

Chapter 722

Loan Associations

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INCORPORATION AND REGULATION OF SAVINGS AND LOAN ASSOCIATIONS

722.005 Definitions. As used in this chapter, unless the context requires otherwise:

(1) "Commissioner" means the Corporation Commissioner.

(2) "Mutual association" means one in which all members have the right of withdrawal of their stock credits and equal voting privileges and equal rights to hold office, and in which all the earnings of the association, after payment of expenses and provisions for the contingent fund and proper reserves, are distributed to the members substantially in proportion to their investments in the association.

(3) "Other similar federal or state agency" means any federal or state financial agency organized pursuant to the laws of the United States or of this state, and authorized to loan or otherwise act as a reserve agency for savings and loan associations.

(4) "Reserve fund association" means an association in which no part of the reserve fund stock subscribed may be withdrawn until the full contractual obligations of the association have been met, and in which preferential rights as to holding office or directorship and to profits after payment of such contractual obligations are or may be given to its reserve fund stockholders.

(5) "Savings and loan association" means savings and loan and building and loan associations, the terms being synonymous, and all the provisions of this chapter apply to both alike.

(6) "Supervisor" means the Savings and Loan Supervisor.

722.010 Doing business as savings and loan association without complying with chapter prohibited. (1) No person, firm, company, association, partnership, society or corporation, either domestic or foreign, shall transact business under any name or title which contains the term "savings and loan" or "building and loan" or use any sign or circulate or use any letterhead, billhead, circular, or paper whatsoever, or advertise in any manner to indicate that his or its business is the character or kind of business carried on or transacted by a savings and loan association or which is calculated to lead the public to believe that his or its business is that of a savings and loan association unless he or it is lawfully au-

thorized to do business in this state under this chapter, or of its charter, and is actually engaged in carrying on a savings and loan or building and loan business in this state under this chapter.

(2) Upon action brought by the commissioner, injunction will lie to restrain any person, firm, company, partnership, society, corporation or agent thereof from continuing to violate any of the provisions of this section.

722.015 False representation of other business as savings and loan association prohibited. No person shall wilfully and knowingly concur in, or be responsible directly or indirectly for the making, publishing or posting, either generally or privately, to actual or prospective members or investors, any false or misleading information tending to imply that any other business operated in this state is a savings and loan association, or operates in the manner of a savings and loan association, or is regulated in whole or in part under the provisions of ORS 163.450, 165.040, 165.255, ORS chapter 721, 722.005 to 722.250, 722.305 to 722.370, 722.405 to 722.470, 722.480, 722.490, 722.510 to 722.545 and 722.705 to 722.990.

722.020 Scope and application of chapter; associations to be incorporated; relationship of reserve fund association and purchasers. (1) This chapter and ORS chapter 721 shall govern the incorporation, organization, operation, supervision and control of all savings and loan associations doing business in this state.

(2) A savings and loan association operating in this state must be a corporation, and may be either the mutual or reserve fund type. Either type may be formed and operated under this chapter and every savings and loan association as defined in ORS 722.005 operating in this state shall be subject to the terms of the provisions of ORS 163.450, 165.040, 165.255, ORS chapter 721, 722.005 to 722.250, 722.305 to 722.370, 722.405 to 722.470, 722.480, 722.490, 722.510 to 722.545 and 722.705 to 722.990, which provisions are also applicable to both types of association, except when specifically limited to one or the other.

(3) The relation between a reserve fund association and the purchasers of its certificates, bonds, obligations or debentures, other than its reserve fund stock, in the event of liquidation or dissolution only, is

that of debtor and creditor. [Amended by 1953 c.401 §11]

722.025 Investments, shares issued and contracts made prior to 1931. (1) Nothing in ORS 163.450, 165.040, 165.255, ORS chapter 721, 722.005 to 722.250, 722.305 to 722.370, 722.405 to 722.470, 722.480, 722.490, 722.510 to 722.545 and 722.705 to 722.990 shall be construed to affect the legality of investments or transactions made prior to June 6, 1931, by any savings and loan association, pursuant to the provisions of law in force when such investments or transactions were made.

(2) Any shares or contracts in force on June 6, 1931, shall be kept in force until their terms have been carried out, except that no fines may be assessed in violation of ORS 722.180.

722.030 Articles of incorporation of mutual type association. Whenever at least five persons who are residents of this state desire to incorporate a mutual savings and loan association, they shall make a written declaration in triplicate to that effect. Each copy shall be signed, sealed and acknowledged in the form provided by law for conveyances of real estate and shall include the following:

(1) The name of the association, which shall not resemble nor be the same as that in use by any existing corporation established under the laws of this state. The name shall terminate with the words "Savings and Loan Association" or "Building and Loan Association."

(2) The principal office, or place of business of the association, which shall be within this state.

(3) The time of its duration.

(4) The names, occupations and postoffice addresses of the subscribers to such declaration and a statement of the number of shares for which each agrees to subscribe.

(5) The amount of cash each incorporator has contributed and the total cash paid in by the incorporators.

(6) That the association is organized to encourage thrift, industry, frugality, home building and savings among its shareholders, members and others; to loan to its members and others the moneys received or funds accumulated by it with the profits and earnings thereon; to make repayments as may be provided in its bylaws and for all of the purposes specified in ORS 722.005 to 722.250, 722.305 to 722.370, 722.405 to 722.470,

722.480, 722.490, 722.510 to 722.545 and 722.705 to 722.985.

(7) The amount of capital actually paid in, which shall in no event be less than:

(a) \$5,000 if the home office of the association is located in a town having a population of less than 10,000 inhabitants.

(b) \$7,500 if the home office of the association is located in a city having a population of more than 10,000 and less than 50,000 inhabitants.

(c) \$10,000 if the home office of the association is located in a city having a population of more than 50,000 and less than 150,000 inhabitants.

(d) \$25,000 if the home office of the association is located in a city having 150,000 or more inhabitants. The population of all towns and cities for the purpose of fixing the minimum paid-up stock required of an association under this section shall be ascertained by reference to the last preceding federal census. All payments for shares of required paid-in stock must be in lawful money of the United States and must be in the custody of the persons named as the first board of directors.

(8) The number of directors of the association, which shall not be less than five, the names of the incorporators and of those who shall be its first directors until the first stockholders' meeting. The incorporators named as directors must possess the qualifications required of directors as specified in ORS 722.205.

(9) The authorized capital which shall be unlimited and shall be divided into shares of the ultimate value of \$100.

722.035 Articles of incorporation of reserve fund association. (1) Any number of persons, not less than five, who are residents of this state, desiring to engage in the savings and loan association business upon the reserve fund stock plan may, by complying with this chapter, become a body corporate for that purpose. Such persons shall subscribe to articles of incorporation in the manner provided for mutual associations, except that such articles shall state the amount of authorized reserve fund capital stock of the association and the number of shares into which the same has been divided, the par value of such stock to be \$100.

(2) Requirements relative to the articles of incorporation of reserve fund associations shall be the same as those relative to mutual associations, except as they must be

modified to meet the requirements imposed on reserve fund associations. The reserve fund association articles shall state the purposes of the association, which shall be those specified in subsection (6) of ORS 722.030.

(3) A reserve fund association shall have, in addition to the powers granted in this chapter to all savings and loan associations, such other powers as have been granted to it and such powers as may be necessary to carry out the obligations and provisions specifically granted by this chapter.

722.040 Capital structure of reserve fund associations. The stockholders of a reserve fund association must, before a certificate of authority to begin business is issued, pay into the association in cash on subscriptions to its reserve fund stock the sum of not less than \$25,000 capital and \$10,000 surplus. The surplus may be used for operating expenses. In case the association grows and accumulates funds, the reserve fund stock, surplus, undivided profits and contingent fund must be maintained at the minimum total requirements as follows:

(1) Five percent of the amount of gross liabilities, except reserve fund capital and money borrowed from a Federal Home Loan Bank or other similar federal or state agency, as defined in ORS 722.005, or from both bank and such agency, until they reach \$1 million.

(2) Thereafter two and one-half percent of the amount of gross liabilities, except reserve fund capital and money borrowed from a Federal Home Loan Bank or other similar federal or state agency, or both bank and agency, until such reserve fund stock, surplus, undivided profits and contingent fund reach \$1 million.

722.045 Bylaw requirements. (1) The bylaws of savings and loan associations doing business in this state shall be in conformity with the provisions of this chapter and the laws of this state and at all times during the regular hours of business shall be open to the inspection of the members, at its principal place of business.

(2) The bylaws, among other things, shall provide for:

(a) The character and methods of conducting the business of the association, with rules governing the admission of members, class of shares, sale of its shares, the amount of dues and the time and manner of

payment thereof by the members of the association.

(b) The custody, control, disposition and investment of funds of the association.

(c) Its loan procedure.

(d) The time and place for the annual meeting of the shareholders of the association for the election of directors.

(e) The provision for holding special meetings.

(f) Duties of the officers and directors of the association.

(g) The method of voting at meetings of stockholders.

722.050 Fees to accompany articles of incorporation. At the time of filing any application for certificate of approval for a savings and loan association articles, the incorporators thereof shall pay to the commissioner \$50 for filing the proposed articles of incorporation and bylaws. No part of this fee shall be refunded in case the application is rejected. The incorporators, at the same time, shall pay the annual license fee to cover the succeeding fraction of the fiscal year. The commissioner may also require a deposit of a reasonable amount to defray the expenses of investigation as required in ORS 722.055.

722.055 Investigation and approval of application. (1) When any person files the proposed articles of incorporation and bylaws for any savings and loan association, the commissioner shall thereupon transmit them to the supervisor for his investigation, report and recommendation.

(2) The supervisor shall proceed to ascertain from the best sources at his command and by such investigation as he deems necessary, whether the character, responsibility and general fitness of the persons named in the articles of incorporation are such as to command confidence and warrant belief that the business of the proposed association will be honestly and efficiently conducted in accordance with the intent and purpose of this chapter, whether the public convenience and advantage will be promoted by allowing such proposed association to be incorporated and engage in business and whether the population in the neighborhood of such place and in the surrounding country affords a reasonable promise of adequate support for the proposed association. The expense of such investigation shall be paid by the incorporators of the association.

(3) If the supervisor is satisfied concerning the several matters specified in this section, he shall recommend to the commissioner the approval of the proposed articles and bylaws. The commissioner, if satisfied, shall issue under his official seal a certificate reciting in substance the filing in his office of the articles of incorporation and bylaws, that such articles and bylaws conform to all requirements of the law and that they have been approved. Thereupon the persons named in the articles, their associates and successors shall become a body corporate for the period for which they are organized and shall exercise such powers as are granted in this chapter and such other powers as are necessary to enable the association to carry out the purpose of its organization, not inconsistent with the provisions of this chapter. The association shall not do business until the commissioner has issued to it a certificate of authorization as provided in ORS 722.065.

(4) The certificate approving of the articles of incorporation shall be made in triplicate and one attached to each copy of the articles of incorporation, two copies of which shall be returned to the incorporators. They shall forthwith file one copy in the office of the county clerk of the county where the principal place of business of such corporation is situated and the other copy shall be retained by the association.

722.060 Rejection of application; appeal.

If the supervisor is not satisfied after the examination that it is expedient and desirable to permit the applicants to engage in the proposed savings and loan association business, he shall make a written report of his examination to the commissioner with his recommendation that the application be denied. The commissioner, if he approves the report and recommendation, shall indorse upon each copy of the proposed articles of incorporation the word "refused" and the date of such indorsement, together with the reason for such refusal. He shall forthwith return one copy of the proposed articles to the incorporators from whom the articles were received. The refusal shall be conclusive unless the incorporators within 30 days of the issuance of such notice of refusal apply to the Circuit Court of Marion County, Oregon, which court shall have jurisdiction of the case, for a writ of mandamus to compel the filing and approval of the proposed articles of incorporation.

An appeal shall lie from the decree or final order of the court in the same manner as appeals in other mandamus cases are allowable and taken in this state.

722.065 Certificate of authority to do business; issuance, refusal and revocation; effect of failure to commence business within six months. (1) When the commissioner has approved the articles of incorporation and the bylaws and has issued the certificate of approval and filing, and after the stockholders have paid into the treasury of the association the amount required by ORS 722.030 or 722.040, he shall then issue to the association a certificate of authority to do business and the association may thereupon proceed to do business during that fiscal year. Issuance of a new certificate of authority is necessary each fiscal year to the transaction of business in this state by any savings and loan association, and is contingent upon its payment of the annual license fee and a compliance with the terms of ORS 163.450, 165.040, 165.255, ORS chapter 721, 722.005 to 722.250, 722.305 to 722.370, 722.405 to 722.470, 722.480, 722.490, 722.510 to 722.545 and 722.705 to 722.990, for a violation of which terms the certificate of authority may be revoked by the commissioner.

(2) An association to which the commissioner has refused to issue a certificate of authority or whose certificate of authority has been revoked, may within 30 days apply to the Circuit Court of Marion County for a writ of mandamus to compel the issuance or the renewal of such certificate. An appeal shall lie from the decree or final order of the court in the same manner as appeals in other mandamus cases are allowable and taken in this state. Failure to so apply shall constitute an acceptance of such refusal or revocation.

(3) When any savings and loan association fails to commence business within six months from the date of the issuance of the certificate of authority, such association shall forthwith be dissolved and its certificate of incorporation shall be considered void without further executive or judicial action.

722.070 Amendment of bylaws and articles. Any savings and loan association incorporated under the laws of this state may, at any time after securing the written approval of the commissioner, amend its articles of incorporation or its bylaws by a

vote of at least three-fourths of its shares represented at the annual meeting or at a special meeting called for that purpose. Whenever any savings and loan association amends its articles of incorporation or its bylaws, it shall certify a copy of the resolutions authorizing such amendment, duly verified by the oaths of the president or vice president and secretary or assistant secretary of such association, and shall file the original, accompanied by a filing fee of \$5, in the office of the commissioner. The duplicate of the original resolution amending the articles of incorporation shall thereupon be filed by the association in the office of the clerk of the county in which the home office of the association is located, who shall record it in the manner and form provided for original articles of incorporation.

722.075 to 722.100 [Reserved for expansion]

POWERS AND DUTIES OF ASSOCIATIONS

722.105 General powers of associations.

(1) Savings and loan associations shall, in addition to the other powers by law granted to corporations, have power:

(a) To receive money and accumulate funds to be loaned and invested and to loan these funds to their shareholders, investors and others.

(b) To permit shareholders and investors to withdraw part or all of such funds, and to prescribe the terms and conditions of such withdrawal.

(c) To cancel shares of stock, the payments on which have been withdrawn.

(d) To receive money and to execute investment certificates therefor, which must specify the terms thereof, as provided in ORS 722.345 and 722.350.

(e) To borrow money for the purpose of making loans and of paying dividends, withdrawals and maturities.

(f) Such other powers as may specifically be set forth under ORS chapter 721, 722.005 to 722.250, 722.305 to 722.370, 722.405 to 722.470, 722.480, 722.490, 722.510 to 722.545 and 722.705 to 722.990 or under their charters or certificates of incorporation.

(2) No savings and loan association shall, at any time, have or carry on its books, for any person any commercial or checking account or any account which the person

shall have the right to withdraw immediately upon demand, or any credit to be withdrawn upon the presentation of any negotiable check or draft.

722.110 Advertising by associations.

Nothing in the statutes of this state to the contrary notwithstanding, shall preclude any savings and loan association in any of its advertising from setting forth any of the purposes mentioned in subsection (6) of ORS 722.030.

722.115 Establishing branch offices.

No savings and loan association doing business in this state shall establish a branch office in its own or in any other community in this state, without first securing a permit therefor from the commissioner. Any application for such a permit, if received by the commissioner, shall be immediately transmitted by him to the supervisor for his investigation, report and recommendation. The supervisor shall give the application the same consideration and investigation as is required of him by ORS 722.055 in the case of an application for a permit for a new association. If the commissioner, after receiving the report and recommendation of the supervisor, grants the application, he shall issue to the association his certificate to that effect, and if the commissioner is unwilling to grant permission, he shall notify the association in writing of his refusal. The applicant shall have the same right of review and appeal from the decision of the commissioner as is described in ORS 722.060. It is not a violation of this section for an association to employ loan agents, sales agents or collection agents without securing the permit called for in this section, provided such agents do not establish or maintain a regular office in the name of the association represented. [Amended by 1953 c.401 §11]

722.120 Operating contracts. No savings and loan association may make an operating or management contract with any person except with the express approval and consent of the supervisor, nor shall any existing contract be transferred, extended or renewed without his consent and approval.

722.125 State associations may become members of Federal Home Loan Bank and other agency. Any savings and loan association incorporated under the laws of this state may become a member of the Federal Home Loan Bank or other similar federal or state agency, or of both bank and agency.

The member association may subscribe for, purchase, hold and surrender, from time to time, such amounts of the capital stock of the bank or other similar federal or state agency, or of both bank and agency, as the association may deem advisable, and may do such other things as may be required under the Federal Home Loan Bank Act or other Acts establishing the particular agency or under any amendment thereto, in order to obtain and continue such membership. The savings and loan association may assume all the duties, obligations, responsibilities and liabilities and become entitled to all the benefits provided in any of those Acts.

722.130 Indebtedness of associations; limitations, exceptions and preferences. (1)

A savings and loan association may borrow money for any of its corporate purposes, when authorized by proper resolution of its board of directors, such loans not to exceed 35 percent of its assets. However, it may borrow from the Federal Home Loan Bank or other similar federal or state agency, or both, up to 70 percent of its assets.

(2) No loan shall be made for a longer period than one year, except loans from the Federal Home Loan Bank or other similar federal or state agency. No association shall have the authority to issue bonds or other obligations against a specific portion of its assets, except to secure juvenile shares or obligations, or loans negotiated from the Federal Home Loan Bank or other similar federal or state agency.

(3) Such associations may borrow from and lend to other savings and loan associations, upon the approval of the board of directors of both the borrowing and lending associations, together with the approval of the supervisor.

(4) Whenever the supervisor deems any indebtedness of an association incurred under this section to be detrimental to the interests of its shareholders or creditors, he shall require the association to change or reduce its indebtedness to such an extent as he considers reasonable, giving the association a reasonable time in which to effect such reduction of indebtedness.

(5) With specific written approval of the supervisor, bonds owned by any savings and loan association may be pledged as collateral security for loans for the purpose of paying dividends and withdrawals or maturities, or any of them, and the supervisor's written authorization to make such pledge shall be

deemed sufficient evidence to the lender of the legality of such loans to the borrowing association.

(6) Associations are authorized and empowered to assign and pledge their notes, mortgages or other property, and to repledge the shares of stock pledged as collateral security, without securing the consent of the owner thereto, as security for the repayment of its indebtedness for money borrowed from the Federal Home Loan Bank or other similar federal or state agency, or both.

(7) Any pledgee or other lawful holder of any note or other evidence of indebtedness due to an association, shall have the right to enforce, in his own name or in the name of the association, all appropriate remedies to enforce collection, whether or not the stock described in connection with the note is held by such pledgee or holder.

(8) Any obligation incurred by, or loan made to, an association shall constitute a preferred claim against its corporate assets, and shall be payable in advance of, and by preference over, all claims or rights of the shareholders or members in any of the assets of the association, and shall be prior to and outrank any demand or application for the withdrawal or cancelation of any and all classes of stock in the association. [Amended by 1953 c.401 §11]

722.135 Deposit of securities. (1) Every association organized under the laws of this state governed by this chapter shall promptly deposit and keep with the commissioner or with a duly chartered and responsible bank or trust company of this state, in trust for all its members and creditors, subject to the provisions of this chapter, all notes, mortgages and other securities received by it in the usual course of business, except notes secured by its own shares or obligations, and notes, mortgages or other securities assigned to the Federal Home Loan Bank or other similar federal or state agency, or to both bank and agency. This deposit shall be made within 10 days after receipt of the securities, following their recording or registering.

(2) When deposited with a trust company or bank such company or bank shall forthwith certify to the commissioner the possession of such notes and securities, and they shall not be surrendered without the written authority or sanction of the commissioner. However, an association may

withdraw notes, mortgages or other securities from the custody of the commissioner, for the purpose of assigning them as collateral security for any loan obtained or to be obtained from the Federal Home Loan Bank or other similar federal or state agency. Upon deposit with the home loan bank or other agency, a receipt therefor shall be obtained and transmitted to the commissioner within 10 days from receipt of same by the association.

(3) Whenever required by the laws of any other state, territory or nation all securities taken in such state, territory or nation by any association organized under the laws of this state, and subject to the provisions of this chapter, may be deposited with the properly authorized officer of such state, territory or nation. The annual certificate of such officer certifying to such deposit filed with the Corporation Commissioner of this state shall constitute a compliance with the provisions of this chapter.

722.140 Collection of interest on deposited securities; surrendering securities. (1) All interest, premiums and payments which may accrue or be paid on notes, mortgages or other securities on deposit with the commissioner or such bank or trust company, as provided for in ORS 722.135, and all payments which may become payable on stock pledged as security for loans, the mortgages for which are so deposited, may be collected and retained by the association depositing such securities or mortgages as long as the association remains solvent and faithfully performs all contracts with its members, investors and others.

(2) The depository shall surrender any such note, mortgage or security upon receiving the written application of the association owning it, accompanied by the affidavit of the president or vice president and secretary or assistant secretary of the association, showing:

(a) That the association is to sell, without recourse, or assign such note, mortgage or security; or

(b) It is to be sold or assigned to a Federal Home Loan Bank, or other similar federal or state agency; or

(c) That such note, mortgage or other security has been repaid in full or is in default, and that it is required for the purpose of foreclosure. [Amended by 1953 c.401 §11]

722.145 Ascertainment of earnings; payment of expenses. The gross earnings of

every savings and loan association shall be ascertained at least annually. The expenses of such association shall be paid only from its earnings or surplus.

722.150 Association to establish contingent fund. (1) Every savings and loan association shall have a contingent fund.

(2) In the case of a mutual savings and loan association, such contingent fund shall be created from the earnings of the association, in an amount not less than five percent of its interest income during each year until this fund amounts to at least five percent of its paid-in capital up to \$20 million or less of capital of the corporation, and two and one-half percent of all paid-in capital in excess of \$20 million. When such fund equals the amount specified in this subsection, the association shall pay into the contingent fund an amount equal to 10 percent of its net earnings each year.

(3) In the case of a reserve fund savings and loan association, the contingent fund shall consist of amounts paid on reserve fund stock plus such portion of its surplus and undivided profits as may be necessary to equal five percent of the first \$20 million of liabilities less cash and the value of United States Government obligations on hand, and two and one-half percent of its liabilities in excess of \$20 million less cash and the value of United States Government obligations on hand. Whenever its aggregate falls below this percentage the association shall set aside, before payment of any dividend, not less than five percent of its interest income until the contingent fund shall be equal to or in excess of the sum provided for in this subsection. When such sum has reached the amount specified in this subsection, there shall be placed in the contingent fund annually a sum not less than 10 percent of the net earnings of the association for such year. In the case of a reserve fund savings and loan association, the contingent fund shall also consist of its surplus and undivided profits.

(4) The contingent fund, as provided for in this section, shall be charged with all losses, as they are determined, until it is exhausted, after which, in the case of a mutual association, any remaining losses shall be charged, as determined, to the surplus and undivided profits in the order selected by the directors. [Amended by 1953 c.401 §11]

722.155 Disposition of association earnings; dividends. (1) After providing for the expenses of the association and its definite, fixed obligations and the contingent fund, and such other reserves as the directors deem advisable to establish, the earnings of the association shall be transferred and apportioned to the credit of shareholders, including reserve fund shareholders, as the association by its bylaws shall provide, and may be distributed among the shareholders in proportion to the part of the dividend period that the funds of the shareholders have been in the association.

(2) Nothing contained in this section or ORS 722.150 shall prohibit an association from paying different rates of dividends upon different classes of shares. No association, reserve fund or mutual, shall declare, credit or pay any dividends or profits except out of the surplus of net earnings. No association shall advertise a greater dividend than actually has been earned and credited or paid to shareholders or members.

(3) No interest accrued and unpaid for a period of more than three months can be considered as an earning of the association for the purpose of paying dividends. [Amended by 1953 c.401 §11]

722.160 Disposition of undivided profits. A mutual savings and loan association may, in addition to the contingent fund, hold in its fund of undivided profits such sum as the board of directors may, from time to time, deem necessary or wise. However, such undivided profits of a mutual association shall at no time exceed three percent of the total assets of the association, and if they do, the board of directors shall declare such an extra dividend as may be necessary to distribute among the shareholders the excess over the authorized percentage. The board of directors may invest all reserve funds and undivided profit funds in the same manner and in the same class of securities as is provided in this chapter for the investment of all other funds of the association.

722.165 Semiannual statements; additional statements. (1) Every savings and loan association doing business within this state shall, on January 1 and July 1 of each year, or within 30 days thereafter, file with the commissioner a full detailed statement of its financial condition on the last day of the preceding month and of the business transacted during the preceding

half year or year, respectively. The statement shall set forth the amount and the character of its assets and liabilities and shall contain such other information, be in such form as the supervisor may prescribe and shall be sworn to by the president or vice president and the secretary or assistant secretary. Any association refusing or neglecting to file any statement required in this section within the time specified, shall forfeit \$25 per day for each and every day the statement is withheld, and the commissioner may maintain an action in the name of the state to recover such forfeiture, which, upon its collection, shall be paid into the Corporation Fund. Within 30 days after any refusal or neglect to file any statement provided for in this section, the commissioner shall cause the affairs of the association to be investigated at the expense of the association, and, if it is found in an unsafe condition, take charge of its affairs, as provided in ORS 722.725.

(2) The supervisor may require additional statements from any or all associations, as of the close of business at any date, allowing 10 days in which to prepare and file them. [Amended by 1953 c.401 §11]

722.170 Publication of financial statements. On January 1 and July 1 of each year, or within 15 days after such dates, every savings and loan association doing business in this state shall publish, in at least one newspaper published in the place where its principal office may be located, or, if no newspaper is published in such place, then in the newspaper published nearest such place, a financial statement showing the condition of the association, at the close of business on the previous December 31 and June 30, respectively. The statement shall be verified by the oaths of the president or vice president and secretary or assistant secretary of the association before being printed. One copy of the newspaper containing the financial statement shall be furnished to the supervisor within five days after publication and one copy shall be recorded in the minute book of the board of directors of the association. The form for publication of the financial statements shall be prescribed by the supervisor, which forms may be amended by him. They shall be the only form used by any savings and loan association at any time for the purpose of advertising or publishing a statement of its financial condition, except that the oath

may be dispensed with on other occasions of publication than those specified in this section.

722.175 Civil liability for false or defamatory statements concerning association financial condition. Any savings and loan association and any individual injured by a violation of ORS 163.450 has the right to sue for recovery of such damages as it or he may have suffered thereby.

722.180 Membership fees and fines regulated. (1) No savings and loan association may charge or collect any membership fee for the issuing of any share or certificate or other obligation of such association. No fines may be assessed for any reason on any shares or obligations sold in this state by any savings and loan association until the owner of the shares or obligations has been delinquent for 24 or more consecutive months and until 60 days after a clearly-worded advance written notice of pending liability for such fine has been sent by registered mail to the registered owner at his last known address. Such fines when imposed shall not exceed 10 cents per \$100 share or certificate per month, commencing with the date of the notice, and as collected shall be credited to the contingent fund of the association.

(2) Nothing in this section shall prevent the sale of shares or obligations on which the earnings shall increase in percentage at stated periods or upon certain scheduled payments, nor shall this section preclude a reasonable charge being made against borrowers for the purpose of defraying the expense of making or carrying the loan, or both.

722.185 Closing on Saturdays. Any savings and loan association doing business in this state may remain closed on Saturdays with respect to all or any of its functions. Any act authorized, required or permitted to be performed at, by or with respect to any savings and loan association on a Saturday, may be performed on the next succeeding business day, and no liability or loss of rights of any kind shall result from such closing.

722.190 Annual license fees. (1) Every savings and loan association doing business in this state shall pay in lieu of all other corporation or license fees, excepting the filing fees provided in ORS 722.050, an

annual fee in proportion to the amount of its assets, as follows:

On assets over	And up to	Fee
\$ 0	\$ 25,000	\$ 20
25,000	50,000	30
50,000	100,000	50
100,000	250,000	70
250,000	500,000	100
500,000	1,000,000	150
1,000,000	1,500,000	200
1,500,000	2,000,000	250

For each million of assets over two million, an additional \$50 shall be added.

(2) The annual license fee required by this section shall be paid in advance for the fiscal year beginning July 1 of each year and in case of new associations formed or entering the state during the fiscal year, the first year's fee shall be proportionate to such fraction of a year and shall be paid when the application is filed.

722.195 to 722.200 [Reserved for expansion]

DIRECTORS, OFFICERS AND AGENTS

722.205 Directors and officers; powers; qualifications; removals; appeals from removal. (1) The corporate powers of every savings and loan association doing business under the laws of this state, or which may be incorporated under this chapter shall be exercised by a board of directors of not less than five stockholders, who shall elect the officers of the association. The president and at least two other officers shall be elected from the directors. The directors shall be held responsible for the business policies of the association and for the enforcement of their policies by the executive officers.

(2) The bylaws of every savings and loan association may prescribe other qualifications for directors, but no person shall be eligible as a director unless he is the owner in good faith and in his own right on the books of the association of stock upon which at least \$200 in cash has been paid. If the association is one having an accumulated capital of \$1 million, there must have been at least \$500 paid in on the shares held by him. If the association is one having an accumulated capital of \$3 million or more there must have been at least \$1,000 paid in on the shares held by him. Such amount shall not be reduced by withdrawal or pledge for a loan with the association, or in any

other manner so long as he remains a director of the association; and, if the association is of the reserve fund type, such shares of stock required to be held by each director shall, as to at least a majority of the directors, be reserve fund stock. Every director who after his election ceases to be the owner in his own right of the necessary qualifying shares, or who pledges or hypothecates the shares necessary to qualify him as such director, thereupon shall vacate his office and shall not be eligible for re-election for the period of one year from the date of the next succeeding annual meeting.

(3) The supervisor may, by and with the approval of the commissioner, remove any officer or director of any savings and loan association for just cause specified by him and after 30 days' notice in writing to such person and to the board of directors. Any officer or director so notified of the intention of the supervisor and feeling himself aggrieved by such removal shall have a right to apply to the Circuit Court of Marion County, Oregon, for a writ of injunction to restrain the removal, as in ordinary injunction cases.

722.210 Oath of directors and officers. Each officer and director, when appointed, elected or re-elected, shall take an oath that he will diligently and honestly administer the affairs of the association, and that he will not knowingly violate its bylaws or any of the provisions of this chapter. One copy of the oath, properly attested by a notary public, shall be filed with the supervisor and another copy, similarly attested, shall be placed in the minute books of the corporation.

722.215 Bonds of directors and officers. Every officer, director, employe and agent handling or having custody or charge of funds, securities, books or records belonging to the association shall, before entering upon the discharge of his duties, give a good and sufficient bond in such sum as may be fixed by the board of directors of the association, conditioned for such pecuniary loss as the association may sustain for money or other valuable securities embezzled, wrongfully abstracted or wilfully misapplied by the officer, director, agent or employe in the course of his employment as such or in the course of his employment in any other position in the association, whether he is assigned, appointed, elected, re-elected or temporarily assigned to the position. The bond

shall be made by a surety corporation authorized to do business as such in this state. The amount of the bond as to each person and the solvency of the surety corporation shall be subject to the approval of the supervisor and the bond shall be made upon a form approved by the supervisor. In lieu of individual bonds, a blanket bond covering all active officers, directors, agents and employes of the association may be executed, subject to the same provisions as to approval by the supervisor of the surety, and the amount and form of the bond specified in this section. The board of directors may require any other bond or bonds in addition to those required in this section. Officers of associations who are inactive and who do not handle the associations' funds or securities or draw a salary shall not be required to give bond. Every bond shall be in force until 10 days after notice to the supervisor that it is to be canceled.

722.220 Effect of neglect to elect officers. No savings and loan association under this chapter shall cease or expire from neglect on the part of the corporation to elect directors or officers at the time mentioned in their bylaws. Each director and officer elected by the corporation shall hold office until his successor is duly elected and qualified.

722.225 Misleading or dishonest practices by officers or employes. If the commissioner, in any manner, finds that one or more of the executive officers or employes of a savings and loan association have directly or indirectly wilfully misrepresented the association, its types of service, its contracts, membership to prospective members, investors or borrowers, or engaged in wilfully dishonest practices in the conduct of the association's business, he shall immediately so inform the board of directors of the association and demand the suspension or discharge of the offending officer or employe, and the board of directors shall suspend or discharge that person.

722.230 Agents of associations to be licensed; supervision of licensing and of stock or security sales. (1) No savings and loan association doing business in this state shall employ any outside agent to offer for sale its shares or securities of any kind unless he is licensed by the commissioner. No person shall sell or attempt to sell in this state, outside the home or branch office of

an association, any savings and loan association shares or securities of any kind unless he is licensed by the commissioner. A license shall not be required of loan agents who take applications only for loans and the qualifying shares in connection therewith.

(2) No license shall be issued to any applicant for an agent's license until he has first made and filed in the office of the commissioner an application therefor upon a form to be prescribed and furnished by the commissioner, which must show the applicant's name, business and residence addresses, the name of the association to be represented, present occupation and for the preceding 12 months, and such other information as the commissioner may require. If the commissioner is satisfied that the applicant is a fit and proper person to engage in the sale of stock of the association, he shall issue the license. The commissioner shall revoke the license of any agent for misrepresentation or when convicted in any court for violation of any criminal statute, or when satisfied that the agent is not a fit and proper person to be engaged in the business of selling savings and loan association securities of any kind.

(3) Each agent granted a license under this section shall pay a license fee to the commissioner of \$5. The license shall be issued to expire by limitation on June 13 next succeeding but may be renewed upon payment to the commissioner of the \$5 fee.

(4) The supervisor shall keep an alphabetical list of all persons to whom such licenses are issued, date of issue, date of renewal and the name of the association being represented by the agent. The license does not empower a licensee to sell for any other similar association without the approval of the commissioner. All such licenses shall be issued under the rules and regulations to be prescribed by the commissioner, who shall hold each association responsible for the act of any of its agents within the scope of his employment.

(5) The supervision of the sale of stock and securities of savings and loan associations and the licensing of agents of such savings and loan associations, by the office of the commissioner as provided for in this chapter shall be exclusive.

agent of any savings and loan association shall, for the purpose of concealing any fact or suppressing any evidence against himself, or against any other person, abstract, remove, mutilate, destroy or secrete any paper, book or record of any savings and loan association or of the supervisor or commissioner.

722.240 Board members prohibited from declaring unearned dividends. No member of the board of directors of a savings and loan association shall wilfully and knowingly vote in favor of or ratify a loan in violation of ORS 163.450, 165.040, 165.255, 722.005 to 722.250, 722.305 to 722.370, 722.405 to 722.470, 722.480, 722.490, 722.510 to 722.545, and 722.705 to 722.990, or vote to declare, or, being secretary or manager thereof, wilfully and knowingly declare or advise the board of directors thereof to declare to its stockholders a greater dividend than has actually been earned by such association after providing adequate reserves to meet maturities to contract holders and any other contingent liabilities.

722.245 Official communications from commissioner. Each official communication directed by the commissioner, the supervisor or by any of his examiners or deputies, to a savings and loan association or an officer thereof, relating to an investigation or examination conducted by the supervisor or containing suggestions or recommendations as to the conduct of the business of the association, shall be submitted by the officer receiving it to the board of directors at the next meeting of the board and noted in the minutes of the meeting of such board.

722.250 Employees, members or shareholders who are public officers may take certain acknowledgments. No public officer qualified to take acknowledgment or proof of written instruments shall be disqualified from taking the acknowledgment or proof of an instrument in writing in which a savings and loan association is interested by reason of his employment by, or his being a member or shareholder in the savings and loan association interested in such instrument.

722.235 Suppression of evidence prohibited. No officer, director, employe or

722.255 to 722.300 [Reserved for expansion]

STOCKHOLDERS; SHARES AND OBLIGATIONS

722.305 Notice of meetings to stockholders; voting. (1) Notice to stockholders of any annual meeting of any savings and loan association may be given by publishing a notice of the meeting once a week for two consecutive weeks in a newspaper of general circulation published at or nearest the home office city of the association. The published notice shall state the time and place of the meeting. The date of the first publication thereof shall be not less than 20 days and not more than 60 days prior to the annual meeting.

(2) Notice to stockholders of any annual or special meeting may be given by depositing in the postoffice at the headquarters of the association a notice, with postage prepaid, directed to each stockholder qualified to vote at the meeting, at his address as it appears at the time upon the books of the association. The notice shall state the time and place and, in the case of a special meeting, the purpose of such meeting and the nature of any proposed amendment or amendments to its articles of incorporation or bylaws, and shall be mailed not less than 20 days and not more than 60 days prior to the date of the meeting.

(3) Notices, when given as provided in this section, shall be deemed legal and sufficient notice of the meetings.

(4) Qualified stockholders shall be entitled to vote at such meetings in person or by proxy.

722.310 Membership in mutual and reserve fund associations, shares; issuance of promotion stock prohibited. (1) The members of mutual savings and loan associations shall be only those persons to whom its shares have been issued or transferred in accordance with provisions of its bylaws. Unless prohibited by the bylaws, corporations may become shareholders. Membership shall continue until such shares have been matured and paid, withdrawn, transferred, retired or forfeited. Each member shall be entitled to one vote for each share of stock in his name and in good standing. The capital of each mutual savings and loan association shall consist of the accumulated payments actually made on the shares and the dividends credited thereto. Each share issued by such association shall have a paid-up, maturity or par value of \$100. The shares of the corporation shall not be subject to

further assessment nor shall the members be liable for any unpaid instalments upon their subscriptions.

(2) The members of a reserve fund savings and loan association shall be those persons or corporations to whom its shares of stock have been issued or properly transferred on its records, and such others as the bylaws may prescribe. Memberships may be issued to borrowers of the association with such rights and liabilities as may be allowed by the bylaws. The nonwithdrawable capital of every reserve fund savings and loan association shall consist of the amount of its reserve fund stock actually issued and it shall be nonassessable. Every share of stock issued by a reserve fund association shall have a paid-up or par value of \$100 and the record owner thereof shall be entitled to one vote at stockholder meetings for each share in his name.

(3) The issuance of promotion stock, or the sale of any stock for less than its par value, is prohibited to both mutual and reserve fund associations.

722.315 Issuance of shares or obligations to two or more persons as joint tenants. An association may issue shares or obligations to or in the name of any two or more persons when any one or more persons make an application therefor and expressly authorize and direct the association to pay the same when withdrawn or matured to or upon the order of any one of said persons. The shares or obligations when issued shall, with all of the earnings thereon, become the property of such persons as joint tenants and the association may pay withdrawal or matured value of the shares or obligations in whole or in part to any of the persons, whether the others are alive or not. The receipt or acquittance of the persons so paid shall be a valid and sufficient release and discharge of the association from all the persons to whom the same were originally issued, their heirs and assigns, for any payment so made. [Amended by 1953 c.401 §11]

722.320 Issuance of juvenile shares or obligations. (1) Any association governed by this chapter may issue withdrawable juvenile shares or obligations to be designated by the title "juvenile" to a minor of any age, and receive payments thereon by or for such minor, provided that such shares or obligations shall be free of charges of any character. If such minor is or becomes 14 years of age or over, he shall be entitled to with-

draw, transfer or pledge any such certificate owned by him and to receive from the association all earnings at any time becoming due thereon. His receipt or acquittance therefor shall constitute a valid release and discharge of the association for the payment of such money. Any preferences accorded juvenile shares or obligations by this chapter shall continue only during the minority of the person to or for whom they are issued.

(2) Subject to the approval of the supervisor, bonds of the United States Government in an amount not exceeding five percent of the assets of any association may be deposited in trust to secure the payment of juvenile shares or obligations, or both.

722.325 Trust funds may be invested in association obligations. An administrator, executor, guardian or trustee, authorized to invest trust funds, may in such capacity acquire and hold the obligations of a savings and loan association in the form of withdrawable shares, investment certificates, debentures or otherwise, upon approval of the court, when such person is accountable to any court for his acts. Obligations so issued shall specifically name the trust represented, and the association shall be held accountable to such fiduciary until it receives proper written notice to the contrary. When such obligations have been issued to a trustee without an express trust agreement or are issued payable on death to a named beneficiary, in the event of the death of the holder of the obligations and the presentation of satisfactory evidence thereof, the association may transfer or pay the obligations to the beneficiary named therein, and such beneficiary shall thereafter be the owner thereof. Any minor beneficiary, after attaining the age of 14 years, shall be entitled to the same rights and privileges as the owner of juvenile shares of the same age. [Amended by 1953 c.401 §11]

722.330 Trust funds may be invested in shares and obligations of certain associations. Executors, administrators, guardians, trustees and all other fiduciaries holding funds in a fiduciary capacity hereby are authorized to invest such funds in shares, share accounts and certificates of savings and loan associations organized and existing under the laws of this state or of the United States and which are, or may become, members of the Federal Home Loan Bank System, but only so long as such associations continue to be such members.

722.335 General power to issue shares and pay dividends; pledged and unpledged shares. Every savings and loan association may issue shares at any time and credit and pay dividends thereon as earned and declared. Shares which are not assigned as security for a loan shall be called unpledged shares. Those which have been so assigned shall be called pledged shares.

722.340 Mutual association, classes of shares. All mutual savings and loan associations, when provided in its bylaws, may issue different classes of shares as follows:

(1) Instalment shares:

(a) Which shall participate in the dividends apportioned by the association and shall be credited therewith, and upon which a regular payment shall be made by the owner at stated periods as permitted by its bylaws, until such shares reach their matured value or are withdrawn, retired or forfeited; or,

(b) With no participation in such dividends, the dues being payable thereon in regular amounts at stated periods expressed by its bylaws, and being immediately applied in reduction of a debt due to the association from the holder thereof in accordance with a direction given by him.

(2) Optional payment shares, which shall participate in the dividends apportioned by the association and shall be credited therewith, as the bylaws shall provide, and upon which payments shall be made in such sums and at such times as the holder thereof may elect until the shares reach their matured value, are withdrawn or retired.

(3) Prepaid shares, which shall participate in the dividends apportioned by the association and shall be credited therewith, and upon which a single payment to the amount of 50 percent or more of the maturity value of such shares shall be paid at the time the shares are issued.

(4) Fully paid or income shares, upon which a single payment of the par or maturity value shall be paid at the time. Holders shall participate in the dividends apportioned by the association and shall receive such dividends in cash.

722.345 Mutual association, issuance of obligations; withdrawal of shares and obligations. (1) A mutual savings and loan association may issue debentures or investment certificates under this chapter in such form as may be approved in writing by the supervisor. The amount of money owed by the

association on such obligations shall not exceed one-half of the amount of its withdrawable capital.

(2) In the event of withdrawals of its capital below twice the amount of such obligations, the volume of such obligations shall be reduced to one-half the amount of its withdrawable capital before further withdrawals are granted its shareholders.

(3) Shares, debentures or investment certificates of mutual associations may be withdrawn in the same manner and subject to the same restrictions and conditions as affect the withdrawals of shares, contracts or investments of reserve fund associations.

722.350 Reserve fund association; issue and withdrawal of shares and obligations.

(1) The reserve fund stock of a reserve fund association may be sold for cash or upon instalments, but in every case the purchaser shall be held responsible for the full amount of the purchase price and the total amounts collected shall at all times equal or exceed the percentage of gross liabilities required in ORS 722.040.

(2) A reserve fund association also may issue its shares and obligations. Such obligations may be called investment certificates, debenture certificates or bonds, and may call for optional, instalment, partial or full advance payment and shall be in such form as may be approved in writing by the supervisor.

(3) Each of the shares and obligations shall clearly state the rate of interest to be paid, or, in lieu thereof, a clear statement or schedule of its withdrawal value at intervals of one year or less, the terms of its payments, its due date, and its withdrawal privileges, except as to amount thereof, by specific reference to, or quotation from, the regulations covering withdrawals in ORS 722.370.

(4) If the shares or obligations are less than two years old, the withdrawal sum shall be at least the full amount paid in thereon less the smaller of the two following sums:

(a) A sum not to exceed two percent of the maturity value thereof.

(b) A sum not to exceed the amount paid in, or scheduled to be paid in, during the first four months of the program.

(5) If the shares or obligations are more than two years old, the withdrawal sum shall be the amount as set forth in subsection (4) of this section, plus at least three-fourths of

all earnings credited to the shares or obligations.

(6) All terms and conditions of the shares and obligations shall be clearly set forth and it shall be the only contract covering that transaction between its purchaser and the association.

722.355 Matured shares and obligations; special dividends; withdrawal priority. (1) Whenever the regular payments, dividends or interest, or all of them credited to any instalment, prepaid or optional payment share or obligation of any such association shall equal its matured value, notice of such maturity shall be given to the holder thereof and the payments, dividends and interest thereon shall cease.

(2) For the purpose of maturing shares a special dividend may be credited between dividend dates at the same rate at which the last periodical dividend was credited, provided the earnings for the current dividend period justify such special dividend.

(3) Shares or obligations which have matured by fulfilment of their terms and on which dividends or interest have ceased, by such maturity, shall have prior withdrawal privilege over withdrawal notices on other like shares or obligations which have not matured.

722.360 Transfer of shares. No transfer of shares shall be binding upon the association until the transfer has been made upon its books. The bylaws shall make the same provision as to investment certificates or debentures.

722.365 Forfeiture and retirement of certificates. If a certificate holder or shareholder is in arrears in making payment upon unpledged shares or certificates, the board of directors may, if the holder fails to pay the amount of arrears within six months after notice, declare the certificates or shares forfeited. The withdrawal value of such certificates or shares at the time of forfeiture shall be ascertained and paid to the certificate holder or shareholder upon the surrender of the certificate or share and passbook. The board of directors may refuse to issue or may retire any class or classes of unpledged certificates or shares enforcing the withdrawal of same; provided, that the bylaws of such association clearly state the manner in which such withdrawals shall be enforced, and provided that the holders thereof shall be paid the full withdrawal

value of the certificates or shares, which shall in no case be less than the book value.

722.370 Withdrawals of funds by investors. (1) An investor or a shareholder, other than reserve fund stockholders, in any savings and loan association, desiring to withdraw part or all of his invested funds from the association or to surrender a part or all of his shares, shall give the association 60 days' notice, in writing, of his intention or desire to do so. On the expiration of the notice, if the investor or shareholder presents his certificate and passbook for surrender within 10 days thereafter, he shall be entitled to receive the amount specified in the withdrawal schedule of the shares, contracts or certificates surrendered to date of the notice, less any fines properly charged against the items surrendered. However, not more than one-half of the receipts from the principal of loans repaid and the principal received from the sale of other assets of the association, less any sums disbursed by the association in payment of its indebtedness and in protecting its investments, need be applied to its withdrawals for that month, without the consent of its board of directors. No shareholder or investor may be permitted to withdraw whose certificate is pledged to the association as security for a loan, until that loan is fully paid.

(2) Whenever the demands of withdrawing shareholders, holders of matured certificates or investors exceed the anticipated funds applicable to their payment in 60 days, the pending and subsequent notices of intention to withdraw must be registered in the order received. Thereafter and until the sums applicable to payment of withdrawals as set forth in subsection (1) of this section in a month exceed the withdrawal notices then due or past due, the board of directors shall discontinue the granting of loans to other associations, and may authorize the payment from the applicable sums of the full or proportionate amount of notices up to a limit per individual, to be fixed by the board of directors, and the unpaid balances of the remaining notices shall then be added to the notices falling due in the subsequent month. An association may permit the withdrawal of a part of the accumulations to the credit of a shareholder, creditor or member.

(3) An association may waive its right of withdrawal notice during only such periods as the sum of its cash and marketable bonds, less its indebtedness to banks, other

than a Federal Home Loan Bank or other similar federal or state agency, or both bank and agency, and less one-half its undisbursed loan account, is equivalent to or more than three percent of the withdrawal value of all of its outstanding withdrawable shares and obligations to investors; except that upon application to the supervisor and his written consent thereto, limited withdrawals may be granted without notice. This restriction does not apply to juvenile shares or juvenile obligations.

(4) No association shall advertise specifically or by implication that it pays withdrawals upon demand or upon less notice than prescribed in this section. It may, however, describe such withdrawal right as "upon legal notice."

(5) The existence of a withdrawal list shall not prevent the making of new loans, except as provided in this section, nor the borrowing of money in the discretion of the board of directors.

722.375 Payment permitted on death of shareholder. On the death of any shareholder or investor in any savings and loan association, the association may pay, in case such shareholder or investor was married, to the surviving spouse, or in case there is no surviving spouse, to the surviving children of lawful age, or in case such shareholder or investor was unmarried, to the surviving parent or parents, the money in the savings and loan association to the credit of the deceased in cases where the amount does not exceed the sum of \$1,000, upon receipt of an affidavit from the survivor to whom the payment may be made that the shareholder or investor died intestate. The affidavit shall show the relationship of each affiant to the deceased shareholder or investor and shall impose a promise to pay the expenses of the last sickness and funeral expenses of the deceased out of such deposit to the full extent thereof if necessary. The savings and loan association shall be under no obligation to determine the relationship of the affiant to the deceased shareholder or investor and the payment of such credit made in good faith to the party or parties making the affidavit shall be a full acquittance and release of the savings and loan association for the amount of the credit so paid. [Amended by 1953 c.401 §11]

722.380 Probate proceedings unnecessary. No probate proceedings shall be necessary to establish the right of the survivor

to withdraw the credit upon the filing of an affidavit as provided in ORS 722.375. However, whenever an administrator is appointed in an estate where a withdrawal of credits has been had in compliance with ORS 722.375, the person so withdrawing the credits shall account for them to the administrator.

722.385 Penalty provisions inapplicable. The penalty provided in ORS 116.990 does not apply to transactions had under ORS 722.375.

722.390 to 722.400 [Reserved for expansion]

AUTHORIZED INVESTMENTS

722.405 Power to invest limited. Except where other investments are authorized by law, a savings and loan association authorized to transact business under this chapter may invest its funds as provided in ORS 722.405 to 722.470 and not otherwise.

722.410 Accounts in certain banks and financial agencies; mortgage investments.

(1) A savings and loan association may invest any percentage of its assets in an account in any national bank, state bank, Federal Home Loan Bank or other similar federal or state agency, or in loans upon or in notes secured by first mortgages or trust deeds on improved real estate, in an amount not to exceed 75 percent of its conservatively appraised value on instalment loans and in an amount not to exceed 50 percent of such appraised value on straight loans.

(2) (a) No mortgage loan shall be made except upon the report, in writing, of an appraiser or a committee of appraisers appointed by the association, which report shall state the conservative value of the property to be mortgaged. The real estate mortgage when made shall not be subject to any other prior liens or encumbrances against the property unless the aggregate amount of such mortgage liens and encumbrances does not exceed the prescribed percentage limits of the appraised value of the premises.

(b) No such loans may be made to an officer or director of the association. No association shall directly or indirectly make any loan to or for the benefit or use of any individual, partnership, association or corporation or any subsidiary thereof, if or when 25 percent or more of the reserve fund or other stock of the lending association is held or controlled, by option or otherwise,

by the borrower or by any of its officers or directors; nor if or when the borrower or any officer or director thereof has, or represents to the public to have, any contract or right to control or manage the lending association.

(c) No association shall lend more than five percent of its total assets on the security of one property or to one person or corporation, except that an association with assets under \$100,000 may lend up to a maximum of \$5,000 in loans on one property or to one individual or corporation.

(d) Members shall have the preferred right to secure loans from available funds.

(3) Nothing in this chapter shall be interpreted to prevent an association from holding two mortgages on the same property, if both mortgages are prior to any other existing mortgage at the time of recording and if the junior of the two mortgages is required to be paid before the senior mortgage is due or payable. However, the total of the two mortgages, plus all other existing liens and encumbrances, shall not exceed the percentage limit of loan on one property as provided in this section. Further, the association shall not sell the senior mortgage until the junior mortgage has been paid in full or sold.

722.415 Loans to members. A savings and loan association may invest any percentage of its assets in loans to its investors or members on the security of its certificates or shares, provided such loans shall not exceed 90 percent of the withdrawal value of the security given and shall not be made upon reserve fund shares.

722.420 Loans to other associations. (1) A savings and loan association may invest not to exceed 10 percent of its assets in loans to other domestic savings and loan associations for the purpose of making loans or paying dividends, withdrawals, stock or certificate loans, or maturities. However, no association may borrow from other associations any amounts which in the aggregate exceed 10 percent of the actual value of its notes, mortgages and securities on deposit with the commissioner, banks and trust companies, as required by ORS 722.135. The loans under this subsection shall not be in conflict with the provisions of ORS 722.130.

(2) An association may also invest an amount not to exceed five percent of its assets in, or in loans upon, the shares, other than reserve fund shares, debentures or in-

vestment certificates of any savings and loan association upon the approval of the supervisor.

722.425 Investments in general obligations of certain states and municipalities. A savings and loan association may invest not to exceed 40 percent of its assets in loans upon or purchase of bonds of the United States or the general obligations of the states of, or municipalities in, Oregon, Washington, Idaho and California, or any bonds, debentures, securities or other obligations of a Federal Home Loan Bank or other similar federal or state agency, or such other securities as are guaranteed by the United States Government, or are acceptable as security for postal savings deposits.

722.430 Investments in real estate. (1) A savings and loan association may purchase at any sale, public or private, any real estate upon which it may have a mortgage, judgment, lien or other claim, or in which it may have any interest, and may lease, sell, convey, exchange or mortgage it at pleasure to any person or corporation, but shall not otherwise acquire or deal in real estate. However, any association may acquire such real estate or a leasehold interest therein as may be necessary or convenient for a location for the transaction of its business, provided that no such association shall invest or obligate itself to invest more than 10 percent of its assets in the total cost of real estate and improvements thereof for its business location.

(2) An association may invest a reasonable amount for such furniture, fixtures, betterments and equipment as may be necessary or convenient for use in the carrying on of its own business, which amounts shall be reduced annually by direct depreciation or creation of a depreciation reserve.

722.435 Investments in capital stock of Federal Home Loan Bank. A savings and loan association may invest any percentage of its assets that its directors may deem proper in capital stock of a Federal Home Loan Bank or other similar federal or state agency.

722.440 Investments in real estate contracts. A savings and loan association may invest in the purchase of real estate contracts under the following conditions only:

(1) That it must acquire the title and fee to the property covered by the contract.

(2) That the property be such as would be eligible for a mortgage loan under ORS 722.410.

(3) That the amount due under the contract shall not exceed 75 percent of the appraised value of the property.

722.445 Home loans in excess of 75 percent of value of home; excess reserves account. (1) Savings and loan associations may make loans upon the security of homes in excess of 75 percent but not in excess of 90 percent of the value thereof.

(2) At the time of making any such loan in excess of 75 percent of the value, the association shall place in an excess reserve account, which shall be in addition to all other reserves, surplus and undivided profits required of the association, a sum equivalent to three percent of the face amount of such loan. Loans made on this plan shall be known as "excess reserve loans." Additions shall be made to the excess reserve account upon the making of each excess reserve loan until the excess reserve account is equivalent to 10 percent of the balance due on all excess reserve loans on the books of the association, and at any time the excess reserve is less than 10 percent of such amount, the three percent additions to excess reserves shall be resumed. Any losses resulting from excess reserve loans shall be charged to the excess reserve account until it is exhausted and, after that, such losses may be charged to undivided profits or other reserve accounts, and all profits from such loans shall be credited to that account. When the association holds no excess reserve loans which represent in excess of 75 percent of the original appraisal of the property securing the loan, or when the excess reserve account is in excess of 10 percent of the balance due on such loans, the excess reserve may be transferred to any other reserve account or to undivided profits.

722.450 Limitations on excess reserve loans. (1) No excess reserve loan shall be made under ORS 722.445 unless:

(a) An obligor upon such loan is a person of good credit and with reasonable capacity to pay the monthly instalments thereon.

(b) The property securing the loan is appraised by the association at \$7,500 or less.

(c) The property is owner-occupied or is being built for owner occupancy.

(d) The association secures a certificate from the borrower that the property is unencumbered except for the loan from the association and that the borrower is the owner of an equity over and above such loan of a full 10 percent of the cost to him, in cash or its full equivalent.

(e) The loan contract requires the borrower to pay, in addition to his mortgage payment to cover interest and principal, an additional sum monthly, to be held by the mortgagee, estimated to be sufficient to pay all taxes and assessments when due, all insurance premiums necessary to protect the property mortgaged and may include life insurance premiums, and provides for a complete amortization of the indebtedness in not more than 25 years.

(f) The dwelling at the time of the loan shall not be over 12 months old.

(2) No association shall make excess reserve loans under ORS 722.445 unless it has net reserves established for the sole purpose of paying losses equivalent to three percent or more of its assets. No association shall make such loans or invest in them at any time when it has 25 percent or more of its assets so invested.

722.455 Home loans in excess of 75 percent of value of home; builder's pool loans. Savings and loan associations may make loans upon the security of homes in excess of 75 percent but not in excess of 90 percent of the value thereof; provided that the association requires, at the time of making the loan, the builder or some other interested person to deposit with the association collateral security on the basis provided in ORS 722.465. Such loans shall be known as "builder's pool loans."

722.460 Limitations on builder's pool loans. (1) No builder's pool loans shall be made under ORS 722.455 unless:

(a) An obligor upon such loan is a person of good credit and with reasonable capacity to pay the monthly instalments thereon.

(b) The property securing such loan is appraised by the association at \$7,500 or less.

(c) The property is owner-occupied or is being built for owner occupancy.

(d) The association secures a certificate from the borrower that the property is unencumbered except for the loan from the association and that the borrower is the owner of an equity over and above such loan

of a full 10 percent of the cost to him, in cash or its full equivalent.

(e) The loan contract requires the borrower to pay, in addition to his mortgage payment to cover interest and principal, an additional sum monthly, to be held by the mortgagee, estimated to be sufficient to pay all taxes and assessments when due, and all insurance premiums including life insurance deemed necessary by the mortgagee, and provides for a complete amortization of the indebtedness in not more than 25 years, such monthly amortization payments not to increase.

(f) The dwelling at the time of the loan shall not be over 12 months old.

(2) No association shall make builder's pool loans under ORS 722.455 unless it has net reserves established for the sole purpose of paying losses equivalent to three percent or more of its assets. No association shall make such loans or invest in them at any time when it has 25 percent or more of its assets so invested.

722.465 Requirements to obtain builder's pool loan. To make builder's pool loans, the association shall require the builder or other person interested in loans in excess of 75 percent of the original appraisal to deposit with the association as collateral security on the basis stated in this section, shares or certificates of the association, government bonds or cash equivalent to the excess of the first five loans in any such builder's pool over and above 75 percent of the appraised value of the property, and in no case less than three percent of each of such first five loans and thereafter three percent of the amount of each loan in the pool. The builder or other person interested in builder's pool loans shall be required to make a contract with the association providing for such collateral pool. The contract shall provide for the assignment of the securities and the cash referred to in this section with power of attorney to the association to secure the association against any loss upon any of the loans in the collateral pool resulting from any foreclosure or voluntary liquidation of any of such loans, which voluntary liquidation shall be made in the sole discretion of the association, until all loans in such collateral pool are paid down to an unpaid balance not in excess of 75 percent of the original appraisal of the property securing such loans. In addition to the collateral provided for in this section to secure builder's

pool loans, any association may require the builder personally to guarantee that such loans will be paid down to 75 percent or less of the appraised value of the property securing the loan.

722.470 Number of pools allowed; release of collateral; disposition of earnings of pool securities. Any number of builder's pools may be created, but an additional builder's pool shall not be created for any individual or corporation until at least 25 loans have been included in the preceding one. When all the loans in any builder's pool have been paid down to an unpaid balance not in excess of 75 percent of the original appraisal, the collateral in such pool may be released. Dividends or interest upon the shares or certificates and interest upon the government obligations pledged as provided in ORS 722.465 may be paid to the owners of such securities.

722.475 Investment in bonds of Home Owners' Loan Corporation. Savings and loan associations and the Corporation Commissioner, during the period of his possession of, and pending the process of liquidation of, any savings and loan association, may invest the assets of such association to the amount of 15 percent thereof in the bonds issued by the federal Home Owners' Loan Corporation.

722.480 Valuation of real estate acquired by associations. No purchase or exchange of real estate shall be made by any savings and loan association unless authorized by vote of two-thirds of its directors. No savings and loan association shall enter or at any time carry on its books the real estate and the buildings thereon, owned by it as its place of business, at a valuation exceeding their actual cost to such association. No real estate taken by an association in satisfaction of debts previously contracted in the course of its business or purchased at sales under judgment, decrees foreclosing mortgages held by it, or received by it in exchange, shall be entered or carried on its books at a value in excess of the amount due the association, including principal, advances of taxes and insurance, attorney's fees and court costs, to the date of sheriff's sale, or other acquisition of the real property, less the withdrawal value of the shares, if any, pledged as security for such debts, unless permanent improvements have been made thereon by the association.

722.485 Federally insured loans or investments. Any savings and loan association organized under the laws of this state may obtain insurance on loans, secured by real property or leasehold, from the Federal Housing Commissioner, pursuant to title II of the National Housing Act. No law of this state prescribing or limiting the period for which loans or investments may be made shall be deemed to apply to loans secured by real property and leaseholds which are insured by the Federal Housing Commissioner pursuant to title II of the National Housing Act nor to investments made in bonds and mortgages on real estate accepted for such insurance by the Federal Housing Commissioner.

722.490 Authority to make, buy and sell loans guaranteed by federal agencies. (1) Without regard to any other provision of law, savings and loan associations of this state are authorized to make, buy and sell any loan secured or unsecured, which is insured or guaranteed in any manner in part or in full by the United States or any instrumentality thereof, or by this state or instrumentality thereof, or for which there is a commitment so to insure or guarantee or for which a conditional guarantee has been issued.

(2) However, such loans upon personal property may be made only to individuals who are indebted to such association on a mortgage loan or are purchasers upon a contract of real estate owned by it, and are for the purpose of enabling such debtor to install home utilities or equipment or otherwise to improve the property in respect of which he is already indebted to the association.

722.495 Investment by bond commission of funds in hands of Corporation Commissioner. The State Bond Commission is authorized and directed, at the request and by and with the approval of the Corporation Commissioner, to invest savings and loan association funds in the hands of the commissioner in obligations of the United States Government, in interest-bearing warrants of the State of Oregon and in bonds of the State of Oregon having a maturity of not to exceed 10 years. All such bonds and warrants so purchased shall forthwith be placed in the hands of the State Treasurer, who is designated as the custodian thereof and who shall collect the interest on and principal of such investments as the same become due

and payable, and pay it when so collected into the fund from which the purchase was made. Bonds and warrants so purchased and held may be sold and the proceeds and accumulated interest may be withdrawn by the commissioner on his demand and in the discharge of his official duties.

722.500 [Reserved for expansion]

CONSOLIDATIONS AND CONVERSIONS

722.505 Definitions for ORS 722.505 to 722.650. As used in ORS 722.505 to 722.650 unless the context requires otherwise:

(1) "Director" means one of the managing board of an association.

(2) "Bank" means mutual savings bank.

722.510 Consolidation of associations; transfer of all assets. (1) Any Oregon savings and loan association may consolidate with any other savings and loan association doing business under the laws of this state upon the affirmative vote of its stockholders owning at least a majority of its outstanding qualified shares and upon receiving the written consent of the commissioner and upon such terms and conditions as the commissioner shall require, and not otherwise.

(2) Any such association may transfer its engagements, funds and property to any other such association upon the terms and prices agreed upon by the respective boards of directors of each association, when the boards have been so authorized by the affirmative vote of a majority of all qualified shares outstanding, the vote being cast at shareholders' meetings regularly called for that purpose by each association. However, the commissioner must have given his consent to such transfer and approved the terms and conditions under which the transfer is to be made.

722.515 Notice of consolidation to stockholders. Notice of all shareholders' meetings called for the purpose of consolidating associations or for the purpose of voting upon the transfer of the engagements, funds and property of one association to another association shall be given by mailing the notice, postage prepaid, to each member of the respective association at least 20 days and not more than 60 days before the date of the meeting, and the notice shall specifically set forth the objects of the meeting.

722.520 Rights of creditors after consolidation. Neither the consolidation nor transfer, if effected, shall prejudice the right

of any creditor of any such association to have payment of his debt out of the assets and property of such debtor association. Nor shall any creditor thereby be deprived of or prejudiced in any right of action then existing against the officers or directors of the association for any neglect or misconduct. Further, the successor association shall be liable for all obligations to stockholders and investors of the association existing prior to consolidation, transfer, or both.

722.525 Filing resolution of consolidation; issue and recordation of certificate. A copy of the resolutions, as adopted by the shareholders at the meetings authorizing consolidation or transfer, certified to by a majority of the board of directors of each association, shall be filed with the commissioner and a duplicate thereof filed with the clerks or recorders of the counties in which the home office of each association is located, for recording, in the same manner provided in ORS 722.070 for amendments to charters. When the commissioner is satisfied that the consolidation of any savings and loan association with any other such association in this state or the transfer of one association to another, as provided in ORS 722.510 to 722.540 has been completed and is effective, he shall furnish the successor association with a certificate bearing the seal of the Corporation Department to the effect that the consolidation or transfer has taken place and is effective. The certificate may be filed for record in any county in this state with the county clerk or recorder of conveyances, as the case may be, and in the records where the articles of incorporation are filed, indexed in the corporation, mortgage and deed records of that county and shall be prima facie evidence that such consolidation or transfer has been made and is effective.

722.530 Transfer of property, rights and liabilities to successor association. At the time when any savings and loan association consolidates with, or transfers its engagements and assets to, another such association in this state, as provided for in ORS 722.510 to 722.540, all the property of the association, including all its right, title and interest in and to all property whether real, personal or mixed and things in action and every right, privilege, interest and asset of any value or benefit then existing, belonging or pertaining or that would inure to it, shall immediately by operation of law and

without any further conveyance or transfer and without any further act or deed be vested in and become the property of the successor corporation, which shall have, hold and enjoy the same in its own right, as fully and to the same extent as the same was possessed, held and enjoyed by the former association. The successor association shall be deemed to be a continuation of the entity and of the identities of the former association and all the rights, obligations and relations of the former association to or in respect to any person, asset, creditor or shareholder shall remain unimpaired and such successor association, as of the date of the consolidation, shall by operation of this section succeed to all such rights, obligations and relations and the duties and liabilities connected therewith in the same manner as if the successor association itself assumed the obligations and liabilities.

722.535 Consolidation of association held by commissioner. Any Oregon savings and loan association that is in the custody and control of the commissioner for operation or for liquidation may, with the approval of the commissioner and upon such conditions as are prescribed by him, be consolidated with one or more other Oregon savings and loan associations as provided in ORS 722.510 to 722.530. The consent of shareholders owning at least a majority of the outstanding qualified shares of each association joining in the consolidation is required. Such consent may be given in writing obtained in such manner as may be prescribed by the commissioner, or may be ascertained by vote in person or proxy at meetings of shareholders called for the purpose of consolidating associations. The meetings shall be held under the superintendence of the commissioner.

722.540 Settlement with dissenting shareholders. In case any savings and loan association in the custody and control of the commissioner for operation or for liquidation is consolidated with one or more other associations, the fair cash value of the shares of dissenting or objecting members shall be ascertained by the true appraisal of the assets, confirmed by the board of directors of the successor association. The value so ascertained may be withdrawn in the manner and at the times prescribed by resolution of the board of directors, in accordance with the statutes and the bylaws of the association, without preference over other

withdrawals. The board of directors may, in their discretion, compromise and settle the claims of any such dissenting or objecting shareholders for less than fair cash value by assigning property and assets, with or without cash payments, where such directors deem the compromise or settlement to be to the interest of the association. No property or assets shall be given in compromise or settlement at a valuation less than the appraised value thereof, unless the compromise or settlement is approved in writing by the commissioner.

722.545 Conversion of mutual to reserve fund association. If a mutual savings and loan association, by vote of two-thirds of its shares entitled to vote at an annual or special meeting regularly called for that purpose, resolves to convert from mutual type to reserve fund type, it may do so upon securing the written approval of the supervisor, the payment in cash of the necessary reserve fund capital, and conversion of the net contingent fund and surplus to a reserve contingent fund.

722.550 Conversion into mutual savings bank. Any going savings and loan association organized or governed by the laws of this state may, if its accumulated contingent fund exclusive of any reserve fund stock amounts to either not less than \$50,000 or five percent of its deposits and if it has approved assets of not less than \$1 million, be converted into a mutual savings bank in the manner prescribed in ORS 722.555 to 722.570.

722.555 Resolution of board; investigation; certification. (1) The board of directors of the association shall pass a resolution declaring its intention to convert the association into a mutual savings bank and shall cause a copy thereof, certified by the secretary of the association, to be filed in the office of the commissioner and a like copy to be delivered to the Superintendent of Banks.

(2) Within 10 days after so filing the resolution, the board of directors shall apply to the Superintendent of Banks for leave to submit to the shareholders of the association the question whether the association shall be converted into a mutual savings bank. Thereupon the Superintendent of Banks shall make the same investigation and determine the same questions that he would be required by law to make and determine in the case of furnishing to him of a

certificate of incorporation of a proposed new mutual savings bank, and he shall also determine, by making an examination of the association, whether by the proposed conversion the business needs of the shareholders of such association would be served with facility and safety.

(3) If the association's contingent fund does not equal the amount of the guaranty fund and expense fund provided to be created in the incorporation of a new mutual savings bank, the applicant shall create an initial guaranty fund and an initial expense fund in an amount and sum equal to that provided to be created in a new mutual savings bank. The applicant shall also enter into such an agreement or undertaking with the Superintendent of Banks as trustee for the depositors of the savings bank as he may require, to make such further contributions in cash to the expense fund of such savings bank as is required from the incorporators of mutual savings banks. The contingent fund of the association, including the assets represented by the reserve fund stock, may be applied to the creation of the guaranty fund and expense fund.

(4) After the Superintendent of Banks has satisfied himself by such investigation whether it is expedient and desirable to permit the proposed conversion he shall, within 60 days after the filing of the application, indorse thereon over his official signature the word "granted" or the word "refused," with the date of such indorsement, and shall immediately notify the secretary of such association of his decision. If he determines that it is expedient and desirable, the Superintendent of Banks shall within 60 days after the filing of the application, agree with the board of directors of the association as to the plan of conversion.

(5) In case of refusal the board of directors or a majority of the members thereof may, within 30 days after receiving the notice of such refusal, appeal to the State Banking Board in the same manner and under the same procedure as that prescribed by law for an appeal to such board from the Superintendent of Banks' refusal to permit the original organization of a mutual savings bank.

722.560 Submission of proposed conversion to shareholders; notice, meeting and vote necessary. If the application is granted, the board of directors of such association shall within 60 days thereafter submit the

question of the proposed conversion to the shareholders of the association at a special meeting called for that purpose. Notice of the meeting shall be given in the manner prescribed by the bylaws of the association and also by the mailing of a copy of the notice to each shareholder at his last known postoffice address at least 15 days before the date of the meeting; and also by the publication of the notice in 10 successive issues of a daily, or, if there is no daily, then in two successive issues of a weekly newspaper published and of general circulation in the county where the principal office of such association is located, the publication to be not less than five or more than 15 days before the date of the meeting. The notice shall state the time, place and purpose of the meeting and that the only question to be voted upon shall be: "Shall the (name the association) be converted into a mutual savings bank under the laws of the State of Oregon." The vote on that question shall be by ballot. Any shareholder may vote by proxy or may transmit his ballot by mail if the bylaws provide a method for so doing. If two-thirds or more of the shareholders voting on the question vote affirmatively then the board of directors shall have power and it shall be its duty to proceed to convert the association into a mutual savings bank.

722.565 Certificate of reincorporation. If authority for the proposed conversion has been voted by the shareholders as required in ORS 722.560, the directors shall within 30 days thereafter subscribe and acknowledge and file with the Superintendent of Banks in triplicate a certificate of reincorporation stating:

(1) The name by which the converted corporation is to be known, which name shall include the word "mutual."

(2) The place where the bank is to be located and its business transacted, naming the city and county, which city shall be the same as that where the principal place of business of the corporation was located.

(3) The name, occupation, residence and postoffice address of each signer of the certificate.

(4) The term of its existence, which may be perpetual.

(5) The amount of assets of the corporation, the amount of its liabilities and the amount of its contingent fund as of the first day of the calendar month and, if the con-

tingent fund is less than the amount required by the mutual savings bank law as a guaranty and expense fund for a new corporation, the amount which each signer has contributed in cash to the initial expense fund.

(6) A declaration that each signer will accept the responsibilities and faithfully discharge the duties of a director as specified in the laws applicable to mutual savings banks.

722.570 Authorization certificate; completion of conversion. Upon the filing of the reincorporation certificates in triplicate the Superintendent of Banks shall, within 30 days thereafter, if satisfied that all provisions of ORS 722.550 to 722.585 have been complied with, issue in triplicate an authorization certificate stating that the corporation has complied with all the requirements of the law, and that it has authority to transact at the place designated in its certificate of incorporation the business of a mutual savings bank. One of the certificates of authorization shall be attached to each of the triplicate certificates of reincorporation and one set of these shall be filed and retained by the Superintendent of Banks, one set shall be filed in the office of the Corporation Commissioner and one set shall be transmitted to the bank for its files. Upon receipt from the corporation of the same fees as are required by law for filing and recording other corporation certificates or articles the commissioner and Superintendent of Banks shall file the certificates in their respective offices. The conversion of the association shall then be deemed complete and the signers of the reincorporation and their successors shall thereupon become and be a corporation having the powers and being subject to the duties and obligations prescribed by the laws of this state applicable to mutual savings banks.

722.575 Shareholders become depositors; withdrawals. Upon the conversion of any association into a mutual savings bank, every person who was a shareholder of the association, except the reserve fund shareholders at the time of the conversion, shall become and be deemed to be a depositor of the bank in a sum equal to the book value of his shares as of the day on which the conversion was consummated. Any person who was a shareholder is entitled at any time within 60 days after the conversion was consummated to demand and secure the

withdrawal value of his shares as of such date.

722.580 Transfer of securities and funds. All mortgages, notes and other security of any association converted into a mutual savings bank shall, on request of the bank, be delivered to it by the commissioner or by any trust company or other depository having possession thereof. The contingent fund of the association shall become the guaranty fund of the bank and the assets represented by the reserve fund stock may become a part of the guaranty fund of the bank. Every such bank shall, as soon as practicable and within such time and by such methods as the Superintendent of Banks may direct, cause its organization, its securities and investments, and character of its business and its method of transacting the same to conform to the laws applicable to mutual savings banks.

722.585 Retention of charter; payment of fees. Any savings and loan association which converts into a mutual savings bank under ORS 722.550 may retain its charter by paying to the commissioner or to the official designated by statute to receive the annual license fee of savings and loan associations, an annual license fee of \$10, payable at the time provided in ORS 57.767. However, no business shall be transacted during the time the license fee of \$10 per year only is paid. If any such association desires to transact business under its charter it shall then be obliged to pay the regular license fee as provided by ORS 57.767.

722.590 Conversion into federal association. Any savings and loan association organized under the laws of this state may convert itself into a federal savings and loan association, as authorized by the Act of Congress known as the Home Owners' Loan Act of 1933 and its amendments, supplements or substitute laws, and pursuant to any rules and regulations prescribed by virtue of or in accordance with those Acts, if at a special meeting of the shareholders called for that purpose such conversion is authorized, in the case of a mutual association, by a majority vote of the shares represented as such meeting, or, in the case of a reserve fund association, by a majority of the shares in each class represented at the meeting, counted separately.

722.595 Special meeting of shareholders. A special meeting of the shareholders may

be called for the purpose referred to in ORS 722.590 by direction of the president or of the board of directors to be held after 10 days' written notice to each shareholder, delivered to him personally or by mail with postage prepaid, directed to him at his last known postoffice address. The notice shall state the time, place and purpose of the meeting. Proof of the giving of such notice shall be by affidavit of the secretary.

722.600 Filing conversion resolution. If conversion under ORS 722.590 is authorized, a copy of the resolutions adopted with respect thereto at such meeting, verified by the affidavit of the president or a vice president and the secretary or assistant secretary of the association, shall within 10 days after the holding of the meeting be filed in the office of the commissioner.

722.605 Completion of conversion to federal association. If conversion under ORS 722.590 is authorized by the shareholders, the officers and directors of the applicant association shall within six months from the date of the adoption of the resolutions by the shareholders take the steps necessary to effect a conversion of the applicant institution into a federal savings and loan association, and upon such terms as may then be agreed upon between the board of directors of the applicant institution and the Home Loan Bank Board or other proper federal authority. Upon filing in the office of the commissioner of a certified copy of the charter or authorization issued to such savings and loan association by the Home Loan Bank Board or other proper federal authority, or of a certificate showing the organization of the applicant association as a federal savings and loan association, certified to by the Home Loan Bank Board or its authorized representative, the state association shall cease to be a savings and loan association, and shall be deemed converted into a federal savings and loan association; except that the corporate existence of the state association shall continue for a period of five years for the purpose of prosecuting or defending suits by or against it, and enabling it to close its affairs.

722.610 Instruments of transfer; creditors' rights; dissenting shareholders. (1) In consummation of the conversion, the state association may execute, acknowledge and deliver to the successor federal savings and loan association such instruments of transfer, conveyance and assignment as they or

either of them may be advised are necessary or desirable to accomplish a transfer, conveyance and assignment to the successor federal savings and loan association of such property, tangible or intangible, and all right, title and interest therein, as may have been agreed between the board of directors of the applicant institution and the Home Loan Bank Board or other proper federal authority.

(2) No creditor of the state association shall by reason of such conversion alone be deprived of or prejudiced with respect to any claim which he may have against the state association.

(3) The rights of any shareholder of the state association who does not consent to such conversion shall be determined in the manner provided in ORS 57.730.

NOTE: ORS 57.730, referred to in subsection (3) of ORS 722.610, was repealed by 1953 c.549 §138. For the convenience of the user, ORS 57.730 is reproduced here since it does not appear in ORS chapter 57.

57.730 Transfer of corporate assets as whole; consent of and payment to stockholders. A sale, lease, assignment, transfer or conveyance of the business, franchise and property as a whole, of any corporation formed in this state may be made with the consent of its stockholders holding of record as much as two-thirds of the issued capital stock, if such consent is expressed at a regular or special meeting of the stockholders called for that purpose and if such sale, lease, assignment, transfer or conveyance is in consideration of lawful money of the United States, or such other consideration as is expressed in the consent of the stockholders. Where the consideration is not wholly lawful money of the United States, any stockholder who does not consent to the sale, lease, assignment, transfer or conveyance shall be paid in cash the fair value of his stock based upon its pro rata share of the reasonable and fair value of the net assets of the corporation as of the time of the stockholders' meeting, to be fixed in case of disagreement as to the value thereof or failure to consent, by a court of equity at the suit of the corporation. Any such suit is to be commenced within 60 days from the date of the meeting; and the award made to any such stockholder shall be paid within 60 days from the final determination of such suit. The sale, lease, assignment, transfer or conveyance shall not be delayed by reason of the failure of a stockholder to give such consent or by any such suit if the corporation files in the suit a bond in the sum fixed by the court, with surety approved by the court, conditioned upon the payment to the nonconsenting stockholder of the fair value of his stock as finally determined in the suit. The rights of all nonconsenting stockholders may be fixed in one suit, and service of summons may be had by publication thereof as to all persons not found within the state in the same manner as provided for publication of summons in other suits in equity. In the event the sale, lease, assignment, transfer or conveyance is not consummated on or before 60 days from the final determination of the suit, then, unless the award has been paid to the stockholder or into court for his use within the 60 days, all proceedings in the suit and the award made therein shall be of no effect. Upon payment to the stockholder of the amount

awarded to him he shall surrender his stock certificate, duly indorsed, to the corporation. Nothing in this section shall limit the existing power of the stockholders or directors of the corporation to make sales, leases, assignments, or conveyances of corporate property other than as set forth in this section.

722.615 Recording charter or authorization. A certified copy of the charter or authorization issued to the federal savings and loan association may be recorded in the deed records of the county in which the state association had its principal office and place of business and any other county in the state. The recorded charter, authorization or certificate, or a certified copy thereof, shall be prima facie evidence of the facts therein stated.

722.620 Conversion of federal association into state association. Whenever any savings and loan association organized and existing under the laws of the United States and whose principal place of business is located within the State of Oregon is authorized by the laws of the United States to convert itself into a savings and loan association under the laws of this state, it may do so in the manner, and with the result as stated in ORS 722.625 to 722.650.

722.625 Authorizing resolution. Conversion shall be authorized by resolution adopted by at least a majority of the shareholders and members present and represented by proxy, at the annual meeting or at a special meeting of the shareholders and members duly called and held for that purpose, or upon such vote of the directors or members as may be authorized by the laws of the United States or the rules and regulations of the Home Loan Bank Board.

722.630 Filing minutes of meeting. Within 20 days after adoption of the resolution for conversion, a copy of the minutes of the adopting meeting of the shareholders and members, and directors, verified by the affidavit of the president or vice president, and the secretary or assistant secretary, shall be filed in the office of the Home Loan Bank Board at Washington, D. C., and in the office of the Corporation Commissioner. These minutes when so filed shall be presumptive evidence of the due holding of this meeting and of the action taken by the meeting.

722.635 Conversion procedure. (1) When the proceedings have been approved by the Home Loan Bank Board and within six months after the holding of the adoption

meeting, the directors of the federal savings and loan association shall execute in triplicate and offer to the commissioner for filing proposed articles of incorporation, and proposed bylaws in conformity with this chapter. The commissioner shall thereupon transmit them to the supervisor for his investigation, report and recommendation.

(2) The supervisor shall examine the books of account, all records and transactions of the association, and ascertain from the best sources at his command and by such investigation as he may deem necessary, whether the association is in satisfactory financial condition and whether the character, responsibility and general fitness of the persons named in the articles of incorporation are such as to command confidence and warrant the belief that the business of the proposed association will be honestly and efficiently conducted in accordance with the intent and purpose of this chapter. In the same manner, he shall ascertain whether the public convenience and advantage will be promoted by allowing such federal association to be incorporated under state law and to engage in business, and whether the population in the neighborhood of the principal place of business of the proposed association and the surrounding territory affords a reasonable promise of adequate support for the association. The expense of all such examinations and investigations shall be paid by the incorporators of the association.

(3) If the supervisor is satisfied concerning the several matters specified in this section, he shall recommend to the commissioner the approval of such proposed articles and bylaws. The commissioner, if satisfied, shall issue under his official seal a certificate reciting in substance the filing in his office of the articles of incorporation and bylaws, that such articles and bylaws conform to all requirements of the law and that they have been approved. Thereupon the persons named in the articles, their associates and successors, shall become a body corporate for the period for which they are organized and shall exercise such powers as therein granted, and such other powers as are necessary to enable the association to carry out the purpose of its organization, not inconsistent with ORS 163.450, 165.040, 165.255, ORS chapter 721 and ORS chapter 722. However, the association shall not proceed to do business until the commissioner

has issued to it a certificate of authorization as provided by ORS 722.065.

(4) The certificate approving the articles of incorporation shall be made in triplicate and one attached to each copy of the articles of incorporation. Two copies of the articles shall be returned to the incorporators, who shall forthwith file one copy thereof in the office of the county clerk of the county where the principal place of business of the corporation is situated, and one of the copies shall be retained by the association.

722.640 Completion of conversion; federal certificate required. When the commissioner has issued to it the certificate of authorization and the federal association has complied with all the laws of the United States and the rules and regulations of the Home Loan Bank Board, the association shall thereafter be deemed to be a state chartered savings and loan association subject in all respects thereafter to all the provisions of ORS 163.450, 165.040, 165.255, ORS chapter 721 and ORS chapter 722 applicable to domestic savings and loan associations. However, the conversion shall be effective only upon the filing in the office of the commissioner of a certificate executed by the Federal Savings and Loan Insurance Corporation to the effect either that the federal association was, at the time of conversion, not insured by it, or, that being so insured, the conversion and the basis upon which it is being carried out is acceptable to the Federal Savings and Loan Insurance Corporation.

722.645 Transfer of assets, liabilities and responsibilities. When the conversion becomes effective, the supervision of the association shall thereupon be undertaken by the commissioner pursuant to ORS chapter 721 and ORS chapter 722. All assets of the federal association, including its right, title and interest in and to all property of every kind and nature shall immediately, and by operation of law, and without any further act or deed, continue to be vested in the association under its new name and style as a domestic savings and loan association, and as such it shall have, hold and enjoy those assets in its own right as fully and to the same extent as they were possessed, held or enjoyed by it as

a federal savings and loan association. The state chartered institution shall continue to be responsible for all the obligations of the federal savings and loan association to the same extent as the association was responsible therefor as a federal association. The state chartered corporation or association shall to all intents and purposes be a continuation of the federal savings and loan association under a new name but subject to state law, and such revision of its corporate structure may be undertaken and accomplished only so far as may be considered necessary for its operation as a state chartered savings and loan association. Every person who was a shareholder or member of the federal savings and loan association at the time of conversion shall automatically become and be a member and shareholder of the same class in the state association in like amount, without any further action on his part.

722.650 Refusal of application; hearing. If the supervisor is not satisfied after the examination that it is expedient and desirable to permit the applicants to engage in the proposed savings and loan association business, he shall make a written report of his examination to the commissioner with his recommendation that the application be denied. The commissioner, if he approves the report and recommendation, shall indorse upon each copy of the proposed articles of incorporation the word "refused," with the date of such endorsement, together with the reason for such refusal, and shall forthwith return one copy of the proposed articles of incorporation to the incorporators from whom they were received. The refusal shall be conclusive unless the incorporators within 30 days of the issuance of such notice of refusal apply to the commissioner for a hearing. The commissioner shall determine finally, after hearing all evidence presented for and in behalf of the applicants and any further evidence which may be presented by the supervisor, whether the application for a state charter is to be granted or denied. He shall enter an order accordingly, setting forth his findings with respect thereto.

722.655 to 722.700 [Reserved for expansion]

**SEIZURE; REDUCTION OF CAPITAL;
LIQUIDATION**

722.705 Impairment of capital explained. (1) In the examination of any savings and loan association, the supervisor or his representatives shall set up the account of such association with a full statement of its assets and liabilities. He shall include in its liabilities all bills, notes and accounts payable, undisbursed loans and other obligations including amounts due members and others on outstanding certificates and shares except reserve fund stock, if any, and including also a reserve adequate to provide for any contingent liabilities. He shall include in the assets of the association only cash or property in which it may legally invest.

(2) In the case of a mutual savings and loan association such assets, to be held adequate, must exceed such liabilities by at least the amount of contingent fund previously set up, less such losses as have been properly charged to it.

(3) In the case of a reserve fund association, such assets must exceed such liabilities by the percentage of reserve fund stock, surplus, undivided profits and contingent fund as required in ORS 722.040.

(4) In either case should such assets be inadequate, the capital stock of the association shall be deemed to be impaired and the commissioner shall proceed as provided in ORS 722.725.

722.710 Possession and control of associations by commissioner. (1) The directors of a savings and loan association may at any time call upon the commissioner to take possession of and operate the properties and business of the association in the interests of its investors, creditors and shareholders and the commissioner shall forthwith comply with such request by assigning the supervisor or bonded deputy from his department to such task.

(2) Whenever the commissioner takes possession of any savings and loan association, whether by its request or in the exercise of his discretion and powers granted to him by this chapter, he shall post in a conspicuous place in the principal office of such association a notice that he is taking possession thereof and this shall operate as a bar to and as a dissolution of any attachment or other court proceeding then pending against that association.

(3) (a) If such possession of the property and business of an association has been

taken by the commissioner without the request or written consent of its directors, the directors may, within 10 days after the posting of the notice, apply to the circuit court of the county in which the principal office of the association is located for an order requiring the commissioner to appear and show cause why he should not be enjoined from continuing in such possession. Failure to file such application within 10 days shall be construed as a consent to such possession and be a bar to a later filing of such application. The court may, after hearing and upon good cause shown, direct the commissioner to refrain from continuing in possession. The commissioner shall in all such cases upon restoring possession to the directors of the association be allowed and paid from the funds of the association his reasonable expenses incurred during such possession, including not to exceed \$10 per business day, as compensation for the time the supervisor or bonded deputy has been in charge of the association.

(b) If no application is made to the court as and within the time provided for in this section to restrain the commissioner, or if the court denies the application after hearing, the commissioner shall continue in possession and control of the properties and business of the association until the association, its properties and business are sold, liquidated or restored to the directors by the commissioner. During such possession and control by the commissioner no receiver for the association shall be appointed by any court, nor shall any instrument of assignment for the benefit of creditors of the association be filed in any court within this state, without notice to and consent of the commissioner.

722.715 Reduction of liabilities of mutual associations. Whenever the losses of any mutual savings and loan association resulting from the depreciation in value of its securities or otherwise, exceed its contingent reserve fund, undivided profits, surplus and current earnings, so that the estimated value of its assets is less than the total amount due its creditors and members, the commissioner, upon petition of such savings and loan association, approved by a two-thirds vote of its members at a meeting regularly called and held for that purpose, may order a reduction of its liability to its members, except upon juvenile shares, in such manner as to distribute the loss equitably among its

members. If, thereafter, the association realizes from such assets a greater amount than was fixed in the order of reduction, the excess shall be divided among members whose credits were so reduced, but to the extent of such reduction only.

722.720 Reduction of liabilities of reserve fund associations. Whenever the losses of any reserve fund association resulting from the depreciation in value of its securities or otherwise, equal or exceed the amount paid in upon the reserve fund stock, its contingent and surplus fund and any other reserves set up for such losses, the commissioner shall direct a notice to the association and to each reserve fund stockholder at the address as shown on the records of the association, stating his findings in regard to such losses and requiring such reserve fund stockholders to pay into the treasury of the association sufficient funds to meet the provisions of ORS 722.145 to 722.155. In case of their failure to do so within 30 days after the date of such notice, the commissioner may by an order, a copy of which shall be entered upon the records of such association, charge all such losses against the existing reserve fund stock of the association and terminate all further rights and liabilities of such reserve fund stockholders as such. Thereafter the association shall assume the status of a mutual savings and loan association and be subject to all the provisions of this chapter relating to such associations.

722.725 Procedure when association in unsafe financial condition. (1) Whenever it appears to the commissioner that the capital of a savings and loan association is impaired or that its affairs are in an unsafe condition or that it is conducting its business in an unsafe or unlawful manner, he may direct the supervisor to take possession of all books, records and assets of every description of the association and hold and retain the possession of them pending the further proceedings specified in this section.

(2) Should the board of directors, secretary or person in charge of the association refuse to permit the supervisor to take possession, the commissioner shall communicate that fact to the Attorney General, who shall at once institute proceedings necessary to place the supervisor in immediate possession of the association's property.

(3) Upon taking possession, the supervisor shall prepare a full and true statement of the affairs and condition of the associa-

tion, including an itemized statement of its assets and liabilities, and shall receive and collect all debts, dues, payments and claims belonging to it and pay the immediate and reasonable expenses of his trust.

(4) The supervisor or deputy in charge shall be required to execute to the commissioner a good and sufficient bond in a sum required by the commissioner conditioned upon the faithful discharge of his duties as custodian of the association, which bond shall be approved by the commissioner and the expenses of which shall be borne by the association under examination.

(5) When the condition of the association has been fully ascertained and it appears to the commissioner that the affairs of the association are in fact in an unsafe condition, he shall at once notify in writing the board of directors of such association of his decision, giving it 20 days in which to restore the affairs of the association to a safe condition. Meanwhile, the supervisor shall remain in charge of the books, records and assets of every description of the association, attend or be represented at all directors' and stockholders' meetings held, and suggest such steps as he may deem necessary to restore the association to a safe condition; and if not done within the 20 days allowed he shall report the facts to the commissioner. The commissioner shall then take full possession of the properties and business of the association and may, if he deems advisable, proceed to liquidate as provided in ORS 722.745 to 722.795; subject, however, to the right of the directors to apply to the circuit court of the county where the principal office of the association is located, as provided in ORS 722.710 to restrain the commissioner from such procedure.

(6) If, upon final hearing in the court the acts of the commissioner are disapproved by the court, the commissioner shall cause all reasonable expenses incurred by him during his occupancy or possession, including not exceeding \$10 per diem, for each business day, as the compensation of the custodian, to be paid from the association funds and restore the balance of the property and assets thereof to the possession of the proper officers of the association.

722.730 Schedule of property to be filed by association officers. Upon taking possession of the properties and business of a savings and loan association, the commissioner shall require the president and secretary of

the association to, and such officers shall, make a schedule of all its property and make oath that the schedule set forth all property which the association owns or to which it is entitled, and deliver the schedule and the possession of all such property as may not have been so previously delivered, to the commissioner, who may at any time examine the president, secretary or other officers under oath to determine whether or not all property which the association owns or to which it is entitled has been transferred and delivered into his possession.

722.735 Noncompliance with commissioner's orders. (1) Whenever it becomes necessary for the commissioner to take action against any association because of unsafe practices and of conditions unsafe and hazardous to the public and to those having funds in its custody, as provided in ORS 722.710, the refusal of any officer or director of such association to comply with this written demand for possession of the property and assets is punishable as provided in subsection (6) of ORS 722.990.

(2) If demand is not complied with within 24 hours after service thereof upon the officer or directors, the commissioner may call to his assistance the sheriff of the county in which the principal place of business of such association is located, by written demand under his hand and official seal, whereupon the sheriff shall enforce the demands of the commissioner.

722.740 Voluntary liquidation. (1) At the annual meeting or at any meeting called for that purpose, any savings and loan association of this state may, by vote of shareholders representing two-thirds of the voting shares in force, resolve to liquidate and dissolve the association. Before such resolution shall take effect, a copy thereof, certified to by the president or vice president and the secretary or assistant secretary of such association, together with an itemized statement of its assets and liabilities, sworn to by a majority of its board of directors, shall be filed with the commissioner.

(2) When the commissioner has approved the resolution and given written notice thereof to the association, it thereafter shall be unlawful for such association to issue shares or certificates, or make any loans, but all its income and receipts in excess of actual expense of management shall be applied to the discharge of its liabilities. The officers of the association, under the

direction of its board of directors, thereupon shall proceed to liquidate the affairs of the association and reduce the assets thereof to cash and distribute them, first among its creditors, second among its investing shareholders, and third among its reserve fund stockholders, if any, in proportion to the value of the holdings of each stockholder at the time of the passage of the resolution to dissolve.

(3) The association shall give due notice by publication, once a week for four successive weeks, in some newspaper published at or near the principal place of business of the association, requiring all persons having claims against it as members, shareholders, creditors or investors to present them and make legal proof thereof, at a place designated in the notice and within 30 days after the date of the last publication thereof.

(4) Claims not presented within the time specified shall be barred, unless, for good cause shown, the directors grant further time.

(5) Upon completion of the liquidation, the board of directors or a majority thereof, shall prepare a final accounting thereof, in triplicate and under oath, and file one of such accountings with the commissioner, one with the clerk of the State Land Board and one with the State Treasurer, within six months after the date on which the final liquidating dividend is declared and its distribution is begun. With the final accounting delivered to the State Treasurer, the board of directors or a majority thereof, shall deposit with the State Treasurer all unclaimed funds remaining in their hands, and file the treasurer's receipt therefor with the commissioner. These funds thereupon shall escheat to and become the property of the State of Oregon and shall be paid into and become a part of the Common School Fund. The owner, his heirs or personal representatives may reclaim any funds so deposited within the time and in the manner as provided for estates which have escheated to the state.

(6) Until the liquidation has been completed, the commissioner shall make the same examinations of and have the same supervision over the savings and loan association as though the association had not voted to dissolve and liquidate its business. He may take over and conduct the liquidation himself in the manner as provided in ORS 722.745 to 722.795 whenever he deems

it to be in the interest of the creditors, members, shareholders or investors of such association.

722.745 Involuntary liquidation; exemption from further liens and statement of assets. During the possession of and pending the process of liquidation of a savings and loan association by the commissioner as provided in ORS 722.745 to 722.795, no attachment or execution shall be levied or lien created upon any of the property of such association. In so liquidating a savings and loan association, the commissioner shall first prepare a complete statement of the assets of the association.

722.750 Notice to creditors; presentation and rejection of claims. (1) After complying with ORS 722.745, the commissioner shall cause due notice to be given by publication for four successive weeks in some newspaper published at or near the principal place of business of such association, requesting all persons having claims against it as creditors, shareholders, members or investors, to present their claims and make legal proof thereof, at a place and within a time to be designated in the notice. He shall cause a copy of the notice to be mailed to all persons whose names appear of record, upon its books as creditors, shareholders, members or investors.

(2) Upon expiration of the time fixed for presentation of claims, the commissioner shall prepare or cause to be prepared a full and complete schedule of all claims presented, specifying by classes those that have been approved and those that have been disapproved, and file it in the offices of the Corporation Commissioner. Claims that are rejected shall be so marked with the date of rejection and, within 10 days thereafter, notice thereof shall be mailed to all claimants whose claims have been rejected. Action to enforce payment of any rejected claim must be filed in a court having jurisdiction thereof in the county in which the principal office of the association is located, within 30 days from the date of such notice, otherwise all such actions shall forever be barred.

722.755 Employment of assistants; payment of expenses, claims and liquidating dividends. (1) The commissioner may, under his hand and official seal, appoint one or more examiners to assist in the duties of liquidation and distribution, under his direction, and also may employ such counsel and

clerical assistance as may be needful and requisite subject to applicable provisions of ORS 180.220, 180.230 and the State Civil Service Law, and fix reasonable salaries and compensation to be allowed and paid to each.

(2) All such salaries, together with such other reasonable and necessary expenses as may be incurred in the liquidation, shall be paid by him from the funds of the association in his hands. From the net realization of assets, in excess of such salaries and expenses, the commissioner shall first pay all approved claims of creditors, and thereafter he shall distribute and pay dividends, in liquidation, to the shareholders other than reserve fund, as soon as funds are available, and so continue until all the assets have been realized upon and a final dividend in liquidation is declared and paid.

722.760 Filing of final report and account; filing objections. Upon the payment of a final dividend in liquidation, the commissioner shall prepare and file in his office a full and final statement of the liquidation, including a summary of the receipts and disbursements. The directors, stockholders or any interested party thereupon shall have 30 days in which to file with the circuit court of the county in which the principal office of the association is located, any objections to the final report and account. Any objections not so filed shall be barred forever. After all filed objections have been finally disposed of by the court, the liquidation shall be deemed closed, except for an accounting to the reserve fund stockholders.

722.765 Disposition of unclaimed funds. The commissioner may deposit with the State Land Board such unclaimed dividends and funds of any savings and loan association, the assets of which have been liquidated, remaining in his hands at any time after six months following the order for final distribution. Those funds shall thereupon escheat to and become the property of the State of Oregon and shall be paid into and become a part of the Common School Fund. The owner, his heirs or personal representatives, may reclaim any funds so deposited within the time and in the manner as provided for estates which have escheated to the state. The interest earned on any such dividend accounts while they remain in the possession of the commissioner may be applied to defray the expenses of payment and distribution of such dividends and the owner,

his heirs or personal representative, shall have no claim thereto.

722.770 Destruction of obsolete records. Where any files, records, documents, books of account or other papers have been taken over and are in possession of the commissioner in connection with the receivership of any savings and loan association under the laws of this state, the commissioner may at any time after the expiration of two years from the declaration of the final dividend, or from the date when such receivership has by order of the court been declared closed, destroy any of the files, records, documents, books of account or other papers which may appear to the commissioner to be obsolete or unnecessary for future reference as part of the files of his office.

722.775 Application to court in certain matters; disaffirmance of contracts. Upon taking possession of the property and business of any savings and loan association for operation or liquidation, the commissioner:

(1) Shall apply to the circuit court in the judicial district in which the principal office of the savings and loan association is located, and, in case of a foreign association, in the judicial district where that association maintains its principal office in this state, for an order confirming any action theretofore taken by him or authorizing him to do any act or execute any instrument, not expressly authorized by this chapter or ORS chapter 721, which order shall be made and entered only after a hearing and upon such notice as the court shall prescribe.

(2) Shall apply to said circuit court for instructions or directions relating to the claims of creditors and rights of members and to such other matters affecting the interests of the association, its members and creditors. For such purpose the circuit court shall have original jurisdiction in equity of all proceedings growing out of the operation or liquidation by the commissioner of the associations, pursuant to the provisions of this chapter, with power in the court on petition of the commissioner and notice to all persons affected thereby, to declare the rights, status and other legal relations of all persons interested as debtor, creditor or member of such association.

(3) Shall disaffirm, within 60 days after taking such possession, any executory contracts, including leases, to which such association shall be a party, and may disaffirm any partially executed contracts, including

leases, to the extent that they shall remain executory.

722.780 Commissioner's general powers in operation or liquidation. Upon taking possession of the properties and business of any savings and loan association for operation or liquidation, the commissioner may do and perform such acts as may be deemed necessary to preserve and protect its assets and business. Upon the order of the circuit court in the judicial district in which the principal office of such association was located, as mentioned in subsection (1) of ORS 722.775, he may sell, settle, compromise or compound any bad or doubtful debts, claims or obligations owing to or by the association, and, on like order, may sell, exchange or otherwise dispose of any of the real estate or other property of such association, or may transfer, sell or otherwise dispose in whole or in part, its assets, engagements, funds and property on such terms as the court shall direct; and upon the terms of sale, exchange, compromise or settlement directed by the court, he shall execute and deliver such deeds or other instruments in writing as shall be deemed necessary to evidence the passing of the title. Upon payment in full of any mortgage owing to the association, the commissioner may, without order of court, execute and deliver such instruments in writing as may be deemed necessary to satisfy and discharge them of record. Any instrument executed pursuant to the authority given in this section shall be valid and effectual for all purposes, as though it had been executed by the officers of such association by authority of its board of directors. If any real estate of the association so sold, exchanged or otherwise disposed of is situated outside the county in which the principal office of the association was located, a certified copy of the order of court authorizing the sale, exchange or disposition thereof shall be filed in the office of the county clerk or recorder of conveyances of the county in which such real property is situated.

722.785 Acquiring possession of contents of safety deposit vaults, safes and boxes. The commissioner may, after he has taken possession of the property and business of a domestic or foreign savings and loan association, apply to the circuit court of the county in which the receivership proceedings are pending, for an order directing him to cause any safe, safety vault or safety

deposit box held anywhere by such association to be thereafter opened in his presence or in the presence of an examiner and in the presence of a notary public not an officer of or in the employ of such savings and loan association or of the Corporation Department and an officer of the association, if available, and the contents listed. One signed copy of the list shall be delivered to the commissioner, a second signed copy shall be retained by the notary public, and a third signed copy to go to said officer of the corporation. The contents shall be enclosed in a container distinctly marked by the notary public and delivered to the commissioner. The container shall be kept by the commissioner in his custody and control for use in the administration of the affairs of the savings and loan association, as provided by law. The contents shall be held subject to the payment of any rent that may be unpaid for the use of such safe, vault or box, also any expenses incurred in opening thereof, and also reasonable compensation for the safekeeping of the contents after their removal from the safe, vault or box.

722.790 Suits and actions while association in receivership. Any suits or actions by or against or on behalf of any association in the possession of the commissioner shall, if by the association, be instituted by the commissioner in his official capacity as statutory receiver of the association, and if against the association, shall be against the commissioner as statutory receiver thereof. Any pending suits or actions by or against or on behalf of the association shall be continued only by and in the name of or against the commissioner in his official capacity.

722.795 Validity of commissioner's acts on behalf of associations. Wherever the commissioner has heretofore taken possession of any savings and loan association for operation or liquidation, in the exercise of his authority under the savings and loan laws of this state, all deeds, bills of sale, satisfactions of mortgages, assignments, conveyances, transfers or other instruments, which have heretofore been or which shall hereafter be executed, acknowledged and delivered in good faith and for a valuable consideration, by the commissioner, supervisor or any duly appointed deputy of the commissioner on behalf of such association, hereby are validated, ratified, confirmed and declared to be legal and entitled to record. They shall have the same binding force and effect upon

all parties affected thereby, and upon all rights affected thereunder, as though the instruments had been executed by the officers of the association by authority of its board of directors.

722.800 [Reserved for expansion]

FOREIGN SAVINGS AND LOAN ASSOCIATIONS

722.805 Foreign savings and loan associations defined. Unless the context requires otherwise, "foreign savings and loan association" means all savings and loan associations, and all persons, partnerships, associations, trustees or corporations which have their principal office in another state, or being a resident of another state, transact a savings and loan business, where by its or their devise, or by a contract or agreement, the members or customers are required to pay weekly, monthly or regular instalments to a common fund or series, from which fund or series loans are made to the members or customers for the purpose of buying or erecting a home or building, or for paying off liens or debts against real estate.

722.810 Necessity for certificate of authority. Each foreign savings and loan association shall obtain from the commissioner a permit or certificate of authority before doing any business in this state directly or indirectly.

722.815 Foreign associations to comply with statutes. (1) No foreign savings and loan association shall be permitted to do business in this state unless and until all the provisions of ORS 163.450, 165.040, 165.255, ORS chapter 721, 722.005 to 722.250, 722.305 to 722.370, 722.405 to 722.470, 722.480, 722.490, 722.510 to 722.545 and 722.705 to 722.990 are fully complied with. All the rules and regulations, and all the terms and conditions contained in those statutes, applicable to the operation of domestic associations, hereby are expressly made applicable to foreign associations under this section.

(2) No such association shall violate, or fail to comply with, any of the provisions of the statutes listed in subsection (1) of this section.

722.820 Associations of this state operating in another state; retaliation. When by the laws of any other state, territory or nation, any taxes, fines, penalties, licenses,

fees, deposits of money or securities, or other obligations or prohibitions are imposed on savings and loan associations of this state, doing business in such other state, territory or nation, or upon other agents therein, so long as such laws continue in force, the same obligations and prohibitions of whatever kind may be imposed upon all savings and loan associations of such state, territory or nation, doing business in this state, and upon their agents here.

722.825 Solicitation of foreign association stock subscriptions limited. No person shall in this state wilfully and knowingly solicit subscriptions to the stock of a foreign savings and loan association, or shall wilfully and knowingly in this state sell or issue, or wilfully and knowingly cause to be sold or issued to a resident of this state any stock of such association while such association does not have the certificate of the commissioner authorizing it to do business in this state, or has not deposited as required by ORS 722.830, securities of the value, and at the time prescribed in ORS 722.830, or before the association has complied with all the provisions of the statutes listed in ORS 722.815.

722.830 Procedure to obtain certificate of authority. No certificate of authority shall be issued to a foreign savings and loan association by the commissioner until he is satisfied that the requirements set out in ORS 722.815 have been fully met by the association. Before the certificate of authority shall be issued, the foreign savings and loan association shall comply with the following provisions:

(1) It shall file with the commissioner a certified copy of its articles of incorporation, a copy of its bylaws and rules governing it, and of its certificates and all advertising matter issued by it, together with a statement of financial condition such as is required semiannually from all savings and loan associations organized under the laws of this state.

(2) It shall file with the commissioner a written instrument, properly executed, agreeing irrevocably that any summons or process which any court in this state may issue against it from any county in this state, when served upon the commissioner, shall be accepted as a valid service upon such foreign association. However, the commis-

sioner shall mail a copy of the legal process served upon him to the home office of the foreign association, and the commissioner shall, within six days, certify to the court from which the summons or process issued the fact of such mailing. The plaintiff shall for each process so served pay to the commissioner at the time of service a fee of \$2, which shall be recovered by the plaintiff as a part of the taxable costs if he prevails in the suit.

(3) It shall deposit with the commissioner \$100,000 in cash or bonds of the United States, bonds of any state of the United States, bonds of any county or municipal corporation in the State of Oregon or mortgages on improved Oregon real estate of a character acceptable for investment by an association governed by this chapter, all of which securities shall be approved in advance by the commissioner. The commissioner may require the association to deposit additional securities in an amount not to exceed one and one-half times, and not less than the amount of its liability to shareholders in the State of Oregon, and to order a change in all the securities so deposited, at any time. The deposit shall be held as security until all claims of residents of this state have been fully redeemed and paid off and its contracts and obligations to residents of this state have been fully performed and discharged. However, when a foreign corporation desires to withdraw from business in Oregon and has filed with the commissioner certified copies of its corporate proceedings and evidence satisfactory to the commissioner that its obligations to creditors and shareholders resident in Oregon have been reduced to less than \$100,000 in amount, the commissioner on the application of such foreign corporation may permit the association to reduce its deposit of cash or securities to an amount not less than double the amount of its obligations in this state. The foreign association may collect and use the interest on any securities so deposited, so long as it fulfills its obligations and complies with the statutes listed in ORS 722.815. It may also exchange them for other securities of equal value, if satisfactory to the commissioner.

(4) It shall also comply with such provisions of ORS 60.010 to 60.030, 60.060, 60.110 to 60.170 and 60.210 to 60.230 dealing with foreign corporations as are not

included in and are not inconsistent with the statutes listed in ORS 722.815.

NOTE: The provisions of ORS chapter 60, referred to in subsection (4) of ORS 722.830, were repealed by 1953 c.549 §138. For substance of the repealed sections see chapter 3, title 77, O.C.L.A. Also see ORS 57.655 to 57.745, which were derived from 1953 c.549.

722.835 Issuance of certificate to foreign associations after examination. (1) Whenever a foreign association has complied with the provisions of ORS 722.810 and has furnished a full and complete statement of its financial affairs duly sworn to by its president and secretary, and the financial status of the association has been verified by an examination of its assets and its records for the purpose of ascertaining whether they meet the requirements of this chapter, the commissioner, if he is satisfied that the association is in sound financial condition, and that it is conducting and will conduct its business in accordance with the laws of this state, and if he regards the association as safe, reliable and entitled to public confidence, shall issue a certificate of authority to such association to conduct a savings and loan business in this state, upon the payment of fees as provided in this chapter. The certificate shall be for the period of one year and must be renewed each year.

(2) The examination of assets and records shall be made by the supervisor or his duly authorized representative, for which examination the foreign association shall pay in the same manner as specified by law for regular domestic examinations.

722.840 Laws applicable to conduct of business. Every foreign savings and loan association doing business in this state shall conduct its business in accordance with the laws of this state governing domestic savings and loan associations and shall deposit its securities and conduct its business in strict compliance with all the statutes listed in ORS 722.815.

722.845 Law applicable to contracts. Any contract made by a foreign savings and loan association, doing business in this state, with any citizen of this state, shall be deemed and considered an Oregon contract, and shall be so construed by all the courts of this state, according to the laws thereof.

722.850 Procedure when judgment returned unsatisfied against foreign association. If at any time any shareholder or

creditor of a foreign association residing in this state recovers judgment against the foreign association or within any court of this state, and which judgment after 60 days from the entry thereof is not satisfied and no appeal taken therefrom, or if an appeal has been taken, then after 30 days from entry of final judgment on appeal, the commissioner shall proceed to sell at current market value, sufficient of the bonds, or collect sufficient of the mortgage securities deposited with him to satisfy the amount of the judgment, together with five percent for his services and expenses. However, before disposing of the securities the commissioner shall be served with an affidavit by the plaintiff or his attorney, setting forth the recovery of judgment, that it has remained unpaid for more than 60 days and that no proceedings are pending for appeal or reversal of the judgment, or if appeal has been taken, judgment thereon has been entered for more than 30 days. The foreign association, after notice of the service of such affidavits, shall not transact any new business in this state until any deficiency of securities caused by the necessity of satisfying the judgment has been made good by further deposit of similar securities with the commissioner.

722.855 Examinations. Every foreign savings and loan association doing business in this state shall be subject to the same examinations as are savings and loan associations organized under the laws of this state. All the actual and necessary expenses of such examinations of foreign associations shall be paid by the association examined, upon bill approved by the supervisor.

722.860 Revocation of certificates of authority. Should the commissioner find upon examination that the foreign association does not conduct its business in accordance with law or that the affairs of the association are in an unsafe condition, or if the foreign association refuses to permit examination to be made, the commissioner may revoke the association's certificate of authority to do business in this state. Upon revocation of the certificate, the commissioner shall mail a notice thereof to the home office of the foreign association and cause a similar notice to be published in at least one newspaper published in Salem, Oregon. After so notifying the home office and after the publication of the notice, it shall be unlawful for any agent of such

foreign association to receive any further payments from shareholders or investors residing in this state, except payments on shares on which a loan has been made.

722.865 to 722.985 [Reserved for expansion]

PENALTIES

722.990 Penalties. (1) Violation of ORS 722.015 is punishable, upon conviction, by a fine of not less than \$50 nor more than \$300, or by confinement in the county jail for a period of not less than one month nor more than six months, or both.

(2) Persons violating ORS 722.015 shall be liable to each aggrieved person for any loss or damage sustained because of such unlawful act.

(3) Violation of ORS 722.235 is a felony and is punishable, upon conviction, by a fine of not less than \$100 nor more than \$500, or by imprisonment in the penitentiary for not more than five years, or both.

(4) Violation of ORS 722.240 is punishable, upon conviction, by a fine of not less than \$50 nor more than \$200, or by imprisonment in the county jail for a period of not less than one month nor more than one year, or both.

(5) Any director who violates the provisions of ORS 722.145 to 722.155 shall be liable to the association or to any aggrieved party, or both, for any loss or damage suffered because of any such unlawful act.

(6) Violation of subsection (1) of ORS 722.735 is punishable, upon conviction, by a fine of not more than \$500, or by imprisonment in the county jail for not more than 90 days, or both.

(7) Violation of ORS 722.810 is punishable, upon conviction of the offender, its officers, agents or representatives, by a fine of not more than \$500. Each separate business transaction shall constitute a separate offense.

(8) Violation of ORS 722.815 is punishable, upon conviction, by a fine of not less than \$100 nor more than \$500 for each offense.

(9) Violation of ORS 722.825 is punishable, upon conviction, by a fine of not less than \$50 nor more than \$300, or by imprisonment in the county jail for not less than 10 days nor more than six months, or both. The offender shall also be liable to each aggrieved person for any loss or damage sustained because of such unlawful act.

