennedy	X		
Senator Lynch	X		

Each day attach to minutes.

EXHIBIT NO. 8ADATE 1/31/91BILL NO. SB188

Information Regarding Senate Bill 188

- Acupuncture has been a licensed health care profession in Montana since 1974.
- Montana was the 2nd state in the union to license acupuncturists.
- Acupuncturists are licensed under the Montana State Board of Medical Examiners.
- Requirements for licensing are administered by the National Commission for the Certification of Acupuncturists, whose certification is the accepted criteria for licensing in over 50% of the states.
- The Acupuncture community has twice taken the initiative to continually legislate the strictest of educational requirements to be in step with national guidelines and legislation.
- The Acupuncture Association of Montana has continued to review Acupuncturists in regard to their professional standards and procedures.
- Acupuncture is regarded to be an inexpensive, safe and effective treatment for many types of health disorders.
- Acupuncture's relatively low cost is due to its "signs and symptoms" based diagnostics which do not depend on expensive testing procedures.
- Acupuncturists should be included in the Freedom of Choice of practitioners' law because:
 - (1) They have been a licensed health care profession for over 17 years.
 - (2) They have continually taken the initiative in upgrading their educational and licensing requirements.
 - (3) They provide a low cost alternative to the ever-increasing cost of conventional health care.
 - (4) It was the intent of the Legislature to allow Freedom of Choice of the health care practitioners to the people of the state of Montana.

State of Montana

SENATE BUSINESS & INDUSTRY

EXHIBIT NO. 8

DATE 1/31/91

FILE NO. SB188

Employee Benefits Plan



Effective September 1, 1990

CHAPTER 8

DEFINITIONS

1. **Allowable Charges:** The term "allowable charges" shall mean charges which are (1) expenses covered by the plan (as defined in Chapters 3 and 4); and (2) within usual, customary, and reasonable limitations (definition # 24).
2. **Benefit Year:** The term "benefit year" shall mean the period commencing September 1, and ending August 31 of each year.
3. **Case Management:** See Section U-9.
4. **Chemical Dependency Treatment Center:** The term "chemical dependency treatment center" shall mean a treatment facility which provides a program for the treatment of alcoholism or drug addiction pursuant to a written treatment plan approved and under the direct supervision of a physician, and which facility is also:
 - a. affiliated with a hospital under a contractual agreement with an established system for patient referral; or
 - b. licensed, certified or approved as a chemical dependency treatment facility by the Department of Health and Environmental Sciences, State of Montana, or by the appropriate authority within the state where services are provided. Programs approved only by the Department of Institutions shall be paid as an outpatient benefit.
5. **Claims Administrator:** The term "claims administrator" shall mean the company responsible for the functions and management of the payment of claims including the adjudication of claims. Blue Cross and Blue Shield of Montana is currently the claims administrator for medical and dental claims. Standard Insurance Company is currently the claims administrator and carrier for life and accidental death and dismemberment (AD&D) claims.
6. **Core Benefit Plan:** The term "core benefit plan" shall mean the following benefits available to eligible employees of the state:
 - a. Comprehensive major medical benefits;
 - b. Dental care benefits; and
 - c. Plan A - core life insurance benefits.The Core Benefit Plan does not include coverage for Dependents.
7. **Covered Provider:** The term "covered provider" shall mean an individual who is: (1) duly licensed in the area in which services are rendered; (2) providing services which are covered benefits of this plan; and (3) practicing within the scope of his/her license. Covered providers are limited to: Medical doctor, osteopath, licensed clinical psychologist, chiropractor, podiatrist, acupuncturist, dentist, a licensed denturist, licensed social workers, licensed professional counselors, certified and licensed midwives and nurse practitioners, and licensed optometrists.
8. **Custodial Care:** The term "custodial care" shall mean the provision of room and board, with or without routine nursing care, training and personal hygiene and other forms of self-care or supervisory care by a physician for a person who is mentally or physically disabled as a result of retarded development or body infirmity, and who is not under special medical, surgical, or psychiatric treatment to reduce the disability to the extent necessary to enable such person to live outside an institution providing medical care.
9. **Effective Date:** The term "effective date" shall mean the date on which the member's coverage commences.

PROFESSIONAL PROPERTY MANAGEMENT, INC.

Holiday Village Professional Plaza
1900 Brooks
Missoula, MT 59801

Lonnie Warner, Broker/Owner
Pamela Lundt, Broker/Owner
Phone: 721-8990

January 30, 1991

SENATE BUSINESS & INDUSTRY

EXHIBIT NO. 1

DATE 1/31/91

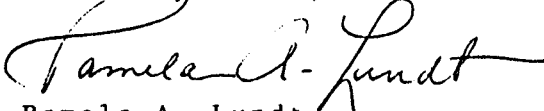
BILL NO. SB 176

To Whom It May Concern:

Professional Property Management, Inc. strongly supports the passage of SB 176, requiring the licensing of all individuals who manage property for other people. The establishment of a licensing requirement for all managers would protect property owners against the mishandling of funds by allowing for the verification of all monies collected and disbursed by a manager. Currently, unlicensed and unregulated persons are able to take advantage not only of owners but tenants as well without fear of any regulatory agency overseeing the handling of what can be considerable amounts of money.

If such a bill is passed by the Legislature, Professional Property Management, Inc. would also urge careful review and restriction of the use of the power of attorney which allows an individual to manage property. If the Legislature believes it is necessary to permit an individual to manage property through a power of attorney, the exemption should be limited to one owner and a maximum of four units in one location. Otherwise, the licensing requirement could become ineffectual.

Sincerely Yours,



Pamela A. Lundt



Lonnie S. Warner



BUSINESS & PROPERTY MANAGEMENT INC.

SENATE BUSINESS & INDUSTRY

EXHIBIT NO. 1ADATE 1/31/91BILL NO. SB176

January 29, 1991

Chairman J.D. Lynch
Business & Industry Council

Attn: Marcia Allen

Re: Senate Bill #176

Dear Council:

I am writing this letter in support of house bill #176 as I feel that this bill in it's proposed form will satisfy the board's objectives of dual licensure. We are very much in favor of restricting the use of the power of attorney exemptions from the Real Estate Licencing requirements. It should be limited of use to no more than one client at any one time or something of comparable limitations.

I also agree that we need to provide property managers with the ability to broker an office without having to become Real Estate Brokers through equivalency. This bill serves the purpose by putting rigorous guidelines equal to the Real Estate Brokers testing and for continuing education to provide fidelity to the public in the property management industry.

I am sure that the majority of property managers in the state as well as myself would be in favor of this bill.

Sincerely;



Kevin Mytty
Business & Property Management Inc



P.O. Box 2205 Missoula, Montana 59806
(406) 728-2332

SENATE BUSINESS & INDUSTRY

EXHIBIT NO. 1B

DATE 1/31/91

BILL NO. SB176

January 30, 1991

To Whom It May Concern:

It has come to my attention that two (2) bills affecting property management are being considered in the senate. I would like to share my views on both of them.

~~Senate Bill 65 - This bill would eliminate a landlord's ability to terminate a tenancy with a 30 day notice without "just cause". Currently the law allows both tenants and landlord's to terminate a tenancy with 30 days notice without having to give a reason. This allows tenants to move at will and also gives landlords reasonable control over their property. The law should remain as is.~~

Senate Bill 176 - I support this bill that separates Property Management Licensure from real estate Licensure. I also support the need for testing and continuing education to support this license. I think it is necessary to limit a person use of Power of Attorney to managing no more than 12 units in no more than 1 location. Currently, managers operating under Power of Attorney are not subject to regulation as are those who are licensed.

Please review these bill in light of my position. Thank you for your time.

Sincerely,

David C. Armerding
Broker/Owner

DCA/tns



SENATE BUSINESS & INDUSTRY

EXHIBIT NO. 2

DATE 1/31/91

BILL NO. SB176

STEINBRENNER
REAL ESTATE

HOLIDAY VILLAGE PROFESSIONAL PLAZA
1900 BROOKS, SUITE 115
MISSOULA, MT 59801
BUS. (406) 728-9410

January 30, 1991

The Honorable Senator J.D. Lynch
Chairman, Senate Business & Industry Committee
Capitol Station
Helena, MT

Re: Senate Bill 176 - Licensure of Property Managers

Dear Senator Lynch and Members of the Committee:

I regret that I am unable to be present to give you my comments on the above bill in person due to my obligation as Chairman of the Multiple Listing Policy Committee of the National Association of REALTORS, which is meeting in San Antonio, Texas, this week.

I have been a real estate licensee for 15½ years, and have held a broker's license for 13½ of those years. In addition to selling property during those years, I have served numerous clients as a property manager for over 12 years. I have taught real estate principles courses for pre-licensure, and am certified as a Risk Reduction Instructor by the National Association of REALTORS.

I wish to enter my resounding support of this bill. The duties of real estate brokers who primarily sell property differ dramatically from the duties of brokers who manage property. Not a week goes by but what I am consulted by a real estate broker on a property manager question. The laws governing sale of property are simply not the same as those governing management of property.

Under the current system, individuals who would be excellent property managers are being prevented from entering the field because many brokers, due to their lack of knowledge in the field, are reluctant or completely unwilling to supervise the activities of a licensee who manages rental property. This is a wise decision on the part of the broker who has limited knowledge in the management field, for such a broker is not in a position to provide competent training in the management area.

In the converse, a person who obtains a salesperson's license may sell property for 2 years to have the privilege of obtaining a broker's license for purposes of managing property. Such a person will likely have little training in property management in spite of having been licensed for 2 years as a salesperson. The result is a licensee who is fully entitled to represent that he/she is a property manager, but who has marginal training in the field.

Granting of equivalency to those who want to do property management won't serve the purpose of protecting the public interest in the property management area, either. In this instance, a person could be granted equivalency by the Board of Realty Regulation, obtain a broker's license for purposes of property

management functions, yet be licensed and fully empowered by their license to sell property and supervise salespeople - without the 2 years training furnished by actively working with a salesperson's license.

I believe the public interest would be well served by a property manager's license, with testing and qualifying criteria tailored to the duties of property management.

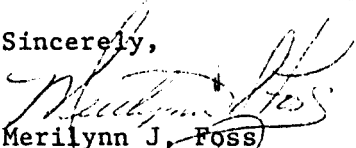
In conjunction with my strong recommendation that the committee give this bill a "do pass" recommendation, I would implore you to strongly consider an amendment that would limit an individual's ability to manage property for another through a power of attorney. There is a large firm of which I am aware that is consistently offending unsuspecting property owners and tenants by unethical and possibly illegal management practices, and which is functioning entirely by obtaining powers of attorney from the property owners. I have been contacted by more than one owner asking if this is common practice among property managers. Not only should property managers need to be licensed to protect the public interest, the power of attorney loophole to avoid licensure should be made much smaller.

There are instances where an on-site manager of a limited number of units, or a manager of properties owned by only 1 owner, or a manager of properties owned by a relative should not, in good conscience, be required to be licensed.

However, a manager who is taking responsibility for compliance with law and regulation, managing a large number of properties, for parties not related to the manager, should be required to obtain a license and submit to the jurisdiction of the Board of Realty Regulation.

Again, I recommend that the Committee give Senate Bill 176 for Property Manager Licensure a "do pass" recommendation, and strongly consider amending the bill to stringently limit the use of powers of attorney as an exemption or loophole to avoid licensure.

Sincerely,



Merilyn J. Foss

Realtor/Broker-owner
Certified Residential Specialist

PROPOSED AMENDMENTS TO SENATE BILL NO. 176

Amendments refer to substitute bill draft prepared by Paul Verdon on January 25, 1991.

1. Page 2, Section 2, subsection (4).

Following: "the final consummation of any contract for the renting or leasing of real estate"

Insert: ", unless the person acting as attorney-in-fact does so regularly or consistently for a person or persons, for or with the expectation of receiving a fee, commission, or other valuable consideration in conjunction with a business or for the purpose of avoiding license requirements;"

WITNESS STATEMENT

To be completed by a person testifying or a person who wants their testimony entered into the record.

Dated this 31st day of JANUARY, 1991.

Name: WALTER F. JACKOVICH

Address: 3400 Hill Ave

Telephone Number: 494-3400

Representing whom?
Self

Appearing on which proposal?
SB 176

Do you: Support? Amend? Oppose?

Comments:

THIS BILL CREATES A STEPCHILD RELATIONSHIP
BETWEEN REAL ESTATE AND PROPERTY MANAGEMENT.
PROPERTY MANAGEMENT SHOULD OR COULD REMAIN
IN THE REAL ESTATE REGULATIONS BUT SHOULD
BE SEPARATE AND ABOVE IN ITS REQUIREMENTS
AND REGULATIONS AND RULES OF OPERATION.

Amendments to Senate Bill No. 176
First Reading Copy

Requested by Senator Brown
For the Committee on Business and Industry

Prepared by Paul Verdon
January 25, 1991

1. Title, line 6.
Following: "MANAGERS"
Strike: "AND LEASING AGENTS"

2. Title, line 8.
Strike: "OR LEASING AGENT"

3. Title, line 9.
Following: "BROKER"
Insert: "AND"

4. Title, line 11 through line 14.
Following: "LICENSE" on line 11
Strike: remainder of line 11 through "MCA" on line 14

5. Page 1, line 16 through page 3, line 2.
Strike: the preamble and the statement of intent in their
entirety
Insert: " STATEMENT OF INTENT

A statement of intent is required for this bill because it delegates rulemaking authority to the board of realty regulation to provide for the licensing and regulation of real estate property managers. The legislature intends that the board have general authority to adopt rules to implement and enforce the licensing procedure, including specific authority to adopt rules regarding the procedure for processing license applications and issuing licenses, administering examinations, setting criteria for grading examinations, establishing disciplinary standards for licensees, and establishing procedures for investigating complaints against licensees, and to set and modify fees commensurate with the costs of licensing and regulating the occupation of property manager."

6. Page 3, line 6, through page 27, line 22.
Strike: everything after the enacting clause
Insert: "NEW SECTION. Section 1. Definitions. As used in [sections 1 through 12], the following definitions apply:
(1) "Board" means the board of realty regulation provided for in 2-15-1867.
(2) "Department" means the department of commerce established in 2-15-1801.
(3) "Lease" means a transfer of possession of real estate without the transfer of title to the real estate and includes rent, hiring, and any similar term.

(4) "Property management firm" means a property management business operated by a property manager.

(5) "Property manager" means an individual who:

(a) for or with the intent or expectation of receiving a fee, commission, or other valuable consideration negotiates or attempts to negotiate for another person the lease of real estate or the improvements on real estate, collects or attempts to collect rents, or advertises or holds himself out as engaged in any of these activities;

(b) is employed by or on behalf of the owner or lessor of real estate to conduct the leasing of real estate for a salary; or

(c) engages in the business of charging an advance fee or contracting for collection of a fee in connection with a contract by which he undertakes to promote leasing in this state through listing in a publication or by referral of information concerning real estate to a property manager.

(6) "Property manager associate" means a property manager who associates with a property manager owner and does not own an interest in a property management firm.

NEW SECTION. Section 2. Exemptions. The provisions of [sections 1 through 12] do not apply to:

(1) a person who, as owner or lessor, performs any of the acts of a property manager with reference to property owned or leased by himself;

(2) a spouse, child, parent, brother, or sister of the owner of real estate under lease or available for lease;

(3) a person who leases out no more than two residential real estate units;

(4) a person acting as attorney-in-fact under the duly executed power of attorney from the owner of real estate authorizing the final consummation of any contract for the renting or leasing of real estate;

(5) an attorney in the performance of his duty as an attorney;

(6) a receiver, trustee in bankruptcy, personal representative, person selling real estate under order of a court, trustee under a trust agreement, deed of trust, or will;

(7) a public official in the conduct of his official duties;

(8) a person, partnership, association, or corporation performing an act with respect to prospecting, leasing, drilling, or operating land for hydrocarbons and hard minerals or disposing of hydrocarbons, hard minerals, or mining rights in the land, whether upon a royalty basis or otherwise; or

(9) a person, partnership, association, or corporation acting as the manager of low-income housing complexes that are subsidized, directly or indirectly, by this state or an agency or subdivision of this state or by the government of or an agency of the government of the United States.

NEW SECTION. Section 3. License required -- limited to persons. (1) (a) A person may not engage in or conduct, directly or indirectly, or advertise or hold himself out as engaging in or

conducting the business or acting in the capacity of a property manager or property manager associate without a license or without otherwise complying with [sections 1 through 12].

(b) A real estate broker may act as a property manager for all purposes of [sections 1 through 12] without being licensed as a property manager and without meeting any qualifications in addition to those required for licensure as a real estate broker.

(2) A corporation, partnership, or association may not be licensed under [sections 1 through 12], but a corporation or a partnership may act as a property manager if each corporate officer or employee and each partner performing the functions of a property manager is licensed as a property manager or is exempt from licensure under [sections 1 through 12].

NEW SECTION. Section 4. License -- qualifications of applicant. (1) (a) Licenses may be granted only to individuals considered by the board to be of good repute and competent to transact the business of a property manager or property manager associate in a manner to safeguard the interests of the public.

(b) The board shall require from an applicant information that it considers necessary to determine his honesty, trustworthiness, and competency.

(2) An applicant for a property manager's license:

(a) must be at least 18 years of age;

(b) must have graduated from an accredited high school or completed an equivalent education, as determined by the board;

(c) must have been actively engaged as a property manager associate for 2 years or have had experience or continuing education equivalent to that a property manager associate ordinarily would receive during 2 years, as determined by the board. The board may waive this experience requirement if it finds that an applicant could not obtain employment as a property manager associate because of conditions existing in the area where he resides.

(d) shall file an application for license with the department; and

(e) shall furnish written evidence that he has completed 20 classroom or equivalent hours (in addition to those required to secure a property manager associate's license) in a course of study approved by the board and taught by instructors approved by the board and has satisfactorily completed an examination dealing with the material taught in each course. The course of study must include the subjects of real estate leasing principles, real estate leasing law, and related topics.

(3) (a) An applicant for a property manager associate's license:

(i) must be at least 18 years of age;

(ii) must have received credit for completion of 2 years of full curriculum study at an accredited high school or completed an equivalent education, as determined by the board;

(iii) shall file an application for a license with the department; and

(iv) shall furnish written evidence that he has completed 20 classroom or equivalent hours in a course of study approved by the board and taught by instructors approved by the board and has

satisfactorily completed an examination dealing with the material taught in each course. The course of study must include the subjects of real estate leasing principles, real estate leasing law, and related topics.

(b) The application must be accompanied by the recommendation of the real estate broker or property manager who will employ or contract with the applicant and who shall certify that the applicant is of good repute and that the real estate broker or property manager will actively supervise and train the applicant during the period the license remains in effect.

NEW SECTION. Section 5. Examinations. (1) The examinations required of applicants in [section 4(2)(e) and (3)(a)(iv)] must be in written form and prepared and administered by or under the supervision of the board. The examinations must be given at least once each 6 months at times and places the board prescribes within the state.

(2) The board shall establish by rule the content of the examinations and the requirements to satisfactorily complete the examinations.

NEW SECTION. Section 6. License -- form - delivery -- display -- pocket card. (1) The board shall prescribe the form of the license that must bear the seal of the board.

(2) The license of a property manager associate must be delivered or mailed to the real estate broker or property manager with whom the property manager associate is associated and must be kept in the custody and control of the broker or property manager.

(3) A property manager shall display his own license conspicuously in his place of business.

(4) The department shall annually prepare and deliver to each licensee a pocket card in a form prescribed by the board.

NEW SECTION. Section 7. Transactions with nonlicensed persons. A property manager may not employ or compensate, directly or indirectly, a person for performing the acts regulated by [sections 1 through 12] who is not a licensed property manager or property manager associate.

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(2) Before a licensed property manager associate changes his association or contractual relationship from one broker owner or property manager to another, he shall notify the department and obtain from the department a license to work for or with that broker owner or property manager.

(3) A property manager associate, on termination of his association or contractual relationship, shall surrender his pocket card to the broker owner or property manager, who shall

return the property manager associate's license and pocket card to the department for cancellation.

NEW SECTION. Section 9. No taxation by municipality. A license fee or tax may not be imposed on a licensee under [sections 1 through 12] by a municipality or any other political subdivision of the state.

NEW SECTION. Section 10. Revocation or suspension of license -- initiation of proceedings -- grounds. The board may on its own motion and shall on the sworn complaint in writing of a complainant investigate the actions of a licensee, subject to 37-1-101 and 37-1-121, and may revoke or suspend a license on the grounds that the licensee:

- (1) is guilty of fraud or deceit in procuring or attempting to procure a license;
- (2) is unfit or incompetent by reason of negligence, habit, or other causes;
- (3) is guilty of unprofessional conduct as defined by rules of the board;
- (4) has willfully or repeatedly violated provisions of [sections 1 through 12].

NEW SECTION. Section 11. Penalties -- criminal -- civil. A person acting without a license or while his license is suspended or revoked or a person who violates any provision of [sections 1 through 12] is guilty of a misdemeanor and is subject to the criminal and civil penalty provisions of 37-51-323.

NEW SECTION. Section 12. Action for compensation limited to licensee. A person engaged in the business of or acting in the capacity of a licensee under [sections 1 through 12] may not bring or maintain any action in the courts for the collection of compensation for the lease of real estate without first alleging and proving that he was duly licensed or authorized to act under the provisions of [sections 1 through 12] at the time the alleged cause of action or claim arose.

NEW SECTION. Section 13. Codification instruction. [Sections 1 through 12] are intended to be codified as an integral part of Title 37, chapter 51, and the provisions of Title 37, chapter 51, apply to [sections 1 through 12].

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Requested by Senator Brown
For the Committee on Business and Industry

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(4) a person acting as attorney-in-fact under the duly executed power of attorney from the owner of real estate authorizing the final consummation of any contract for the renting or leasing of real estate;

(5) an attorney in the performance of his duty as an attorney;

(6) a receiver, trustee in bankruptcy, personal representative, person selling real estate under order of a court, trustee under a trust agreement, deed of trust, or will;

(7) a public official in the conduct of his official duties;

(8) a person, partnership, association, or corporation performing an act with respect to prospecting, leasing, drilling, or operating land for hydrocarbons and hard minerals or disposing of hydrocarbons, hard minerals, or mining rights in the land, whether upon a royalty basis or otherwise; or

(9) a person, partnership, association, or corporation acting as the manager of low-income housing complexes that are subsidized, directly or indirectly, by this state or an agency or subdivision of this state or by the government of or an agency of the government of the United States.

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- (2) is unfit or incompetent by reason of negligence, habit, or other causes;
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NEW SECTION. Section 13. Codification instruction. [Sections 1 through 12] are intended to be codified as an integral part of Title 37, chapter 51, and the provisions of Title 37, chapter 51, apply to [sections 1 through 12]."

65

Draft Copy

Printed 9:06 am on February 2, 1991

LC1899

**** Bill No. ***

Introduced By *****

By Request of *****

A Bill for an Act entitled: "An Act redefining dam, reservoir, and high hazard dam; clarifying the liability for dams and reservoirs; removing the authority of district courts and county commissioners to appoint water impoundment safety panels; amending sections 85-15-106, 85-15-209, and 85-15-305 MCA; and repealing sections 85-15-306, 85-15-307, 85-15-308, 85-15-309, 85-15-310, 85-15-311, 85-15-402, 85-15-403, 85-15-404, MCA."

Be it enacted by the Legislature of the State of Montana:

Section 1. Section 85-15-106, MCA, is amended to read:

"85-15-106. Definitions. Unless the context requires otherwise, in this chapter the following definitions apply:

(1) "Alterations" or "repairs" means alterations or repairs that may directly affect the safety of a dam or reservoir.

(2) "Appurtenant works" means all works incident or attached to a dam or reservoir, including but not limited to:

- (a) a spillway, either in the dam or separate from it;
- (b) the reservoir and its rim;
- (c) a low-level outlet; and
- (d) a water conduit such as a tunnel, pipeline, or

penstock, either through the dam or its abutments.

(3) "Construction" or "construct" includes construction, alteration, repair, enlargement, or removal of a dam or

Draft Copy

Printed 9:06 am on February 2, 1991

reservoir.

(4) "Dam" means ~~any~~ an artificial barrier, including appurtenant works, used to impound or divert water ~~with an impounding capacity of 50 acre-feet or greater.~~

(5) "Department" means the department of natural resources and conservation provided for in Title 2, chapter 15, part 33.

(6) "Emergency" means any threat to life caused by the condition of a dam or reservoir or by present or imminent floods that threaten the structural integrity of any dam or reservoir.

(7) "Engineer" means a registered professional engineer licensed to practice in the state of Montana under Title 37, chapter 67, part 3.

(8) "Enlargement" means ~~any~~ a change in or addition to an existing dam or reservoir that raises or may raise the water storage elevation or increases the impoundment capacity of the reservoir.

(9) "High-hazard dam" means ~~any~~ a dam or reservoir with an impounding capacity of 50 acre-feet or greater measured at maximum normal operating pool, the failure of which would be likely to cause loss of life.

(10) "Inspection" means a visual or mechanical check, a measurement, a boring, or any other method necessary for determination of the adequacy of construction techniques, conformity of work with approved plans and specifications, or the safety and operating performance of a dam or reservoir.

(11) "Owner" means ~~any~~ a person who owns, controls, operates, maintains, manages, or proposes to construct a dam or

*why delete
would run
in code
at stock
work.*

Draft Copy

Printed 9:06 am on February 2, 1991

reservoir.

(12) "Person" means an individual, association, partnership, corporation, business trust, state agency, political subdivision, utility, municipal or quasi-municipal corporation, or any other entity or any authorized agent, lessee, or trustee of any of the foregoing.

(13) "Removal" means removing, taking down, or changing the location of any a dam or reservoir.

(14) "Reservoir" means ~~any a~~ valley, basin, coulee, ravine, or other land area that contains ~~50-acre-feet or more of~~ impounded water."

Section 2. Section 85-15-209, MCA, is amended to read:

"85-15-209. High-hazard dam -- determination. Any A person proposing to construct any a dam or reservoir with an impounding capacity of 50 acre-feet or greater measured at the maximum normal operating pool, shall make application to the department for a determination of whether the dam or reservoir is a high-hazard dam. The application must include the information required by the department. The department shall make the determination required by this section within 60 calendar days after a complete application is received by the department."

Section 3. Section 85-15-305, MCA, is amended to read:

"85-15-305. Liability of owners for damage. (1) Except as provided in ~~subsection~~ subsections (2) through (4), nothing in this chapter relieves an owner of a dam or reservoir of any legal duty, obligation, or liability incident to its ownership or operation, including any damages resulting from leakage or

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overflow of water or floods caused by the failure or rupture of the dam or reservoir.

(2) The owner of a high hazard dam or reservoir that has been permitted by the department in accordance with this chapter is not, in the absence of negligence, liable for damages resulting from flows of water from failure of the dam or reservoir which are of sufficient magnitude to exceed the limits of the 100 year floodplain as defined in 76-5-103.

(3) The owner of a dam or reservoir that was designed, constructed, and regularly maintained under the supervision of an engineer is not, in the absence of negligence, liable for damages resulting from flows of water from failure of the dam or reservoir.

consistent with this chapt or

(4) In addition, the owner of any a dam or reservoir described in subsection (3) or the owner of a high hazard dam or reservoir that has been permitted by the department in accordance with this chapter may, without incurring liability, allow passage through the reservoir of inflows without diminution."

NEW SECTION. Section 4. {standard} Repealer. Sections 85-15-306, 85-15-307, 85-15-308, 85-15-309, 85-15-310, 85-15-311, 85-15-402, 85-15-403, 85-15-404, MCA, are repealed.

NEW SECTION. Section 5. Coordination instructions. If [this act] is passed and approved and [LC 0910] is passed and approved with a section amending 85-15-106, the definitions of dam and reservoir in [LC 0910] are void.

-END-

{Michael S. Kakuk

Senator J.D. Lynch
Chairman, Business and Industry Committee
STATE CAPITOL

RE: Senate Bill No. 8

Dear Senator Lynch

In response to a number of items addressed during the hearing this morning, we, the appraisers, would like to address those concerns.

- Composition of the Appraiser Board
- Experience Requirements
- Examination Requirements

Within the composition of the Appraiser Board, this bill has indicated four appraiser members and one public member. It is our belief that this follows most other professional license boards in the State of Montana. Reference to other States is not felt to be pertinent or relevant. The intent of FFIREA legislation is to eliminate bias within the regulatory process of the appraisal profession. We feel that this is another reason to retain the membership of the board of appraiser as has been proposed. We have been cognizant of the costs to the appraisers who will be regulated and are sensitive to the costs of appraisal services in keeping the board membership to five members. We would be amenable to a representative of the lending industry as an ex-officio, non-voting member of this board.

The initial board will be required to become very active as working members and the bankers have indicated they desire to have input only. That appears to limit their intended involvement which is viewed as hampering the board. Mr. Cadby indicated no interest in the day to day workings of the board, however, the board requires active participation by all members in the implementation of this Act.

In response to the 2 year experience issue, we reiterate that minimum levels of experience are proposed. The Federal Appraisal Subcommittee has stated the experience levels are based on the Appraisal Qualifications Board of the Appraisal Foundation. Those are the levels proposed in this legislation subject to the proposed amendment offered by the appraisers and Montana Association of Realtors. These requirements are not issues that can be altered. A copy of the Appraisal Qualifications Board experience requirements is attached.

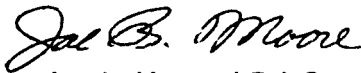
In response to the issue raised by Jim Campbell, the voluntary license and certification bill does not preclude individuals like Mr. Campbell from gaining experience as an appraiser. Those individuals would not be qualified to be a licensed or certified appraiser without satisfying the education, experience and examination qualifications as set out by the Appraisal Qualifications Board of the Appraisal Foundation.

There was an issue relating to the examinations to be used by the Montana Appraiser Board. The FFIREA legislation references the Federal Appraisal Subcommittee as being charged with the enforcement provisions. They have stated that the Appraisal Qualifications Board of the Appraisal Foundation must approve any examination to be used by the individual States. Any examination used in this State will be one approved by the Appraisal Qualifications Board.

Lastly, the Department of Revenue has proposed to have their director as a member of the Board of Real Estate Appraisers. We feel quite strongly that their involvement would be a conflict. The legislation is being established to regulate appraisers and not to accommodate special interest groups.

Their amendment regarding a requirement that DOR personnel obtain the license and that the State pay for that license is contrary to other professional qualifications required by other State agencies but which require the individual to pay for that license or professional designation. It is our belief that this issue could be handled more properly within their department administration and budget processes.

Thank you for your consideration.



Joe b. Moore I.F.A.S.
N.A.I.F.A.



Steven A. Holl M.A.I.
Appraisal Institute

Ronald O. Appel A.R.A.
A.S.F.M.R.A.



Pat Asay S.R.W.A.
I.R.W.A



3. Experience

Equivalent of two years appraisal experience. If requested, experience documentation in the form of reports or file memoranda should be available to support the claim for experience.

- a. A year is defined in terms of hours within a calendar year. One thousand hours constitutes a year of appraisal experience. A minimum of two calendar years is required. Hours may be treated as cumulative in order to achieve the necessary 2,000 hours of appraisal experience.
- b. Acceptable appraisal experience includes, but is not limited to, the following:

Fee and staff appraisal, ad valorem tax appraisal, review appraisal, appraisal analysis, real estate counseling, highest and best use analysis, feasibility analysis/study and teaching of appraisal courses.

This should not be construed as limiting experience credit to only those individuals who are state ~~certified~~ or state licensed.

- c. The verification for experience credit claimed by an applicant shall be via affidavit on forms prescribed by the state certification/licensing agency.

SENATE BUSINESS & INDUSTRY

EXHIBIT NO. 5

DATE 1/31/91

BILL NO. SJR8

THANK YOU MR. CHAIRMAN
MEMBERS OF THE COMMITTEE

I AM JIM DRUMMOND, PRESIDENT OF THE FIRST SECURITY BANK OF BOZEMAN. I AM HERE TO ASK SUPPORT OF SJR 8 THIS RESOLUTION ASKS CONGRESS OF THE UNITED STATE TO ASSESS FDIC PREMIUMS EVENLY THROUGHOUT THE BANKING INDUSTRY. PRESENTLY SMALL BANKS AND LARGE BANKS PAY DIFFERENTLY ON THE PREMIUMS THEY SEND TO FDIC. THE ADMINISTRATION IS PROPOSING THAT THE FDIC KEEP ITS TOO-BIG-TO-FAIL POLICY SO THAT LARGE UNINSURED DEPOSITORS IN LARGE INSTITUTION LIKE THE, RECENTLY FAILED, BANK OF NEW ENGLAND WILL CONTINUE TO HAVE 100% COVERAGE. ON JANUARY 15, 1991 TREASURY UNDER-SECRETARY GLAUBER TOLD THE BAKERS ASSOCIATION THAT THE FDIC POLICY OF T00-BIG-TO-FAIL IS HERE TO STAY. SINCE THE ADMINISTRATION PROPOSES TO COVER ALL DEPOSITS IN LARGE BANKS DEPOSIT INSURANCE TO SMALL BANKS WILL CONTINUE TO INCREASE AND DEPOSITS WILL FLY FROM SMALL COMMUNITY FINANCIAL INSTITUTIONS AND FROM THEIR STATES AND INTO THE TOO-BIG-TO FAIL BANKS IN OTHER STATES. SOME OF THESE DEPOSITS WILL ALSO END UP IN FOREIGN BANKS

COMMUNITY BANKERS ASK THAT THE FOREIGN RANCHES PAY

PREMIUMS FOR COVERAGE ON THEIR DEPOSITS THIS WILL AID
IN REDUCING THE DEFICITS BEING EXPERIENCED BY THE
FDIC AND WILL HELP KEEP BOZEMAN DEPOSITS IN BOZEMAN.

I ASK YOUR SUPPORT FOR SENATE JOINT RESOLUTION 8

THANK YOU

THANK YOU

MR CHAIRMAN ~~SENATE BUSINESS & INDUSTRY~~ JANUARY 30, 1991

EXHIBIT NO. 7

MEMBERS OF THE COMMITTEE:

DATE 1/31/91

I AM PAUL CARUSO, SR., CHAIRMAN ~~OF THE~~ SJR 8 ~~THE FIRST SECURITY BANK~~ HERE
IN HELENA.,

I AM HERE IN SUPPORT OF SJR 8 BECAUSE IT SENDS A MESSAGE TO WASHINGTON
D. C. FROM MONTANA THAT I FEEL NEEDS TO BE HEARD.

FDIC INSURANCE PREMIUMS HAVE INCREASED IN OUR BANK FROM \$19,400. IN
1988 TO \$19,800. IN 1989, TO \$28,500. IN 1990 AND AN ESTIMATE IN 1991
TO 19.5 CENTS PER 100 IN DEPOSITS WHICH WILL EQUAL \$51,400. THIS IS
EQUIVALENT OF HIRING THREE NEW EMPLOYEES TO WORK IN THE BANK, PAYING
HIGHER INSURANCE PREMIUMS INSTEAD OF HIRING PEOPLE OR INCREASING
LOAN RATES AND SERVICE CHARGES OR BY LOWERING RATES WHICH BANKS PAY
ON SAVINGS AND CERTIFICATES OF DEPOSITS IS CERTAINLY NOT ECONOMIC
DEVELOPMENT. IN THE VERY END OF THIS CIRCLE THE PUBLIC AND OUR
CUSTOMERS WILL PAY FOR THE INCREASE IN PREMIUMS TO THE FDIC.

WHY ARE THE PREMIUMS GOING OUT OF SIGHT? NOT BECAUSE BANKS IN MONTANA
ARE FAILING OR BECAUSE THEY ARE NOT INSURED. PREMIUMS ARE RISING BECAUSE
THE FDIC HAS EXTENDED COVERAGE TO LARGE MEGA BANKS WHO HAVE FOREIGN
BRANCHES THAT TAKE DEPOSITS AND PAY NO INSURANCE ON THEM. THE FDIC
CAVES IN AND PAYS OFF THESE FOREIGN DEPOSITS. THEY RECENTLY SENT 55
MILLION DOLLARS TO THE BAHAMAS FOR A BIG BANK THAT FAILED BUT REFUSED
TO COVER MORE THAN THE \$100,000 LIMIT ON A SMALL MINORITY OWNED BANK
IN NEW YORK. THE SMALL BANK PAID THE PREMIUMS, THE BIG BANK RECEIVED
THE COVERAGE. THE CONCEPT OF THE FDIC BEING -----BIG BANKS ARE TOO
LARGE TO FAIL. EQUITY AND FAIRNESS IS ALL THIS RESOLUTION ASKS. I
REQUEST YOU TO LOOK FAVORABLY ON THE RESOLUTION. I INVITE YOU TO READ
THE ARTICLE THAT HAS BEEN PRESENTED TO YOU ON A RECENT FDIC DEFICIT
REPORT, OF THE PROBLEMS ON THE HORIZON.

BANKING WEEK *January 28, 1991*

FDIC Reported to Be Telling Bankers That \$4 Billion Deficit Is Likely by '93

by BARBARA A. REHM

THE Federal Deposit Insurance Corp. is privately projecting that it could have a \$4 billion deficit by the end of next year if it is not recapitalized, according to banking sources.

The projection, reportedly made in closed-door meetings last week with bankers on how to recapitalize the dwindling fund, would be the most pessimistic yet by the agency.

However, FDIC Chairman L. William Seidman said late Thursday afternoon that the banking sources misunderstood

what was said in the meetings. He said the \$4 billion figure was not an agency estimate but one made by the Office of Management and Budget.

"I can't argue with them on [the projection] because I don't have our '92 numbers," Mr. Seidman said.

The Bank Insurance Fund currently has \$9 billion in reserves, and Mr. Seidman has said publicly that the level will fall to \$4 billion by yearend.

Bankers at the meetings said FDIC officials also forecast that insurance premiums would be raised at midyear to 23 cents for each \$100 of deposits. The rate was just raised to 19.5 cents this month, from 12.5 cents.

The \$4 billion deficit projection includes higher revenues from premiums but does not count any infusion from the banking industry or the government to rebuild the fund, the sources said.

The projection assumes that eight relatively large banks, including some northeastern savings banks, will need FDIC assistance, the banking representatives said.

One person at the meetings said Mr. Seidman emphasized that the \$4 billion figure was a rough estimate. Another source who was there said that, within a half hour, the projected deficit rose to \$4 billion from \$2 billion after FDIC staffers reviewed their calculations.

But it is becoming clear from such forecasts that the banking industry faces a massive liability in rebuilding the FDIC.

Meanwhile, Sen. Alan Dixon, D-Ill., a senior member of the Senate Banking

See FDIC: Page 11 ▶

Does this legislation require
owner-landlords to be licensed?
Their family members? Guardians?
Small Family Corporations? Partners?
ships?

This bill is vague and in some
places contradictory.

It will make a hardship
on older people who at times
need assistance in renting
their properties.

Maximilian Berner, President
Western Montana Landlords Ass
P.O. Box 7342
Missoula, MT. 59807
Phone 543-7401

SENATE BUSINESS & INDUSTRY
EXHIBIT NO. 4
DATE 1/31/91
BILL NO. SB176

FDIC Projecting \$4 Billion Deficit in Bank Fund

► Continued from Page 1

Committee, proposed recapitalizing the Bank Insurance Fund with earnings from the money that commercial banks maintain on deposit with the Federal Reserve.

Sen. Dixon, who is expected to play a leading role this year in the Senate panel's consideration of deposit insurance reform, also introduced bills that would repeal the Glass-Steagall Act and mandate risk-based deposit insurance premiums.

The Office of Management and Budget has concluded that the FDIC will have a \$22.5 billion deficit by the end of fiscal 1995, even with a premium increase, according to industry and FDIC sources. The budget agency, by law, must include five-year forecasts for the FDIC in the administration's budget, due to be sent to Congress Feb. 4.

While FDIC officials are comfortable with the assumptions the agency has used, FDIC research director W. Roger Watson said Thursday that it is impossible to make five-year forecasts because no one knows how the economy will perform.

Congress has mandated that the FDIC increase its ratio of coverage to 1.25% of industry deposits, which would require the agency to raise about \$25 billion. That amount, when combined with the predicted deficit of \$22.5 billion, would mean the FDIC needs \$47.5 billion over five years.

Bankers and regulators are quick to note that the \$25 billion target is becoming unrealistic for the banking industry to pay by itself. Extracting that much money from the industry would exacerbate the credit crunch and slow an economic recovery, they said.

"Over time, it should build up to that [\$25 billion], but not tomorrow," Mr. Seidman said in an interview last week. "We don't need all the cash now."

Mr. Watson agreed. "We can't give them a big hit. This is just a bad time to do it." "For every dollar of capital we take out of the industry in assessments, that is \$6 of credit taken out of the system," he added.

One alternative to a massive assessment on banks that is gathering support now is a recapitalization of the FDIC through borrowings either from the private sector or the Federal Financing Bank. The banking industry would then be required to repay those loans over a long period.

Mr. Seidman called the executives of major banking trade associations to the

FDIC this week and asked them to come up with a plan to shore up the fund.

Meetings took place Monday, Tuesday, and Wednesday and included top staffers of the Association of Bank Holding Companies, American Bankers Association, Independent Bankers Association of America, Consumer Bankers Association, Association of Reserve City Bankers, and Conference of State Bank Supervisors.

Government officials involved in the meetings included Mr. Seidman and his deputy John Bovenzi, Mr. Watson, and Jerome Powell, assistant Treasury secretary for domestic finance.

The other big issue being debated is whether to minimize future FDIC losses by shoring up weak banks now. In theory, such an idea is supported by bankers and regulators, but no one agrees on how to implement it. One idea under discussion involves setting up a trust fund under the FDIC that would buy stock in undercapitalized banks. Bad assets would be stripped out of these assisted banks and sold off.

The main debate at this point is how to value the assets pulled out of an institution. Mr. Seidman is concerned that the FDIC will get stuck with big losses on assets if they are valued on a liquidation basis rather than as long-term investments.

"If you bet the farm on this early intervention and it doesn't work, you've got a bigger problem," said one industry source.

But for now, FDIC officials are betting that the economy will rebound and that real estate values will increase. "If you think this is going to be a reasonably short recession and property values will rebound, it doesn't make sense to close down a bunch of banks," Mr. Watson said.

That could be the case, but this plan for buttressing weak banks is already attracting criticism. For example, detractors warn a plan to recapitalize banks with government funds would create a conflict of interest at the FDIC as a regulator of and investor in banks. ■

SPECIAL SUPPLEMENT

[Article appearing in *The Washington Post*, January 9, 1991]

Bahamas Deposits Covered

FDIC: Bank of New England Branch Insured

By Peter G. Gosselin
Boston Globe

Federal regulators who seized the Bank of New England Sunday have agreed to protect \$600 million in uninsured deposits at the bank's foreign branch in the Bahamas—even though the coverage is not authorized by law and the bank did not pay for insurance on the funds.

Regulators acted despite the fact that some government and industry officials object to the practice, and the regulators themselves refuse to protect deposits over the \$100,000 insurance limit at small, failed institutions inside the United States, most recently at Capitol Bank & Trust Co. in Boston and Freedom National Bank in New York.

"It's outrageous, totally unfair," said Kenneth A. Guenther, executive vice president of the Independent Bankers Association, a Washington-based group representing smaller banks.

"How can banks across the country be paying higher and higher [deposit insurance] assessments, and depositors in foreign branches of U.S. banks who don't pay for deposit insurance at all are fully covered?"

A top U.S. banking regulator conceded the unfairness of the government's decision yesterday, but bluntly warned that failure to act otherwise would have been courting disaster.

Asked to explain why regulators decided to protect offshore depositors while refusing to do the same for some onshore ones at other banks, L. William Seidman, chairman of the Federal Deposit Insurance Corp., said, "because I love my brothers in Massachusetts and I didn't want to see their whole financial system go down the tube."

Seidman said that if the government had not agreed to protect offshore depositors, many of them large corporations and foreign banks, they might have withdrawn their funds from both the Bank of New England and other major U.S. banks with foreign branches, setting off a financial chain reaction.

"Even if that didn't happen," Seidman warned, "there was such a great possibility of it happening that I did not want to experiment."

The deposits in the New Bank of New England's foreign branch do not necessarily all belong to foreign individuals or companies; the money may include funds kept offshore by a U.S. company.

But U.S. law does not allow for insurance premiums to be charged against offshore funds; not does it provide for them to be covered by the FDIC.

Seidman asserted that the FDIC routinely protects uninsured deposits at foreign branches of U.S. banks when it decides that it must protect similar domestic funds. But the last time the agency did so, in its seizure of the National Bank of Washington last August, the move set off a furor.

In that case, FDIC staff urged that foreign depositors not be fully protected, but Seidman overruled the recommendation. Key members of Congress also objected and sought to change the law to prohibit coverage or force banks to pay premiums on their overseas deposits, but both moves failed.

[IBAA NOTE: Although Bank of New England's Bahamas branch contained more than \$500 million in deposits at the beginning of December 1990, year-end withdrawals by panicked depositors left only \$55 million. This is still several times the \$8-10 million it would have cost the FDIC to cover all depositors at Freedom National Bank in Harlem.]

Failures of a Big Bank and a Little Bank Bring Fairness of Deposit-Security Policy Into Question

By KENNETH H. BACON

Staff Reporter of THE WALL STREET JOURNAL

WASHINGTON—A tale of two banks is raising basic questions about the fairness of the federal government's efforts to prop up the shaky financial system.

When the National Bank of Washington failed in August, its depositors didn't lose a nickel. The Federal Deposit Insurance Corp. protected them all, even those who exceeded the \$100,000 federal insurance limit and those who maintained accounts in a foreign branch outside the government's protective umbrella.

Depositors in Freedom National Bank weren't so lucky. When the minority-owned New York City bank folded last month, the FDIC announced that it would pay depositors only up to the \$100,000 limit. Though the agency has since softened its stance somewhat, the bank's major depositors still face millions of dollars in losses. Among those affected are the United Negro College Fund, the National Urban League, a number of churches and the campaign committee of Democratic Rep. Charles Rangel, who represents the Harlem district where the bank is headquartered.

The major reason the two banks are being treated so differently has nothing to do with race or politics. It is simply size. NBW, with deposits of \$1.1 billion, came under the protection of the FDIC's "too big to fail" doctrine, under which regulators generally finance the takeover of failed institutions by healthy ones. The sin of Freedom National, founded in 1964 by baseball great Jackie Robinson and other black leaders, was to be so small—deposits of only \$91 million—that regulators decided its liquidation wouldn't unduly shake the banking system.

For the Bush administration and Congress, which have been seeking ways to limit the scope of federal deposit insurance next year without weakening confidence in the system, the saga of the two banks adds a hugely complicating issue: fairness. "It's like 'Bonfire of the Vanities'—all of a sudden it becomes a flash point," says Virginia Dean, a top official of the American Bankers Association.

Big Impact

The cases "dramatically illustrate the inequities in federal regulatory and insurance policies," says Rep. Henry Gonzalez, the Texas Democrat who chairs the House Banking Committee. Sen. Alfonse D'Amato (R., N.Y.), a Senate Banking Committee member, says the contrast will have a big impact on whatever Congress does. "Without a doubt, you will see legislation that will restrict the ability of the FDIC to bail out the big guy while it lets the little guy suffer," he vows.

Federal deposit insurance helped restore public trust in the banking system after the Depression, but in the 1980s it became apparent that it also insulated both depositors and managers from risk. In-

No Loss

The proportion of bank failures in which depositors have suffered any losses has declined over the last five years.

	TOTAL FAILURES	FAILURES WITH DEPOSIT LOSSES	DEPOSIT LOSSES (As percent of total)
1986	138	40	29%
1987	184	51	28
1988	200	36	18
1989	206	32	16
1990*	156	16	10

*Through Nov. 30.
Source: Federal Deposit Insurance Corp.

sured funds were readily available to support dubious investments that contributed to the failure of many savings and loans; as a result, taxpayers will pay about \$200 billion, including interest, to protect thrift depositors. Meanwhile, the bank fund will fall to an estimated \$10 billion by the end of the year, down from a high of \$18.3 billion in 1987, and it could fall lower during a recession.

"The deposit insurance system has been distorted and put at risk of failure because it now extends coverage to virtually all deposits," Mr. Gonzalez complains. Of the 156 bank failures in the first 11 months of the year, only 16 inflicted losses on depositors, according to FDIC figures.

Federal regulators articulated the too-big-to-fail doctrine in 1984, when they put together a \$4.5 billion package to rescue Continental Illinois Bank & Trust Co. Now, despite the wide recognition that it weakens market discipline, nobody wants to take responsibility for jolting confidence in the banking system by letting a large bank fail and inflicting broad losses on depositors. "The idea of letting banks fail is fine until a big bank fails and takes a whole regional economy with it," says Rep. Charles Schumer, (D., N.Y.), a Banking Committee member.

Those fears clearly worked to the advantage of NBW depositors. Because of its size, federal regulators saw to it that NBW, a unit of Washington Bancorp., was acquired by Riggs National Corp., also in Washington, D.C.

Bad Loans

To sweeten the deal, the FDIC took over about \$500 million of NBW's bad loans and other "adversely classified" assets. The government even saw to it that about \$37 million in deposits with NBW's Bahamian branch were protected—though not without controversy among some regulators.

The FDIC staff had recommended against covering the offshore deposits because federal insurance extends only to funds in domestic branches, says FDIC Chairman William Seidman. But, he says, the Federal Reserve "objected violently."

The Fed feared that omitting them from the safety net would trigger a run against foreign deposits that would harm domestic financial stability; 51% of the deposits of the nine largest U.S. banks are in foreign markets.

By contrast, the failure of Freedom National stirred few such fears, although FDIC officials say they talked to more than 50 banks and investor groups in an unsuccessful effort to find somebody to take it over. "We shopped it widely, first in the minority community, then more broadly in the New York area and finally nationwide, but there were no takers," says Alan Whitney, the FDIC's director of corporate communications. Ultimately, the FDIC decided that liquidation was the only option.

Mr. Seidman says he himself is unhappy with the way the system has worked. "My first testimony when I came to this job was that it's unfair to treat big banks in a way that covers all depositors but not small banks. I promised to do my best to change that," he says. "Five years later, I can report that my best wasn't good enough."

Under pressure from the New York congressional delegation, the FDIC announced last week that it will eventually pay off about 50% of the \$15 million in Freedom National's uninsured deposit claims. The money will come from the sale of the Harlem bank's assets.

But the move isn't enough to erase the bitterness caused by the FDIC's decision to close the bank after failing to find a way to save it. Mr. Seidman himself calls the comparison between NBW and Freedom National "a graphic illustration of unfairness."

SENATE BUSINESS & INDUSTRY

EXHIBIT NO. 6A

DATE 1/31/91

BILL NO. SJR8

TABLE 8

BIF ASSESSMENT INCOME FROM DOMESTIC AND FOREIGN DEPOSITS AND NON-DEPOSIT LIABILITIES OF THE 30 LARGEST COMMERCIAL BANKS

EXHIBIT NO. 6B
DATE 1/31/91

(in millions of dollars)

If the foreign deposits and non-deposit liabilities of these too-big-to-fail banks were assessed, over \$550 million additional funds (\$355-million from foreign deposits; \$219 million from non-deposit liabilities) would be added to the Bank Insurance Fund to cover these de facto liabilities.

BANK NAME	TOTAL ASSETS	DOMESTIC DEPOSITS	INCOME TO FDIC	FOREIGN DEPOSITS	INCOME TO FDIC	NON-DEPOSIT LIABILITIES	INCOME TO FDIC	TOTAL INCOME
Citibank	158,535	43,536	52.24	65,849	79.02	20,632	24.76	156.02
Bank of America	84,755	51,284	61.54	19,143	22.97	6,028	7.23	91.75
Chase Manhattan Bank	82,711	27,987	33.58	32,882	39.46	10,885	13.06	86.10
Morgan Guaranty Trust	65,164	7,626	9.15	33,562	40.27	11,217	13.46	62.89
Security Pacific NB	56,724	31,075	37.29	6,981	8.38	11,214	13.46	59.12
Macquarie Bank	55,016	23,125	27.75	19,069	22.88	6,633	7.96	58.59
Chemical Bank	50,314	12,842	15.41	18,663	22.40	7,663	9.20	47.00
Wells Fargo Bank	49,353	25,602	30.72	8,399	10.08	10,586	12.70	53.50
First NB of Chicago	45,408	34,022	40.83	256	0.31	7,038	8.45	49.58
Continental Bank	37,724	12,895	15.47	14,526	17.43	7,558	9.07	41.97
NCNB Texas NB	31,621	12,510	15.01	6,600	7.92	9,199	11.04	33.97
The Bank of New York	29,470	20,737	24.88	1,316	1.58	5,602	6.72	33.19
First NB of Boston	27,656	12,906	15.49	8,919	10.70	3,937	4.72	30.91
Living Trust Co.	27,107	11,840	14.21	6,096	7.32	6,400	7.68	29.20
Mellon Bank	23,563	6,768	8.12	10,026	12.03	3,540	4.25	24.40
Marine Midland Bank	22,563	11,354	13.62	4,092	4.91	5,440	6.53	25.06
Republic NB of NY	21,605	14,059	15.33	3,371	4.05	2,917	3.50	24.43
First Interstate	21,363	5,532	5.71	9,058	10.87	3,821	4.59	22.17
NCNB of N. Carolina	20,780	16,223	19.47	1,187	1.42	1,594	1.91	22.80
First Union NB of NC	18,085	10,468	12.56	1,210	1.45	5,087	6.10	20.12
First Bank of Detroit	17,977	9,383	11.26	532	0.64	7,069	8.48	20.38
Ntl Bank of Detroit	16,410	10,714	12.86	1,467	1.76	3,115	3.74	18.36
Pittsburgh NB	15,967	9,755	11.71	350	0.42	4,855	5.83	17.95
Union Bank	15,782	10,501	12.60	675	0.81	3,233	3.88	17.29
Wachovia B & T	14,974	11,169	13.40	336	0.40	2,456	2.95	16.75
Bank of New England	14,681	7,499	9.00	1,618	1.94	4,025	4.83	15.77
Southeast Bank	14,317	9,854	11.82	953	1.14	2,699	3.24	16.21
Ntl Westminster	14,241	10,005	12.01	1,709	2.05	2,027	2.43	16.49
First Bank	13,305	8,669	10.40	665	0.80	2,944	3.53	14.73
Sovran Bank	13,272	9,652	11.58	100	0.12	2,681	3.22	14.92
TOTAL	1,080,443	489,662	587.59	279,610	335.53	182,095	218.51	1,141.64

*0.12 Percent is used as the assessment rate
*figures are as of September 30, 1989 from the FDIC Office of Research and Statistics