Chapter 716

1961 REPLACEMENT PART

Mutual Savings Banks

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ORGANIZATION OF MUTUAL SAVINGS BANKS

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

(1) "Savings bank" means mutual savings banks only.

(2) "Superintendent" means the Superintendent of Banks.

716.020 Use of words "mutual savings" restricted. The use of the words "mutual savings" as part of a name under which business of any kind is or may be transacted by any person, firm or corporation, except those organized and in actual operation on May 28, 1925, or those organized and operating under this chapter, is prohibited.

716.030 Construction of chapter. This chapter shall not be construed as amending or repealing any other law of the state authorizing the incorporation or regulation of banks or trust companies, but shall be deemed additional legislation for the sole purpose of authorizing the incorporation and operation of mutual savings banks as prescribed in this chapter, and every provision of this chapter applies solely to mutual savings banks as organized and incorporated under this chapter.

716.040 Number and qualifications of incorporators; data supplied in articles of incorporation. When authorized by the Superintendent of Banks, as provided by this chapter, not less than nine nor more than 21 persons may form a corporation to be known as a "mutual savings bank." Such persons must be citizens of the United States. At least four-fifths of them must be residents of this state, and at least two-thirds of them must be residents of the county where the bank is to be located and its business transacted. They shall subscribe and acknowledge articles of incorporation in triplicate, and file them in the office of the superintendent. The articles of incorporation shall specifically state:

(1) The name by which the savings bank 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 or town and county.

(3) The name, occupation, residence and postoffice address of each incorporator.

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

(5) The sums which each incorporator will contribute in cash as the initial guaranty fund, and to the expense fund, respectively, as provided in ORS 716.060 and 716.070.

(6) A declaration that each incorporator will accept the responsibilities and faithfully discharge the duties of a director of the savings bank, and is free from all the disqualifications specified in ORS 716.210.

716.050 Approval or disapproval of articles; certificate of incorporation; filing. (1) The superintendent shall, within 60 days after receiving the articles of incorporation, indorse upon them his approval or disapproval, with the date, over his signature. If the articles of incorporation are disapproved by him, he shall return them to the incorporators. If the articles are approved, he shall retain one copy in his office and issue to the persons filing such articles of incorporation, upon payment of the proper fees therefor, a certificate of incorporation under his official seal, showing:

(a) The name assumed by the mutual savings bank.

(b) The duration of its existence.

(c) The sums which each incorporator will contribute to the guaranty and expense funds, respectively.

(d) The date of the filing of its articles of incorporation.

(e) The date of approval thereof.

(f) The location of its place of business.

(2) The incorporators shall retain a duplicate original of the articles of incorporation as part of the records of such bank, and shall file the other duplicate originals in the county or state offices as may be designated by the general laws relating to the organization of state banks, and thereupon its corporate existence shall begin.

716.060 Guaranty fund. (1) Before any mutual savings bank shall be authorized to do business, its incorporators shall create a guaranty fund for the protection of its depositors against loss on its investments, whether arising from depreciation in the market value of its securities or otherwise.

(2) The guaranty fund shall consist of payments in cash made by the original incorporators and of all sums credited thereto from the earnings of the savings bank as required by ORS 716.780.

(3) The incorporators shall deposit to the credit of the savings bank in cash as an initial guaranty fund an aggregate sum of at least $5,000, which deposit shall be the limit of their liability to that fund.

(4) Prior to the liquidation of any savings bank, such guaranty fund shall not in any manner be encroached upon except for losses and the prepayment of contributions made by incorporators or directors as provided in this chapter, until such fund, together with undivided profits, exceeds 25 percent of the amount due depositors.

(5) The amounts contributed to the guaranty fund by the incorporators or directors shall not constitute a liability of the savings bank, except as provided in this chapter, and any loss sustained by the savings bank in excess of that portion of the guaranty fund created from earnings may be charged against such contributions pro rata.

716.070 Expense fund. (1) Before any mutual savings bank shall be authorized to do business, its incorporators shall create an expense fund from which the expense of organizing the savings bank and its operating expenses may be paid until such time as its earnings are sufficient to pay its operating expenses, in addition to such dividends as may be declared and credited to its depositors from its earnings.

(2) The incorporators shall deposit to the credit of the savings bank in cash as an expense fund not less than the sum of $5,000. They shall also enter into such an agreement or undertaking with the Superintendent of Banks as trustee for the depositors with the savings bank as he may require to make further contributions in cash to the expense fund of the savings bank as may be necessary to pay its operating expenses until such time as it can pay them from its earnings, in addition to such dividends as may be declared and credited to its depositors. The agreement or undertaking shall fix the liability of the incorporators jointly and severally for such reasonable amount as may be approved or determined by the superintendent and, in addition to the undertaking of the incorporators jointly and severally, the superintendent may require a surety bond executed by a domestic or foreign corporation authorized to transact, within this state, the business of surety. The agreement or undertaking and security shall be filed in the office of the superintendent.

(3) The amounts contributed to the expense fund of the savings bank by the incorporators or directors shall not constitute a liability of the savings bank except as provided in this chapter.

716.080 Issuance of charter. (1) Whenever any mutual savings bank organized after May 28, 1925, files with the superintendent:

(a) A copy of its articles of incorporation, as required by ORS 716.040;

(b) A list of incorporators, showing name, address, sums paid into the guaranty and expense fund, respectively, sworn to by the president or cashier;

(c) The sworn certificate of the president, cashier, secretary or treasurer that all requirements of the state corporation laws have been complied with;

(d) A list of the directors and officers elected; and

(e) The oaths of office of the directors and officers of such banks,

the superintendent shall examine into the condition of such bank and ascertain from the best sources of information at his command whether the character and general fitness of the persons named as incorporators and officers are such as to command the confidence of the community in which the bank is proposed to be located.

(2) If, upon such examination, it appears that the bank is lawfully entitled to commence business and the directors and officers are competent to engage in a mutual savings bank business, and if, in his opinion, the organization of such bank is justified, he shall forthwith issue to the bank, under his hand and official seal, a charter to do a mutual savings bank business.

716.090 Refusal of charter; appeal. If the superintendent is satisfied, as a result of his examination, that the character, responsibility and general fitness of the persons named as directors and officers of the bank are not up to the standard as provided in ORS 716.080, or if, in his opinion, the organization is not justified, he shall refuse to issue a charter and shall forthwith give notice thereof to the incorporators, who, if they so desire, may within 10 days thereafter appeal from such refusal to the State Banking Board. Such board shall within 20 days thereafter finally decide the matter and the superintendent shall act in accordance with such decision. The board may pre-

scribe rules and regulations for the proceedings in connection with the appeal.

716.100 Effect of failure to complete organization. Any mutual savings bank which fails to pay its guaranty and expense funds, respectively, and complete its organization, as provided in this chapter, and receive from the superintendent a charter within one year from the date of filing its articles of incorporation, shall cease to exist and such articles of incorporation shall be void; provided, the superintendent may extend such time for one additional year.

716.110 Organization fee; annual license fee. An organization fee shall be paid to the superintendent by the incorporators, which shall be like in amount to that payable under ORS 62.810 and an annual license fee as paid under ORS 62.805 shall be paid to the superintendent
[Amended by 1959 c 185 §14]

716.120 Conditions precedent to transaction of business. No mutual savings bank shall transact any business, except such as is incidental or necessary, preliminary to its organization, until it has received its charter from the superintendent, as provided in ORS 716.080 or 716.090. Before such corporation shall be authorized to receive deposits or transact business other than the completion of its organization, the superintendent shall be satisfied that:

(1) The incorporators have made the deposit of the initial guaranty fund required by ORS 716.060.

(2) The incorporators have made the deposit of the expense fund required by ORS 716.070, and, if the superintendent so requires, have entered into the agreement or undertaking with the superintendent and has filed the agreement and the security therefor as prescribed in ORS 716.070.

(3) The corporation has transmitted to the superintendent the name, residence and postoffice address of each officer of the corporation.

716.130 Effect of failure to commence business. Every corporation authorized by this chapter which does not organize and commence business within one year after the certificate of authorization has been issued shall forfeit its rights and privileges as a corporation, which fact the superintendent shall certify to the state or county officers in whose office the articles of incorporation were filed, and the certificate of forfeiture shall be filed and recorded in such offices in the same manner as the articles of incorporation. However, the superintendent may, for satisfactory cause shown to him, by an order under his hand and official seal, extend for not more than one year the time within which the organization may be effected, and business commenced, this order to be transmitted to the offices where the articles of incorporation were filed and recorded.

716.140 to 716.200 [Reserved for expansion]

DIRECTORS AND OFFICERS

716.210 Number and qualifications of directors. (1) There shall be a board of directors who shall have the entire management and control of the affairs of the mutual savings bank. The persons named in the certificate of incorporation shall be the first directors. The board shall consist of not less than nine members nor more than 21 members.

(2) A person shall not be a director of a savings bank if he:

(a) Has been adjudicated a bankrupt or has taken the benefit of any insolvency law, or has made a general assignment for the benefit of creditors.

(b) Has suffered a judgment recovered against him for a sum of money to remain unsatisfied of record or unsecured on appeal for a period of more than three months.

(c) Is a director, officer, clerk or other employe of any other mutual savings bank in the same county.

(3) No person shall be a director of a savings bank solely by reason of his holding public office.

(4) Each director must be a citizen of the United States. At least two-thirds of the directors must be residents of this state at the time of their election and during their continuance in office.
[Amended by 1961 c 278 §1]

716.220 Oath of director; annual declaration of status. (1) Each director, whether named in the certificate of authorization or elected to fill a vacancy, shall, when the certificate of authorization has been issued, or when notified of his election, take an oath that he will, so far as it devolves on him, diligently and honestly administer the affairs of the savings bank, and will not knowingly violate, or willingly permit to be violated, any of the provisions of law applicable

to the savings bank. This oath shall be subscribed by the director making it and certified by the officer before whom it is taken, and shall be immediately transmitted to the Superintendent of Banks and filed in his office.

(2) Prior to March 1 in each year, every director of every savings bank shall subscribe a declaration to the effect that he is, at the date thereof, a director of the savings bank, and that he has not resigned, become ineligible, or in any other manner vacated his office as director. This declaration shall be acknowledged in like manner as a deed to be entitled to record and shall be transmitted to the Superintendent of Banks and filed in his office prior to March 10 in each year.

716.230 Election of officers. The board of directors shall elect from their number, or otherwise, a president, secretary and such vice presidents, assistant secretaries and other officers as they may deem fit.

716.240 Meetings of board; quorum. (1) Regular meetings of the board of directors shall be held at least once a month.

(2) A quorum at any regular, special or adjourned meeting of the board of directors shall consist of a majority, of whom the president shall be one, except when he is prevented from attending by sickness or other unavoidable detention, in which case he may be represented in forming a quorum by the first vice president or, in case of the absence of the first vice president, by the next ranking officer who may be in attendance. However, less than a quorum shall have power to adjourn from time to time until the next regular meeting.

716.250 Periodic statement to board of business transacted. The board of directors shall, by resolution duly recorded in the minutes, designate an officer whose duty it shall be to prepare and submit to each director at each regular meeting of the board, or to an executive committee of not less than three members of the board, a written statement of all the purchases and sales of securities and of every loan made since the last regular meeting of the board, describing the collateral to the indebtedness as of the date of meeting at which the statement is submitted. However, such officer may omit from such statement loans of less than $1,000, except that the statement shall also contain a list giving the aggregate of loans to each person whose liability to the savings bank has been increased by $1,000 or more since the last regular meeting of the board, together with a description of the collateral to such indebtedness held by the savings bank at the date of the meeting at which such statement is submitted. A copy of this statement, together with a list of the directors present at the meeting, verified by the affidavit of the officer charged with the duty of preparing and submitting the statement, shall be filed with the records of the savings bank within one day after such meeting, and shall be presumptive evidence of the matters therein stated.

716.260 Compensation of directors as officers; director as attorney. (1) A director of a savings bank shall not directly or indirectly receive any pay or emolument for his attendance at meetings of the board, or for any other services as director, except as provided in this section.

(2) Directors acting as officers of the savings bank, whose duties require and receive their regular and faithful attendance at the institution, and the directors appointed as a committee to examine the vouchers and assets pursuant to ORS 716.870, to perform the duties required by ORS 716.250, or to render other special services as members of committees provided for in the bylaws, may receive such compensation as in the opinion of a majority of the board of directors shall be just and reasonable. Such majority shall be exclusive of any director to whom such compensation shall be voted.

(3) Directors not receiving regular salaries as officers may receive for their attendance at monthly meetings of the board such compensation, not to exceed $50 per director per meeting, as may be approved by the board at a regular meeting and also approved in writing by the superintendent.

(4) An attorney for a savings bank, although he is a director thereof, may receive a reasonable compensation for his professional services, including examinations and certificates of title to real property on which mortgage loans are made by the savings bank, or if the savings bank requires the borrowers to pay all expenses of searches, examinations and certificates of title, including the drawing, perfecting and recording of papers, the attorney may collect of the borrower and retain for his own use the usual fees for such services, excepting any commissions as broker or on account of placing or accepting such mortgage loans.

(5) If an officer or attorney of a savings bank receives, on any loan made by the savings bank, any commission which he is not authorized by this section to retain for his own use, he shall immediately pay it over to the savings bank.
[Amended by 1957 c 169 §1]

716.270 Increase or reduction of number of directors. (1) The board of directors of every savings bank may, at any regular meeting, by an affirmative vote of three-fourths of the directors, by resolution incorporated in its bylaws, increase or reduce the number of directors named in the original charter or certificate of incorporation.

(2) The number may be increased to a number designated in the resolution and not exceeding 21, provided reasons therefor are shown to the satisfaction of the superintendent and his written consent thereto is first obtained.

(3) The number may be reduced to a number designated in the resolution but not less than nine. The reduction shall be effected by omissions to fill vacancies occurring in the board, with the approval of the superintendent, and when the guaranty fund provided for in this chapter shall remain intact and unimpaired.

716.280 Prohibited acts by officers and directors. (1) A director of a savings bank shall not:

(a) Have any interest, direct or indirect, in the gains or profits of the savings bank, except to receive dividends upon deposits by him, the amounts contributed by him to the guaranty and expense funds, respectively, of the savings bank, as provided in ORS 716.060 and 716.070.

(b) Become a member of the board of directors of a bank, trust company or national banking association, of which board enough other directors of the savings bank are members to constitute with him a majority of the board of directors of such savings bank.

(2) Neither a director nor an officer of a savings bank shall:

(a) For himself or as agent or partner of another, directly or indirectly use any of the funds or deposits held by the savings bank except to make such current and necessary payments as are authorized by the board of directors.

(b) Receive directly or indirectly and retain for his own use any commission on or benefit from any loan made by the savings bank, or any pay or emolument for services rendered to any borrower from the savings bank in connection with such loan, except as authorized by ORS 716.260.

(c) Become an indorser, surety or guarantor, or in any manner an obligor, for any loan made by the savings bank.

(d) For himself or as agent or partner of another, directly or indirectly borrow any of the funds or deposits held by the savings bank, or become the owner of real property upon which the savings bank holds a mortgage. A loan to or a purchase by a corporation in which he is a stockholder to the amount of 15 percent of the total outstanding stock, or in which he and other directors of the savings bank hold stock to the amount of 25 percent of the total outstanding stock, shall be deemed a loan to or a purchase by such director within the meaning of this subsection except when the loan to or purchase by such corporation shall have occurred without his knowledge or against his protest.

716.290 Examination of bank by directors; taking balance of depositors' ledgers. (1) The directors of every savings bank, by a committee of not less than three of their number, on or before January 1 and July 1 in each year, shall examine thoroughly the books, vouchers and assets of the savings bank, and its affairs generally. A statement or schedule of assets and liabilities shall be verified by the oaths of a majority of the directors making it and placed on file as a part of the records of the savings bank. The directors of any savings bank may require such examination at such times as they shall prescribe.

(2) The directors shall, as often as once in each six months during each year, cause to be taken an accurate balance of their depositors' ledgers, and the fact that this balance has been taken, and the discrepancies, if any, existing between the amount due depositors, as shown by such balance, and the amount so due as shown by the general ledger shall be made a matter of record in the minutes of the proceedings of the board of directors.

716.300 Bonds of officers and employes. The directors of every savings bank shall have power to require from the officers, clerks and agents thereof such security for their fidelity and the faithful performance of

their duties as the directors shall deem necessary. Such security may be accepted from any company authorized to furnish fidelity bonds and doing business under the laws of this state, and the premiums therefor may be paid as a necessary expense of the savings bank.

716.310 Official communications; transmission to directors. Each official communication directed by the Superintendent of Banks or an examiner to a savings bank or to any officer thereof, relating to an investigation or examination conducted by the State Banking Department or containing suggestions or recommendations as to the conduct of the business of savings banks, shall be submitted by the officer receiving it to the board of directors at the next meeting of such board, and duly noted in the minutes of the meeting of the board.

716.320 Removal, vacation and forfeiture of director's office. (1) Whenever, in the judgment of three-fourths of the directors, the conduct and habits of a director of any savings bank are of such character as to be injurious to the savings bank, or he has been guilty of acts that are detrimental or hostile to the interests of the savings bank, he may be removed from office at any regular meeting of the directors, by the affirmative vote of three-fourths of the total number thereof; provided, a written copy of the charges made against him has been served upon him personally, and upon the Superintendent of Banks, at least two weeks before such meeting, and provided the vote of such directors by ayes and noes is entered in the record of the minutes of such meeting.

(2) The office of a director of a savings bank shall immediately become vacant whenever he:

(a) Fails to comply with any of the provisions of ORS 716.220, relating to his official oath and declaration.

(b) Becomes disqualified for any of the reasons specified in subsection (2) of ORS 716.210.

(c) Has failed to attend the regular meetings of the board of directors, or to perform any of his duties as director, for a period of six successive months, unless excused by the board for such failure.

(d) Violates any of the provisions of ORS 716.280, imposing restrictions upon directors and officers, except paragraph (c) of subsection (2) thereof.

(3) A director who has forfeited or vacated his office shall not be eligible to reelection except when the forfeiture or vacancy occurred solely by reason of his

(a) Failure to complete the oath prescribed in ORS 716 220,

(b) Neglect of his official duties as prescribed in paragraph (c) of subsection (2) of this section; or

(c) Disqualification through becoming a nonresident, or becoming a director, officer, clerk or other employe of another mutual savings bank in the same county, or becoming a director of a bank, trust company or national banking association under the circumstances specified in paragraph (b) of subsection (1) of ORS 716.280, until such disqualification has been removed.

[Amended by 1961 c 278 §2]

716.330 Filling vacancies. A vacancy in the board of directors shall be filled by the board as soon as practicable, at a regular meeting thereof.

716.340 to 716.400 [Reserved for expansion]

AUTHORIZED INVESTMENTS

716.410 Limitations on investments. A mutual savings bank may invest the moneys deposited therein, the sums credited to the guaranty fund, the surplus and undivided profits thereof, and the income derived therefrom, in the property and securities, and no others, and subject to the restrictions, specified in ORS 716.420 to 716.575.

716.420 Investments in United States securities or obligations and securities accepted as security for postal savings deposits. (1) A savings bank may invest the funds mentioned in ORS 716.410 in the bonds or interest-bearing notes or obligations of the United States or those for which the faith of the United States is pledged to provide for the payment of the interest and principal, including:

(a) Farm loan bonds, including consolidated debentures, issued by federal intermediate credit banks.

(b) Bonds, debentures or other obligations of the Central Bank for Cooperatives.

(c) Bonds or other obligations of any federal home loan bank or of the Federal National Mortgage Association.

(d) Bonds or securities acceptable to the United States Government to secure postal savings deposits.

(2) A savings bank may invest the funds mentioned in ORS 716.410 in common stock of the Federal National Mortgage Association, but the investment in such stock shall not exceed the minimum required for the sale of mortgages to the association by the laws creating the association and the rules and regulations pertaining thereto.

(3) Not more than five percent of the funds of a savings bank shall be invested in any one of the securities under subsections (1) and (2) of this section, and not more than 10 percent of the funds of a savings bank shall be invested under this section

[Amended by 1959 c 185 §12, 1961 c 157 §1]

716 430 [Repealed by 1959 c 185 §15]

716.440 [Repealed by 1959 c 185 §10 (ORS 716 441 enacted in lieu of ORS 716 440)]

716.441 Investments in railroad equipment trust bonds. A savings bank may invest the funds mentioned in ORS 716.410 in railroad equipment trust bonds if all of the following conditions are satisfied:

(1) The security for the bonds is property located at least in part within the United States.

(2) The equipment trust bonds are issued in connection with a purchase of standard gauge railway stock through an equipment trust agreement.

(3) Payment of principal and interest is guaranteed or promised by the railroad corporation.

(4) The bonds satisfy all of the following conditions:

(a) The bonds are secured by an instrument which either vests title in a trustee free of encumbrances or creates a first lien on the equipment. Pending vesting of title, the security may be a deposit of cash in trust, which may be invested in obligations of the United States. The amount of cash shall equal the face amount of the equipment trust bonds.

(b) The maximum amount of equipment trust bonds does not exceed 80 percent of the cost of the equipment.

(c) The owner, purchaser or lessee of the equipment is obligated to maintain it in proper repair, to replace it if destroyed or released or to deposit the proceeds of its sale in trust pending replacement, to pay all taxes, to pay interest or dividends and to pay principal in annual or semiannual instalments within 15 years in such a manner that the amounts of the respective unmatured instalments outstanding at any time are approximately equal.

(5) Not more than 15 percent of the funds of a savings bank shall be invested under this section and not more than three percent of its funds shall be so invested in any one Oregon railroad corporation and not more than three percent of its funds shall be so invested in any one railroad corporation that is not incorporated in Oregon.

[1959 c 185 §11 (enacted in lieu of ORS 716 440)]

716.450 Investments in certain secured notes and loans. (1) A savings bank may invest the funds mentioned in ORS 716.410 in the notes of any individual, firm or corporation, with a pledge as collateral of securities or personal property which are otherwise eligible for investment under ORS 716.410 to 716 575, and which have an actual cash market value at least 25 percent greater than the amount of the loan.

(2) In the notes of any person, partnership, association or corporation, secured by a bona fide assignment of a life insurance policy issued by any company authorized to do business in this state, having a cash surrender value of not less than 100 percent of the amount of such obligations, plus an amount equal to one annual premium on the insurance policy.

(3) In Federal Housing Administration Title I loans, and any other obligations secured by mortgages or real estate which have been accepted for insurance by the Federal Housing Administrator, or in debentures or bonds issued by the Federal Housing Administrator.

716.460 Investments in demand notes secured by savings accounts. A mutual savings bank may invest the funds mentioned in ORS 716.410 in promissory notes made payable on demand to the order of the savings bank, secured by the pledge and assignment of a savings account with any savings bank, mutual or otherwise, in this state as collateral security for the payment thereof. No such loan shall exceed 90 percent of the balance due the owner of the savings account as shown by the records of the savings bank

[Amended by 1961 c 239 §1]

716.470 Investments in notes or bonds secured by real estate mortgages. (1) A mutual savings bank may invest the funds mentioned in ORS 716.410:

(a) In notes or bonds secured by mortgage or deed of trust upon improved unencumbered real estate in Oregon, Washington, Idaho or California, provided that the investment in such notes or bonds, plus taxes not due and bonded indebtedness for public improvements not due, does not exceed 66⅔ percent of the appraised value for a term not longer than 10 years, if the loan is secured by an amortized mortgage, deed of trust or other such instrument under the terms of which the instalment payments are sufficient to amortize 40 percent or more of the principal of the loan for a period of not more than 10 years; or a loan may be made in an amount not to exceed 66⅔ percent of the appraised value for a term not longer than 20 years, if the loan is secured by an amortized mortgage, deed of trust or other such instrument under the terms of which the instalment payments are sufficient to amortize the entire principal of the loan within a period of not more than 20 years, or a loan may be made in an amount not to exceed 75 percent of the appraised value for a term not longer than 20 years if the loan is secured by an amortized mortgage, deed of trust or other such instrument under the terms of which the instalment payments are sufficient to amortize the entire principal of the loan within the period ending on the date of its maturity.

(b) In participation with any other bank in any note or bonds secured by mortgage or deed of trust upon improved unencumbered real estate in Oregon, Washington, Idaho or California, provided that no such investment shall be made in such mortgage or deed of trust which is junior or subordinate to any other part interest, nor if the aggregate amount of all part interests in such mortgage or deed of trust when added together will exceed the limitations set forth in this section An agreement setting forth the manner in which the participating mortgagees shall administer the mortgage and acquired real estate, if any, shall be executed on behalf of each of such mortgagees by two of their authorized officers.

(c) In loans secured by pledge of the notes or bonds mentioned in paragraph (a) of this subsection as collateral; provided, the notes or bonds pledged as collateral shall be at least 25 percent more than the loans secured thereby.

(2) In all cases of loans upon real property, the borrower shall furnish the savings bank with:

(a) A note or bond secured by a mortgage on the real estate upon which the loan is made; and

(b) A policy of title insurance of a reliable title insurance company authorized to insure titles within this state, or a complete abstract of title for such real estate signed by the person or corporation furnishing such abstract of title, which abstract shall be examined by a competent attorney at law selected by the bank, and his opinion furnished approving the title and showing that the mortgage is a first lien; provided, such lien may be subsequent to taxes not due, and bonded indebtedness for public improvements not due.

(3) In the case of loans secured by first mortgage on real estate, the real estate subject to such first mortgage must be improved to such extent that the net annual income thereof, or reasonable annual rental value thereof, in the condition existing at the time of making the loan, is sufficient to pay the annual interest accruing on such loan, in addition to taxes and insurance, depreciation and all accruing charges and expenses.

(4) No loan on real estate shall be for an amount greater than 66⅔ percent of the appraised value for a term not longer than 10 years, if the loan is secured by an amortized mortgage, deed of trust or other instrument under the terms of which the instalment payments are sufficient to amortize 40 percent or more of the principal of the loan for a period of not more than 10 years; or a loan may be made in an amount not to exceed 66⅔ percent of the appraised value for a term not longer than 20 years, if the loan is secured by an amortized mortgage, deed of trust or other such instrument under the terms of which the instalment payments are sufficient to amortize the entire principal of the loan within a period of not more than 20 years; or a loan may be made in an amount not to exceed 75 percent of the appraised value for a term not longer than 20 years if the loan is secured by an amortized mortgage, deed of trust or other such instrument under the terms of which the instalment payments are sufficient to amortize the entire principal of the loan within the period ending on the date of its maturity

(5) In the case of loans secured by first mortgage on real estate, the mortgage shall contain provisions requiring the mortgagor

to maintain insurance on the buildings on the mortgaged premises to such reasonable amount as shall be stipulated in the mortgage, the policy to be payable in case of loss to the savings bank, and to be deposited with it.

(6) A loan may be made on real estate which is to be improved by a building or buildings to be constructed with the proceeds of such loan if it is arranged that such proceeds will be used for that purpose and that when so used the property will be improved to the extent required by this section. However, where loans are made for the construction of a building, the bank shall require sufficient guarantee from the contractor or builder for faithful performance and for the completion of such building within the estimates or the contract price of such construction. Further, moneys advanced on construction loans under this subsection shall be made from time to time during construction upon a certificate of estimates to be furnished by the architect or the superintendent in charge of such construction.

(7) Not more than 75 percent of the assets of any savings bank shall be invested in mortgage loans, subject, however, to the limitation prescribed in ORS 716.500.

(8) No mortgage loan or renewal or extension thereof shall be made, except upon written application showing the date, name of applicant, amount of loan requested and the security offered, nor except upon the written report of at least two members of the board of investment of the bank certifying on such application, according to their best judgment, the value of the property to be mortgaged and recommending the loan, and the application and written report thereon shall be filed and preserved with the savings bank records.

(9) Every mortgage and deed of trust and every assignment of a mortgage taken or held by a savings bank shall be taken and held in its own name and immediately shall be recorded in the office of the proper officer of the county in which the mortgage property is located.

(10) The purchase of a bona fide contract covering a sale of real estate constitutes a loan on real estate within the meaning of this section. The appraised value of real estate covered by the contract shall be determined as of the date of the purchase of the contract. Any savings bank may acquire such contracts if all other requirements of this section are satisfied

[Amended by 1959 c 185 §13, 1961 c 277 §1]

716.480 Purchase of notes secured by real estate from third persons. The power of a mutual savings bank to invest its funds in notes or bonds secured by real estate mortgages or deeds of trust, as provided in ORS 716.470, includes the power to take and hold by purchase and assignment from third persons such notes, bonds, mortgages and deeds of trust as are otherwise eligible for investment under ORS 716.470.

716.490 When real estate mortgage is deemed a first mortgage and lien. A real estate mortgage is deemed a first mortgage and lien within the meaning of ORS 716.410 to 716.575, notwithstanding that at the time such mortgage is taken the real estate mortgaged thereby is subject to a lease or leases, or to nondelinquent taxes, city liens or other special assessments, or all such encumbrances; provided, in case of such lease or leases, two members of the board of investment of the bank acting as appraisers of the real estate deem the lease or leases advantageous to the owner of the real estate, and such mortgage expressly pledges the rents and profits of the real estate to the mortgagee; and provided, in case of nondelinquent taxes, city liens or other special assessments, or all thereof, the total sum thereof added to the amount of the loan shall not exceed the limits specified in ORS 716.470.

716.500 Limitations on single loans on real estate. No single loan on real estate shall exceed $10,000 until deposits exceed $1 million. When deposits exceed $1 million but do not exceed $2 million, no single loan on real estate shall exceed two and one-half percent of the deposits. When deposits exceed $2 million, no single loan on real estate shall exceed two percent of the bank's deposit liability.

716.510 Investments in real estate. A savings bank may invest the funds mentioned in ORS 716.410 in real estate as follows:

(1) A tract of land whereon there is or may be erected a building or buildings suitable for the convenient transaction of the business of the savings bank, from portions of which not required for its own use a revenue may be derived. The investment in such

tract of land is subject to the conditions prescribed in ORS 716.630.

(2) Such as shall be conveyed to the savings bank in satisfaction of debts previously contracted in the course of its business.

(3) Such as it shall purchase at sales under judgments, decrees or mortgages held by it.

716.520 Investments in banker's acceptances and bills of exchange. (1) A savings bank may invest the funds mentioned in ORS 716.410 in acceptances of the kind and character following:

(a) Bankers' acceptances and bills of exchange of the kind and maturities made eligible by law for rediscount with Federal Reserve Banks, provided they are accepted by a bank or trust company incorporated under the laws of this state, or under the laws of the United States.

(b) Bills of exchange drawn by the seller on the purchaser of goods and accepted by such purchaser, provided they are of the kind and maturities made eligible by law for rediscount with Federal Reserve Banks and provided they are indorsed by a national bank or by a bank or trust company incorporated under the laws of this state.

(2) Not more than 20 percent of the assets of any mutual savings bank shall be invested in the acceptances mentioned in subsection (1) of this section. Not more than five percent of the aggregate credited to the depositors of any mutual savings bank shall be invested in the acceptances of or deposited with a bank or trust company or a national bank of which a director of such mutual savings bank is a director. The aggregate amount of the liability of any bank or trust company or any national bank to any mutual savings bank, whether as principal or indorser, for acceptances held by such savings bank and deposits made with it, shall not exceed 25 percent of the paid-up capital and surplus of such bank or trust company or national bank.

716.530 Investments in corporate first mortgage bonds. A savings bank may invest the funds mentioned in ORS 716.410 in the first mortgage bonds of any corporation incorporated under the laws of and operating in any state of the United States, where the property securing the bonds has a value of at least twice the amount of the total authorized issue of the particular bonds purchased, and where the income of the corporation for the three years last preceding the investment has been sufficient to pay all the operating expenses, fixed charges, depreciation, taxes, assessments and the amount of interest on all such first mortgage bonds and obligations, including either interest or dividends on its preferred stock outstanding. However, not more than five percent of the total savings deposits shall be invested in any such bonds of any one corporation. Further, the aggregate investment in first mortgages and first mortgage bonds shall not exceed 75 percent of the total assets of any mutual savings bank.

716.540 Investments in obligations of International Bank for Reconstruction and Development. A savings bank may invest the funds mentioned in ORS 716.410 in obligations issued or guaranteed by the International Bank for Reconstruction and Development. Not more than five percent of the funds of a savings bank shall be invested under this section.
[1959 c 185 §2]

716.545 Investments in bonds of Dominion of Canada. A savings bank may invest the funds mentioned in ORS 716.410 in bonds of the Dominion of Canada for which the faith of the Dominion of Canada is pledged if the interest and principal is payable in the United States, or with exchange to a city in the United States, in lawful money of the United States or its equivalent
[1959 c 185 §3]

716.550 Investments in state bonds. A savings bank may invest the funds mentioned in ORS 716.410 in bonds of any state of the United States.
[1959 c 185 §4]

716.555 Investments in obligations of political subdivisions and municipal corporations in Oregon. A savings bank may invest the funds mentioned in ORS 716.410 in valid bonds or warrants of any city, county, school district, port district, water district or other municipal corporation in the State of Oregon for which the faith of the issuing unit is pledged if taxes to pay the obligations are leviable on all taxable property within the territorial limits of the issuing unit.
[1959 c 185 §5]

716.560 Investments in bonds of cities, counties and school districts in California, Idaho and Washington. (1) A savings bank may invest the funds mentioned in ORS

716.410 in the bonds of any city with a population exceeding 3,000, according to the latest federal decennial census, or of a county or school district, located in the States of California, Idaho and Washington, for which the faith of the issuing unit is pledged if:

(a) In the case of bonds issued by a county, the indebtedness of the county, less its sinking fund, does not exceed seven percent of its assessed valuation.

(b) In the case of bonds issued by a city or school district, the indebtedness of the city or school district, less its water debt and sinking fund, does not exceed 12 percent of its assessed valuation. In computing the indebtedness of a city or school district, there shall be included the indebtedness of any district, municipal corporation or subdivision, except a county, that is wholly or in part included within the city or school district.

(2) Not more than 10 percent of the funds of a savings bank shall be invested under this section.

[1959 c 185 §6]

716.565 Investments in bonds of counties, cities and school districts. A savings bank may invest the funds mentioned in ORS 716.410 in the bonds of any county, city or school district in any city in the United States, for which the faith of the issuing unit is pledged, if all of the following conditions are satisfied:

(1) The population of the issuing unit exceeds 45,000, according to the latest federal decennial census.

(2) The issuing unit has power to levy taxes to pay the bonds, without limitation on rate or amount.

(3) In the case of bonds issued by a county, the indebtedness of the county, less its sinking fund, does not exceed seven percent of its assessed valuation.

(4) In the case of bonds issued by a city or school district, the indebtedness of the city or school district, less its water debt and sinking fund, does not exceed 12 percent of its assessed valuation. In computing the indebtedness of a city or school district there shall be included the indebtedness of any district, municipal corporation or subdivision, except a county, that is wholly or in part included within the city or school district.

(5) Subsections (1) and (4) of this section do not apply to a county, city or school district that has:

(a) A population exceeding 150,000, according to the latest federal decennial census;

(b) Taxable real property with an assessed valuation exceeding $200 million; and

(c) Power to levy taxes to pay the bonds, without limitation on rate or amount.

(6) Not more than 10 percent of the funds of a savings bank shall be invested under this section.

[1959 c 185 §7]

716.570 Investments in city water or electric revenue bonds. (1) A savings bank may invest the funds mentioned in ORS 716.410 in the water or electric revenue bonds of any city in the United States, if both of the following conditions are satisfied:

(a) The population of the city exceeds 45,000, according to the latest federal decennial census.

(b) The entire revenue of the city's water or electric system, less maintenance and operating costs, is irrevocably pledged to pay the bonds.

(2) Not more than five percent of the funds of a savings bank shall be invested under this section

[1959 c 185 §8]

716.575 Limitations on investments under ORS 716.550 to 716.570. The investments authorized by ORS 716.550 to 716.570 are subject to the following limitations:

(1) That the bond, note or warrant complies with the constitution and laws of the state where it was issued.

(2) That there has been no default in payment of either principal or interest on any of the obligations of the issuing state, county, district, city or other municipal corporation for a period of 10 years immediately before the investment.

(3) That irrigation or drainage bonds issued under the laws of this or any other state are not eligible for investment under ORS 716 550 to 716 570.

[1959 c 185 §9]

716.580 to 716.600 [Reserved for expansion]

POWERS, DUTIES AND REGULATION OF MUTUAL SAVINGS BANKS

716.610 Powers. Every mutual savings bank incorporated under this chapter shall have, subject to the restrictions and limitations contained in this chapter, the following powers:

(1) To receive deposits of money, to invest the same in the property and securities prescribed in this chapter, to declare dividends in the manner prescribed in this chapter, and to exercise by its board of directors or duly authorized officers or agents, subject to law, all such incidental powers as shall be necessary to carry on the business of mutual savings banks.

(2) To issue transferable certificates showing the amounts contributed by any incorporator or director to the guaranty or expense fund, respectively, of the bank. Every such certificate shall show that it does not constitute a liability of the mutual savings bank, except as otherwise provided in this chapter; provided, that no certificate shall be transferred by any incorporator or director until the written consent therefor from the Superintendent of Banks has first been obtained.

(3) To purchase, hold and convey and to hypothecate, pledge, escrow and mortgage real property as prescribed in ORS 716.410 to 716.575.

(4) To pay depositors as provided in this chapter, and when requested by them, by drafts upon deposits to the credit of the savings bank in any city in the United States, and to charge current rates of exchange for such drafts.

(5) To borrow money for any temporary purpose which shall not exceed its guaranty fund and undivided profits, and to pledge and hypothecate securities not exceeding 25 percent in excess of the amount borrowed, without the written consent of the Superintendent of Banks; but any amount borrowed in excess of the guaranty fund and undivided profits must first be approved in writing by the Superintendent of Banks. No excess loan made to a mutual savings bank shall be invalid or illegal as to the lender even though made without the consent of the Superintendent of Banks.

(6) To collect or protest promissory notes or bills of exchange owned by such bank or held by it as collateral, and to charge the usual rates or fees for such collection and remittance, or such protest.

(7) To sell gold or silver received in payment of interest or principal of obligations owned by the mutual savings bank, or from depositors in the ordinary course of business.

(8) To become a member of the Federal Reserve Bank of the district in which the mutual savings bank may be located.

(9) To elect or appoint in such manner as it may determine all necessary or proper officers, agents, boards and committees, to fix their compensation, subject to the provisions of this chapter, and to define their powers and duties and to remove them at will.

(10) To make and amend bylaws consistent with law for the management of its property and the conduct of its business.

(11) To wind up and liquidate, or reorganize, its business in accordance with this chapter.

(12) To adopt and use a common seal and to alter it at pleasure.

(13) To make donation for charitable, scientific or educational purposes.

(14) To do all other acts and things which may be requisite, necessary or convenient in carrying out the objects of a mutual savings bank, or exercising the powers conferred upon it, as set out in this chapter, and sue and be sued, implead and be impleaded in all actions, suits or proceedings brought by or against it.

[Amended by 1955 c 690 §1, 1957 c 167 §1]

716.620 Prohibited transactions and acts. (1) A savings bank shall not purchase, deal or trade in any goods, wares, merchandise or commodities whatsoever except such personal property as may be necessary for the transaction of its authorized business.

(2) A savings bank shall not, nor shall any officer thereof in his attendance upon the business of such bank, in any manner buy or sell exchange on other banks or bankers nor buy or sell gold or silver except as expressly authorized in this chapter.

(3) A savings bank shall not:

(a) Borrow money or pledge or hypothecate any of its securities as collateral for the repayment of money borrowed except with the written approval of the Superintendent of Banks, and in pursuance of a resolution adopted by a vote of the majority of its board of directors duly entered upon its minutes whereon shall be recorded by ayes and noes the vote of each director, a certified copy of such minutes being filed with the superintendent. However, nothing in this section shall be construed to restrict the authority of the bank to rediscount its paper with the Federal Reserve Bank. Further, the bank may, for the purpose of performing its functions and transacting its

business, as authorized by this chapter, rediscount, with or without guarantee or indorsement, its acceptances, notes or any other securities available or eligible for rediscount in any amount up to, but not exceeding, 10 percent of its assets without the consent of the superintendent, and these rediscounts shall not be considered borrowed money within the meaning of this chapter.

(b) Make or issue any certificate of deposit payable either on demand or at a fixed date.

716.630 Real estate held for use as place of business; disposition of other real estate acquired. The cost of the land and buildings for the transaction of the business of a mutual savings bank shall in no case exceed 25 percent of the guaranty fund of the savings bank, except with the approval of the superintendent. Before the purchase of such property is made, or the erection of a building is commenced, the estimate of the cost thereof and completion of the building shall be submitted to and approved by the superintendent. All real estate purchased by any mutual savings bank, or taken by it in satisfaction of debts due it, shall be conveyed to it directly by name, and the conveyance shall be immediately recorded in the office of the proper recording officer of the county in which the real estate is located. Every parcel of real estate purchased or acquired by any mutual savings bank shall be sold by it within five years from the date on which it was acquired, the time of acquisition in the case of real estate subject to redemption being understood to be the date on which the right of redemption expires, unless:

(1) There is a building thereon occupied by the savings bank as its offices; or

(2) The superintendent on application of the board of directors extends the time within which such sale shall be made.

716.640 Place of business. (1) A savings bank shall not do business or be located in the same room with, or in a room connecting with, any other bank, trust company or national banking association.

(2) No savings bank or any officer or director shall receive deposits nor transact any of its usual business at any place other than its principal place of business or a branch thereof.

[Amended by 1957 c.161 §3]

716.645 Branch offices. (1) No mutual savings bank organized under the laws of 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 superintendent. Any mutual savings bank organized under the laws of this state and having a guaranty fund of $500,000 or more may apply to the superintendent for a permit to establish a branch office and upon the filing of such application the same shall be investigated and examined in like manner as is required by ORS 716.080 in the case of an application for an original charter. If the superintendent grants the application, he shall issue to the applicant a certificate to that effect, and if the commissioner is unwilling to grant permission, he shall notify the applicant in writing of his refusal. The applicant shall have the same right of appeal from the decision of the superintendent as is described in ORS 716.090. No application shall be granted for the establishment of a branch office at a location which would not be approved for a new mutual savings bank.

(2) At the time of filing any application for a permit to establish a branch office the applicant shall pay to the superintendent $50 for filing such application. No part of this fee shall be refunded in case the application is rejected.

[1957 c 161 §2]

716.650 Procedure for change in location of business. Any savings bank may make a written application to the superintendent for leave to change its place of business to another place in the same county. The application shall state the reasons for the proposed change, and shall be signed and acknowledged by a majority of its board of directors. If the proposed place of business is within the limits of the town or city in which the present place of business of the savings bank is located, the change may be made upon the written approval of the superintendent. If the change is beyond such limits, notice of intention to make such application, signed by two principal officers of the savings bank, shall be published once a week for two successive weeks immediately preceding the application in a daily newspaper published in the City of Salem and shall be published in like manner in a newspaper to be designated by the superintendent, published in the county in which the present place of business of the savings

bank is located. If the superintendent grants his certificate authorizing the change of location, which in his discretion he may do, the savings bank shall cause the certificate to be published once in each week for two successive weeks in the newspapers in which notice of application was published. When the requirements of this section have been fully complied with, the savings bank may, upon or after the day specified in the certificate, remove its property and effects to the location designated therein, and thereafter its principal place of business shall be the location so specified, and it shall have all the rights and powers in the new location which it possessed at its former location.

716.660 Closing on Saturdays. Any mutual savings bank doing business in this state, may remain closed on Saturdays with respect to all or any of its banking and other functions. When any obligation payable at, by or through a mutual savings bank falls due on a Saturday on which such mutual savings bank remains closed with respect to all or any of its functions, it shall be due and payable on the next succeeding business day. Any act authorized, required or permitted to be performed at, by or with respect to any such mutual savings bank 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.
[Amended by 1961 c 57 §2]

716.670 Deposit of funds in other banks. No mutual savings bank shall deposit any of its funds with any other banking corporation unless the latter has first been approved by the Superintendent of Banks and has been designated as a depository for the savings bank's funds by a vote of a majority of the directors of the savings bank, exclusive of any director who is an officer, director or trustee of the depository so designated.

716.680 Bookkeeping requirements for savings banks. (1) No mutual savings bank shall by any system of accounting or any device of bookkeeping, directly or indirectly, enter any of its assets upon its books in the name of any other individual, partnership, unincorporated association or corporation or under any title or designation that is not in accordance with the actual facts.

(2) The bonds, notes, mortgages or other interest-bearing obligations purchased or acquired by a savings bank shall not be entered on its books at more than the actual cost thereof, and shall not thereafter be carried upon its books for a longer period than until the next declaration of dividends, or in any event for more than one year at a valuation exceeding their present value as determined by amortization; that is, by deducting from the cost of any such security purchased for a sum in excess of the amount payable thereon at maturity and charging to the profit and loss account a sufficient sum to bring it to par at maturity, or adding to the cost of any such security purchased at less than the amount payable thereon at maturity and crediting to the profit and loss account a sufficient sum to bring it to par at maturity.

(3) No mutual savings bank shall enter or at any time carry on its books the real estate and the buildings thereon used by it as its place of business at a valuation exceeding their actual cost to the bank.

(4) Every mutual savings bank shall conform its methods of keeping its books and records to such orders in respect thereof as shall have been made and promulgated by the superintendent. Any officer, agent or employe of any savings bank who refuses or neglects to obey any such order shall be punished as provided in ORS 716.990.

716.690 [Repealed by 1957 c.168 §2]

716.695 Limitation on amount of deposit of individual, corporation or society. Every mutual savings bank may, subject to the approval of the Superintendent of Banks, limit the aggregate amount which an individual or any corporation or society may have to his or its credit to such sum as such bank may deem expedient to receive, and may, in its discretion, refuse to receive a deposit, or may at any time return all or any part of any deposits or require the withdrawal of any dividend
[1957 c 168 §1]

716.700 [Repealed by 1957 c 168 §2]

716.710 Rules governing repayment of deposits. (1) The sums deposited with any mutual savings bank, together with any dividends credited thereto, shall be repaid to the depositors thereof, respectively, or to their legal representatives, after demand, in such manner and at such times and under such regulations as the board of directors shall prescribe, subject to the provisions of this section and ORS 716.720 to 716.750.

Such regulations shall be posted in a conspicuous place in the room where the business of the savings bank is transacted, and shall be printed in the pass books or other evidence of deposit furnished by it, and shall be evidence between the bank and the depositors holding the same of the terms upon which the deposits therein acknowledged are made. However, any regulations, rules or bylaws prescribed by the board of directors shall be subject to approval by the superintendent.

(2) Such bank may at any time by a resolution of its board of directors require a notice of not more than six months before paying deposits, in which event no deposit shall be due or payable until the required notice of intention to withdraw the deposit has been personally given by the depositor. However, a savings bank at its option may pay any deposit before the expiration of such notice, but no bank shall agree with its depositors or any of them in advance to waive the requirement of notice as provided in this section.

716.720 Production of pass book upon payment of dividends or deposits; loss of pass book. (1) Except as provided in subsections (2) and (3) of this section, the savings bank shall not pay any dividend, or deposit, or portion thereof, or any check drawn upon it by a depositor unless the pass book of the depositor is produced, and the proper entry is made therein at the time of the payment

(2) Where no pass book has been issued to the depositor, the savings bank shall pay a dividend, or deposit, or portion thereof, only to the depositor himself and not to any other person, whether or not acting for the depositor, except for good cause and on assurance satisfactory to the officers of the savings bank.

(3) The board of directors of any mutual savings bank may by its bylaws provide for making payments in cases of loss of the pass book, or other exceptional cases where the pass book cannot be produced without loss or serious inconvenience to depositors, or where payment to the depositor himself cannot be made without loss or serious inconvenience to the depositor, the right to make such payments to cease when so directed by the Superintendent of Banks upon his being satisfied that such right is being improperly exercised by any savings bank. However, payments may be made at any time upon the judgment or order of a court.

[Amended by 1961 c.96 §2]

716.730 Disposition of deposit under $300 on death of depositor. If any person dies leaving in any mutual savings bank an account on which the balance due him does not exceed $300 and no executor or administrator of his estate is appointed, the bank may, in its discretion, pay the balance of his account to his widow, or, if the decedent was a married woman, then to her husband, next of kin, funeral director or other creditor who may appear entitled thereto. As a condition of such payment, the bank may require proof by affidavit as to the parties in interest, the filing of proper waivers, the execution of a bond of indemnity with surety by the person to whom the payment is to be made, and a proper receipt and acquittance for the payment. For any such payment, made in good faith, pursuant to this section, the bank is not liable to the decedent's executor or administrator thereafter appointed, unless the payment was made within six months after the decedent's death, and an action to recover the amount is commenced within six months after the date of payment.

716.740 Deposits in name of minor. When any deposit is made by or in the name of any minor, it shall be held for the exclusive right and benefit of such minor, and free from the control or lien of all other persons, except legal creditors, and shall be paid, together with dividends thereon, to the person in whose name the deposit was made, and his receipt or acquittance shall be a valid discharge.

716.750 Joint deposits. After any deposit is made by any person in the names of such depositor and another person, and in form to be paid to either or the survivor of them, such deposit and any additions thereto made by either of such persons after the making thereof shall become the property of such persons as joint tenants, and the deposit, together with all dividends thereon, shall be held for the exclusive use of such persons and may be paid to either during the lifetime of both or to the survivor after the death of one of them. Such payment, and the receipt or acquittance of the one to whom payment is made, is a valid and sufficient release and discharge

to the savings bank for all payments made on account of such deposit prior to the receipt by the savings bank of notice in writing not to pay such deposit in accordance with the terms thereof. The making of the deposit in such form shall, in the absence of fraud or undue influence, be conclusive evidence, in any action or proceeding to which either the savings bank or the surviving depositor is a party, of the intention of both depositors to vest title to the deposit and the additions thereto in such survivor.

716.760 Investment of funds. (1) The directors of every saving bank shall, as soon as practicable, invest the moneys deposited with them in the securities prescribed in ORS 716.410 to 716.575, except that for the purpose of paying withdrawals in excess of receipts, and meeting accruing expenses, or for the purpose of awaiting a more favorable opportunity for judicious investment, any such bank must keep on hand, or on deposit in any bank or trust company organized under any law of this state, or of the United States, or in any foreign bank doing a general banking business in this state, approved by the Superintendent of Banks, subject to withdrawal upon demand, an available reserve fund of not less than five percent of the aggregate amount credited to its depositors but two-fifths of this reserve fund may be invested in obligations of the United States or bonds of the State of Oregon or any county, school district or other municipal corporation of this state, if such obligations or bonds mature within five years from the date of purchase.

(2) The sum deposited by any savings bank in any one bank or trust company shall not exceed 25 percent of the paid-up capital and surplus of the bank or trust company in which the deposit is made, and no more than five percent of the aggregate amount credited to the depositors of any savings bank shall be deposited in a bank or trust company of which a director of such savings bank is a director.

[Amended by 1953 c 86 §2]

716.770 Moneys constituting guaranty fund. The contributions of the incorporators or directors of any savings bank under ORS 716.060 and the sum credited thereto from its net earnings under ORS 716.780 shall constitute a guaranty fund for the security of its depositors. The guaranty fund shall be held to meet any contingency or loss in its business from depreciation of its securities or otherwise, and for no other purpose except as provided in ORS 716.800 and subsection (5) of ORS 716.830.

716.780 Crediting portion of net earnings to guaranty fund. If at the close of any dividend period the guaranty fund of any savings bank is impaired or shall be less than 10 percent of the amount due to depositors there shall be deducted from its net earnings for such period and credited to its guaranty fund a sum not less than five percent of its net earnings during that period, if such deduction will not compel it to reduce its dividends to depositors below the rate of one percent per annum. The amount of net earnings remaining after such deduction for the guaranty fund and its undivided profits shall be available for the declaration of dividends for such period. If the guaranty fund accumulated from earnings equals or exceeds 10 percent of the amount due depositors, the minimum dividend shall be four percent, provided the net earnings for such period are sufficient therefor.

716.790 Computation of guaranty fund. (1) To determine the amount of a guaranty fund of a savings bank, its total liabilities due and accrued, its undivided profits and its net earnings since the last declaration of dividends shall be subtracted from its total assets. The value of its assets for the purpose of this calculation shall be found as follows:

(a) Its securities, or other evidences of indebtedness or other interest-bearing obligations shall not be valued above or different from the method prescribed in subsection (2) of ORS 716.680 for asset purposes.

(b) The value of its real estate shall not in any event be estimated above cost, but if such real estate has been acquired by foreclosure, judgment or decree at more than its actual cash value, the value of such real estate so acquired shall not be estimated above its actual cash value as determined by written appraisal signed by at least three directors of the savings bank and filed with it.

(c) Such assets shall be excluded as have been disallowed by the Superintendent of Banks or the directors of the bank and also any debts owing to it which have remained due without prosecution and upon which no interest has been paid for more

than one year, or on which a judgment has been recovered which has remained unsatisfied for more than two years, unless the superintendent, upon application by the savings bank, has fixed a valuation at which such debts may be carried as an asset, or unless such debts are secured by first mortgage upon real estate, in which latter case they must be carried at the actual cash value of the real estate as determined by written appraisal signed by at least three directors of the savings bank and filed with it, not exceeding, however, the debt secured thereby.

(2) In the computation of losses, all items shall be included which have been disallowed by its board of directors or by the superintendent, together with any depreciation fixed by the superintendent in the value of its securities below their actual cost, and all debts owing to it upon which no interest has been paid for one year or on has remained unsatisfied for two years, unless the superintendent, upon the application of the savings bank, has fixed a value at which such debts may be allowed or unless such debts are secured by first mortgage on real estate, in either of which events only the amount by which such debts exceed the value allowed by the superintendent, which a judgment has been recovered which or the cash value of the real estate securing them as determined by written appraisal signed by at least three directors of the savings bank and filed with it, need be so deducted.

716.800 Repayment of contributions made to expense fund and guaranty fund. (1) Contributions made by the incorporators or directors to the expense fund may be repaid pro rata to the contributors from that portion of the guaranty fund created from earnings whenever such payments will not reduce the guaranty fund below 10 percent of the total amount due depositors. In case of the liquidation of the savings bank before the contributions to the expense fund have been repaid, any contributions to the expense fund remaining unexpended after the payment of the expenses of liquidation and the payment to depositors in full may be repaid to the contributors pro rata.

(2) Whenever the contributions of the incorporators or directors to the expense fund of the savings bank have been returned to them, the contributions made to the guaranty fund by incorporators or directors may be returned to them pro rata from that portion of the guaranty fund created from the earnings of the savings bank, if such repayments will not reduce the earned portion of the guaranty fund below 10 percent of the amount due depositors. In case of liquidation of the savings bank before such contributions to the guaranty fund have been repaid, any portion of such contributions not needed for the payment of the expenses of liquidation, and the payment of depositors in full, and the repayment of contributions to the expense fund, may be repaid to the contributors pro rata.

(3) The board of directors may create a fund to be known as the guarantor's reimbursement fund, into which may be paid one percent of the net earnings at the close of any dividend period, provided this can be done without reducing the dividend rate below one percent per annum. This fund shall be permitted to accumulate until it is equal to the amount contributed by the incorporators to the guaranty and expense funds, whereupon the guarantor's reimbursement fund shall be used to repay the incorporators the amounts contributed by them to the guaranty and expense funds. However, no payments shall be made from the guarantor's reimbursement fund until that portion of the guaranty fund created from earnings amounts to at least $15,000.

716.810 Computation of gross earnings. To determine the amount of gross earnings of a mutual savings bank during any dividend period the following items may be included:

(1) All earnings actually received during such period, less interest accrued and unpaid included in the last previous calculation of earnings.

(2) Interest accrued and collected upon debts owing to it secured by collateral as authorized by this chapter, upon which there has been no default for more than one year, and upon corporate bonds, or other interest-bearing obligations owned by it upon which there is no default.

(3) The sums added to the cost of securities purchased for less than par as a result of amortization when authorized by the Superintendent of Banks.

(4) Any profits actually received during the dividend period from the sale of securities, real estate or other property owned by it.

716.820 Computation of net earnings. The net earnings of a mutual savings bank for any dividend period is the balance obtained after deducting from the gross earnings for that period, the following items:

(1) All expenses paid or incurred, both ordinary and extraordinary, in the transaction of its business, the collection of its debts and the management of its affairs, less expenses incurred and interest accrued upon its debts deducted at the last previous calculation of net earnings for dividend purposes.

(2) Interest paid or accrued and unpaid upon debts owing by it.

(3) The amounts deducted through amortization from the costs of bonds or other interest-bearing obligations purchased above par in order to bring them to par at maturity.

(4) Any other losses that may have been sustained by it through depreciation of assets or otherwise.

716.830 Payment of dividends; classification of depositors; dividend payments upon guaranty fund contributions; extra dividends; notice of change of rate. (1) Every savings bank shall regulate the rate of dividends not to exceed six percent per annum upon the amounts to the credit of depositors therewith, in such manner that depositors shall receive as nearly as may be all the earnings of the savings bank after transferring the amount required by ORS 716.780 and such further amounts as its directors may deem expedient and for the security of the depositors to transfer to the guaranty fund, which to the amount of 10 percent of the amount due its depositors the directors shall gradually accumulate and hold. The directors may also deduct from its net earnings, and carry as undivided profits for the purpose of maintaining its rate of dividends, such additional sums as they may deem wise.

(2) Every savings bank may classify its depositors according to the character, amount or duration of their dealings with the savings bank, and may regulate the extra dividends referred to in subsection (5) of this section in such manner that each depositor shall receive the same ratable portion of dividends as all others of his class.

(3) Unimpaired contributions to the initial guaranty fund and to the expense fund, made by the incorporators or directors of the savings bank, shall be entitled to have dividends apportioned thereon, which may be credited and paid to the incorporators or directors. Whenever the guaranty fund of any savings bank is sufficiently large to permit the return of such contributions, the contributors may receive dividends thereon not exceeding the rate paid to depositors.

(4) A savings bank shall not:

(a) Declare, credit or pay any dividend except as authorized by a vote of a majority of the board of directors duly entered upon its minutes, whereon shall be recorded the ayes and noes upon each vote.

(b) Pay any dividend other than the regular quarterly or semiannual dividend, or the extra dividend prescribed in subsection (5) of this section.

(c) Declare, credit or pay dividends on any amount to the credit of a depositor for a longer period than it has been credited; but deposits made not later than the tenth business day of any month, or withdrawn upon one of the last three business days of the month ending any quarterly or semiannual dividend period, may have dividends declared upon them for the whole of the period or month when they were so deposited or withdrawn. Moreover, if the bylaws so provide, accounts closed between dividend periods may be credited with dividends at the rate of the last dividend, computed from the last dividend period to the date when closed.

(5) The directors of any savings bank whose undivided profits, surplus and guaranty fund, determined in the manner prescribed in ORS 716.810 and 716.820, amount to more than 25 percent of the amount due its depositors, shall at least once in three years divide equitably the accumulation beyond such 25 percent as an extra dividend to depositors in excess of the regular dividend authorized.

(6) A notice posted in a savings bank of a change in the rate of dividends shall be equivalent to a personal notice.

716.840 Liability of directors voting improper dividend. Whenever any dividend shall, except as provided in subsection (5) of ORS 716.830, be declared and credited in excess of profits earned together with surplus and undivided profits since the last declaration of dividends and appearing to the credit of the savings bank, after making the deduction for expenses, for amortization and for the guaranty fund as provided

in ORS 716.680, 716.780 and 716.830, the directors voting for such dividend shall be jointly and severally liable to such savings bank for the amount of such excess so declared and credited.

716.850 False advertising of surplus or guaranty fund prohibited. No savings bank shall put forth any sign or notice or publish or circulate any advertisement or advertising literature in which it is stated that the savings bank has a surplus or guaranty fund in excess of its value, as determined under this chapter, unless the nature of the excess is clearly made to appear.

716.860 Limitation on management expenses. No savings bank shall, in the course of any fiscal year, which fiscal year shall be deemed to expire on December 31 in each year, pay or become liable to pay, either directly or indirectly, more than two and one-half percent of its average assets during that year for expenses of management and operation.

716.870 Reports and examinations of savings banks. (1) The Superintendent of Banks shall call upon each mutual savings bank under his supervision for not less than three reports each year, according to the form which he shall prescribe and furnish for that purpose. These reports shall call for the condition of the mutual savings banks at the close of business on the same days on which reports are required from national banking associations by the Comptroller of the Currency. These reports shall be sworn to by an owner or an executive officer of the mutual savings bank making the reports and attested by not less than two directors of the mutual savings bank, and shall exhibit in detail, and under appropriate heads, the total liabilities and resources of such mutual savings bank at the close of business on the day specified. These reports shall be transmitted to the superintendent within 10 days after receipt of the request therefor, and shall be published according to the form prescribed by the superintendent in a newspaper of general circulation in the city, town or county in which the mutual savings bank is located, within 10 days from the receipt of call for the report. Proof of publication shall be furnished the superintendent by each mutual savings bank, within 10 days from the date of publication thereof.

(2) Every savings bank also shall make such other special reports to the superintendent as he may require, which shall be in such form and filed at such date as may be prescribed by the superintendent and shall, if required by him, be verified, in such manner as he may prescribe.

(3) If any savings bank fails to make any report mentioned by this section, on or before the day designated for the making thereof, or fails to include therein any matter required by the superintendent to be stated, such savings bank shall forfeit to the state the sum of $25 for every day that the report is delayed or withheld, and for every day it fails to report any such omitted matter, unless the time therefor is extended by the superintendent, which extension he may grant, by a written order only, for not exceeding 20 days.

(4) The superintendent shall collect fees from each mutual savings bank for each examination or special examination thereof, at the time of examination, according to the schedule prescribed by ORS 706.530. The guaranty fund, undivided profits and surplus shall be deemed the capital stock of the mutual savings bank for the purpose of computing the examination fees.

716.880 Verification of books of deposit. Within two years after organization, and at least each third year thereafter, every savings bank shall call in the books of deposit for verification under rules to be prescribed by its bylaws.

716.890 Copies of records as competent evidence. Copies from the records, books and accounts of a mutual savings bank shall be competent evidence in all cases, equal with originals thereof, if there is annexed to such copies an affidavit taken before a notary public or clerk of a court, under seal, stating that the affiant is the officer of the bank having charge of the original records, and that the copy is true and correct and is full so far as it relates to the subject matter therein mentioned.

716.900 Voluntary dissolution of savings banks. If the directors of any solvent mutual savings bank consider it necessary or expedient to close the business of the bank, they may, after first obtaining the written consent of the Superintendent of Banks, and he may, if he deems it advisable, before granting such request, make or cause to be made a special examination of the condition

and affairs of the bank, by affirmative vote of not less than two-thirds of the whole number of directors, at a meeting called for that purpose, of which one month's notice has been given, either personally or by mailing the notice to the postoffice address of each director, declare by resolution their determination to close the business and pay the moneys due depositors and creditors and to surrender the corporate franchise. Subject to the approval and under the direction of the superintendent, the savings bank may adopt any lawful plan for closing up its affairs, as nearly as may be in accordance with the original plan and object.

716.910 Disposition of unclaimed deposits, credits and moneys on dissolution; adjudication of dissolution. When the directors, acting under ORS 716.900, have paid the sums due, respectively, to all creditors and depositors, who after such notice as the superintendent prescribes, claim the money due and their deposits, the directors shall make a transcript or statement from the books in the bank of the names of all depositors and creditors who have not claimed or have not received the balance of the credit due them, and of the sums due them, respectively, and shall file such transcript with the superintendent and pay over and transfer all such unclaimed and unpaid deposits, credits and moneys to the superintendent. The directors shall then report their proceedings, duly verified, to the circuit court of the county wherein the bank was located, and upon such report and the petition of the directors, and after notice to the Attorney General and the superintendent, and such other notice as the court may deem necessary, the court shall adjudge the franchise surrendered, the directors discharged from liability thereafter to accrue, and the existence of the corporation terminated. Certified copies of this judgment shall be filed in the office of the superintendent and such county or state offices wherein the articles of incorporation of the bank may have been filed or recorded.

716.920 Reorganization or conversion into capital stock state bank. (1) The directors of any solvent mutual savings bank may adopt, by resolution passed by the affirmative vote of not less than two-thirds of the whole number of directors, at a meeting called for that purpose, upon the notice specified in ORS 716.900, a plan for the discontinuance of the bank as a mutual savings bank and for a continuance or carrying on of the business of banking through the reorganization or conversion of the savings bank, either with or without merger or consolidation with an existing state bank or other corporation, into a capital stock state bank organized pursuant to the laws of this state, under which the resulting state bank receives all the assets and assumes all the liabilities, including the deposit liability, of the savings bank, and in which the depositors of the savings bank are given an interest in the capital stock of the resulting state bank in exchange for their interest in the capital funds of the savings bank, with the right to any depositor, within 30 days following the mailing of notice to him, at his address as shown on the records of the savings bank, of such resolution and plan, to elect, by written notice given by him to the savings bank, to take, instead of said interest in the capital stock of the resulting state bank, payment in money for the liquidation value of his interest in the capital funds of the savings bank.

(2) After an examination of the condition and affairs of the savings bank and of any other bank or corporation involved in the plan and of the plan, together with such other examination or investigation as the superintendent deems advisable, if the superintendent believes that the adoption and carrying out of the plan would best serve the interests of the savings bank and its depositors, and if he approves the plan in writing, the plan may be lawfully carried out under his supervision and direction. After the plan is completed and consummated, the superintendent shall file, in his office and in such county or other offices where the articles of incorporation of the savings bank and any resulting capital stock state bank may have been recorded or filed, an appropriate certificate evidencing the same. Thereupon the corporate franchise of the savings bank shall be surrendered and canceled and its existence terminated and the directors thereof discharged from liability thereafter to accrue.

(3) A copy of the resolutions of the board of directors of the savings bank, with a copy of the plan proposed and a record

of all action and proceedings taken thereunder, shall be filed with the superintendent and maintained in his office
[1955 c 690 §3]

716.930 to 716.980 [Reserved for expansion]

PENALTIES

716.990 Penalties. Any violation of this chapter for which a penalty is not otherwise provided is punishable, upon conviction, as for a misdemeanor.

CERTIFICATE OF LEGISLATIVE COUNSEL

Pursuant to ORS 173 170, I, Sam R. Haley, Legislative Counsel, do hereby certify that I have compared each section printed in this chapter with the original section in the enrolled bill, and that the sections in this chapter are correct copies of the enrolled sections, with the exception of the changes in form permitted by ORS 173 160 and other changes specifically authorized by law.

Done at Salem, Oregon,
on December 1, 1961

Sam R. Haley
Legislative Counsel

CHAPTERS 717 TO 720

[Reserved for expansion]