# TITLE 54

# LOAN ASSOCIATIONS AND LENDING INSTITUTIONS

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## Chapter 721

### 1973 REPLACEMENT PART

## Savings and Loan Supervisor

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### CROSS REFERENCES

Credit health and credit life insurance, 743.561 to 743.588

**721.020**
Four-year limit on appointive offices, 236.140
Removal of officer or director of loan association by supervisor, 722.205

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

(1) "Commissioner" means the Corporation Commissioner.

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

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

**721.020 Savings and Loan Supervisor, appointment, compensation and duties; power over nonauthorized investments.** (1) The Corporation Commissioner shall appoint a Savings and Loan Supervisor, who shall have had, when appointed, at least three years of practical experience in savings and loan association employment, examination or supervision. His salary shall be fixed by the commissioner, approved by the Director of Commerce and paid out of the moneys available to the Corporation Division in the same manner and at the same time as other employes of the Corporation Division are paid. The supervisor shall enforce and assist the commissioner to enforce the provisions of this chapter and those parts of ORS chapter 722 not enforceable by others; and for such purpose he may employ with approval of the commissioner and subject to applicable provisions of the State Merit System Law, such deputies and assistants as may be necessary for the proper conduct of the business of his office.

(2) The supervisor may require any savings and loan association which has invested its funds in investments or loans not authorized by law to dispose of such investments or loans or to establish a reserve equal in amount to the book value of the investment or the unpaid balance of the loan.

(3) The supervisor shall devote his full time to service under this chapter and ORS chapter 722. He may be removed by the commissioner.

[Amended by 1961 c.280 §7; 1965 c.306 §1]

**721.030 Bonds of supervisor and assistants.** Before entering upon the duties of the office to which they have been appointed, the supervisor and his deputies and assistants shall each subscribe to an oath that he will faithfully and impartially discharge the duties of his office or position and shall furnish to the State of Oregon a surety bond in such amount as the commissioner may require, conditioned that the supervisor, deputies and assistants will faithfully and honestly discharge the duties of their respective office or position. The cost of the bond shall be charged to the state and paid from the moneys available to the Corporation Division.

[Amended by 1961 c.280 §8]

**721.040 Examinations by supervisor; report to commissioner.** (1) The supervisor shall annually, or oftener if he deems it advisable, either in person or through duly appointed representatives, make a balance sheet audit of every domestic or foreign savings and loan association doing business in this state. For that purpose he shall have the right of access to the offices and to all books and records of such association wherever they may be kept, and also shall have the right to require the officers, employes or agents of such association, or any person connected therewith, to answer under oath, which he or his duly appointed representative shall administer, any questions addressed to him pertinent and material to the business of such association.

(2) The supervisor shall make a report of his findings and file it in the office of the commissioner. The commissioner shall furnish a copy of or excerpts from such report to the association examined, and may, upon request of any such association, furnish a copy of or excerpts from such report to the Federal Home Loan Bank Board, Federal Home Loan Bank or other federal or state financial agency organized pursuant to the laws of the United States or of this state and authorized to loan to or otherwise act as a reserve agency for savings and loan associations. The supervisor shall include in his report any violation of law or any authorized or unsafe practices of the association disclosed by the examination.

[Amended by 1959 c.169 §1; 1971 c.757 §1]

**721.050** [Repealed by 1973 c.794 §34]

**721.060 Records to show assets, liabilities; hearing; review of determination.** (1) To facilitate the examination specified in ORS 721.040, the supervisor shall require each savings and loan association to keep its books in such form as to accurately and truthfully show all its assets and liabilities in detail and to keep a record in ink, showing the appraised values of the security held in connection with

each loan, and signed in each case by the appraiser, officer or committee charged with making such appraisals.

(2) The supervisor may recommend to the commissioner that any savings and loan association which he believes has either overstated its assets or understated its liabilities be required to establish specific reserves equal in amount to the overstatement of true assets or understatement of true liabilities, which specific reserves shall be either charged against assets or added to liabilities.

(3) Upon receiving recommendation of the supervisor, as provided in subsection (2) of this section, the commissioner shall give notice to the association of his intention to adopt the recommendation 30 days thereafter. If the association gives notice to the commissioner of its objection to the recommendation within the 30-day period, the commissioner shall stay his adoption of the recommendation and shall fix a date for and give written notice to the association of a hearing upon the recommendation. At the hearing, the association shall be entitled to be heard, either in person or in writing. Following the hearing, the commissioner, if he approves the recommendation, shall notify the association in writing of his determination.

(4) An association shall have 90 days from the date of notification by the commissioner within which to conform to the requirements of this section.

(5) Any association aggrieved by the determination of the commissioner made under subsection (3) of this section is entitled to have the determination reviewed in accordance with ORS chapter 183.

[Amended by 1971 c.757 §19]

**721.070 Prolonged audit by supervisor; expenses; audit by accountants.** (1) If, in the opinion of the supervisor, the examination mentioned in ORS 721.040 fails to disclose the true financial condition of any association, he shall have authority to make or cause to be made through duly appointed representatives, a prolonged audit, investigation and revaluation of all the assets of such association in order to ascertain its true financial condition.

(2) The supervisor shall collect from the association so examined all the actual and necessary expenses thereof.

(3) In any case in which an association employs a firm of public accountants to make a detailed audit of its books and accounts, the association shall furnish to the supervisor a copy in full of the findings of such accountants, and all statements and schedules prepared by them, with their comments and recommendations thereon. This audit and report shall be subject to the examination, approval or rejection, in whole or in part, by the supervisor.

[Amended by 1969 c.138 §3]

**721.080 Appraisal of property by supervisor.** The supervisor may make a revaluation of any real and personal property owned by any savings and loan association doing business in this state, and any of its securities. He may, for that purpose, appoint competent appraisers, who shall be disinterested persons, at the expense of such association. Each appraiser shall be required to make a sworn report to the supervisor of his estimated valuations of all property so examined and appraised.

[Amended by 1965 c.306 §2]

**721.090 Annual report to Corporation Commissioner by supervisor.** The supervisor shall annually make a report to the Corporation Commissioner of the general conduct and condition of all savings and loan associations doing business in this state, including the statement of condition contained in such savings and loan associations' June report. There shall be printed as many copies of such report as the supervisor may deem necessary. Such report may also contain a copy of this chapter and ORS chapter 722 with amendments and with any decisions or rulings which have been made regarding any section thereof.

[Amended by 1953 c.401 §11; 1971 c.757 §2]

**721.100 Removal of supervisor and commissioner for neglect of duty.** (1) If the supervisor, having knowledge of the impairment of capital, or of any violation of law, or unsafe practice of any savings and loan association, or any dishonest or misleading practice of any association officer, director or employe in the conduct of its business, such as renders the conduct of the association's business hazardous to its shareholders, creditors or the public welfare, shall fail to take the proper action required by this chapter and ORS chapter 722 or shall refuse to perform the official duties pertaining to his office, he shall forthwith be discharged by the commissioner and a successor shall be appointed by the commissioner to fill the unexpired term.

(2) If the commissioner has such knowledge and fails to take the action required of him by this chapter and ORS chapter 722 or, having knowledge of the failure or refusal of the supervisor to act, shall fail to declare his office vacant as required in this section, then, upon conviction thereof, the office of Corporation Commissioner shall thereupon be declared vacant by the Director of Commerce and a successor shall be appointed by him to fill the unexpired term.

**721.990 Penalties.** Violation of subsection (1) of ORS 721.050 is punishable, upon conviction, by removal from position or office and by a fine of not more than $500 or imprisonment in the county jail for not more than one year, or both fine and imprisonment.

**CERTIFICATE OF LEGISLATIVE COUNSEL**

Pursuant to ORS 173.170, I, Thomas G. Clifford, 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 November 1, 1973.

Thomas G. Clifford
Legislative Counsel