Chapter 716

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Mutual Savings Banks

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ORGANIZATION OF MUTUAL SAVINGS BANKS

716.010 [Repealed by 1973 c.797 §428]

716.020 Use of words "mutual savings" restricted. (1) A savings bank organized under the provisions of this chapter shall use the word "mutual" in its corporate name.

(2) A person shall not use the words "mutual savings" as part of a name under which business of any kind is transacted unless organized under this chapter. [Amended by 1973 c.797 §344]

716.024 Provisions of Bank Act applicable to savings banks and stock savings banks. (1) The provisions of ORS chapter 706 relating to financial institutions, the following sections in the Bank Act and any applicable penalties apply to savings banks: ORS 706.575, 707.005, 707.010, 707.110 (3) and (5), 707.170, 707.180, 707.242, 707.254, 707.258, 707.262, 707.266, 707.320, 707.330, 707.340, 707.430, 707.440, 707.612, 707.613, 707.642 to 707.646, 707.660, 707.670, 707.675, 707.700 to 707.730, 707.744 to 707.860, 708.025, 708.026, 708.088, 708.205 (2), 708.212, 708.215, 708.225, 708.250, 708.265, 708.272, 708.385, 708.395, 708.410, 708.415, 708.451, 708.480, 708.500 to 708.661, 708.715, 708.720, 708.980, 711.400 to 711.615, 711.620 to 711.670, 711.980 and 714.080.

(2) In addition to the statutes listed in subsection (1) of this section, to the extent applicable, the following provisions of the Bank Act apply to stock savings banks: ORS 707.200 to 707.240, 707.244 to 707.252, 707.256, 707.260, 707.264, 707.268, 707.270, 707.272 (1) to (3), 707.350 to 707.420, 707.610, 707.611 and 707.615 to 707.620. [1973 c.797 §345, 1975 c.544 §44; 1977 c.555 §15; 1979 c.88 §24, 1981 c.192 §24; 1983 c.37 §25; 1983 c.367 §4, 1985 c.762 §46, 1985 c.786 §46; 1985 c.796 §4, 1987 c.197 §8a; 1989 c.324 §72]

716.028 Application for authority to organize; fee; contents. Any number of persons, not less than five, citizens of the United States and residents of this state, desiring to organize a savings bank shall, as prospective incorporators, first file an application with the director for authority to organize a savings bank. The applicants shall pay to the director at the time of their application a fee of $2,500, no part of which will be refunded. The application shall be in duplicate on forms provided by the director and shall be certified by one of the applicants. The following information should be specified in the application:

(1) The corporate name.

(2) The proposed location.

(3) The name, occupation, residence and post-office address of each prospective incorporator.

(4) The names of the proposed active managers and directors.

(5) Evidence of the character, financial responsibility and ability of the prospective incorporators, directors and manager.

(6) Evidence of the advisability of granting the authority to organize.

(7) Any other information which the director may require. [1973 c.797 §346; 1977 c.135 §58; 1979 c.88 §25]

716.029 Corporate name. The corporate name of a savings bank or a stock savings bank:

(1) Shall not contain any word or phrase that indicates or implies that it is organized for any purpose other than one or more of the purposes contained in its articles of incorporation.

(2) Shall not be the same as, or deceptively similar to, any other corporate, limited partnership reserved or registered name currently on file with the Secretary of State, Director of the Department of Insurance and Finance or an assumed business name registered as provided in ORS 648.010 or a trade-mark, trade name or service mark registered as provided in ORS chapter 647. [1985 c.762 §48]

716.030 [Repealed by 1973 c.797 §428]

716.032 Investigation and ruling on application. The director shall investigate and rule on the application for authority to organize in the manner specified for institutions in ORS 707.080 and 707.145. [1973 c.797 §347; 1977 c.135 §30]

716.036 Time for filing articles of incorporation; paying fees. Within 30 days after authority to organize has been granted, the prospective incorporators shall file articles of incorporation and pay to the director the organization and filing fees required in ORS 716.110. If articles of incorporation are not filed within the time so specified, the authority to organize is void. [1973 c.797 §348]

716.040 Number and qualifications of incorporators; data supplied in articles of incorporation. (1) Not less than five persons who are citizens of the United States and residents of this state may associate themselves by articles of incorporation to form a corporation to be known as a "mutual savings bank." The articles of incorporation shall be executed in duplicate, signed and verified by the incorporators and filed in the office of the director.

(2) The articles of incorporation shall specify:

(a) The name by which the savings bank is to be known.

(b) The place where its business is to be transacted, naming the city or town and county.

(c) The name, occupation, residence and post-office address of each incorporator.

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

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

(f) The board of directors of the savings bank composed of not less than five incorporators, who shall serve until their successors are regularly elected and qualified.

(3) The articles of incorporation shall also contain the information required under ORS 60.131.

(4) The articles of incorporation also may contain any lawful provisions for the regulation of the business, for the conduct of the affairs of the savings bank, defining and regulating the powers of the directors or eliminating or limiting the personal liability of directors to the extent permitted under ORS 60.047 (2)(c). [Amended by 1973 c.797 §349; 1989 c.447 §2]

716.050 Approval of articles; certificate of incorporation; filing. (1) If the director finds that the articles of incorporation conform to law, the director shall, within 60 days after receiving the articles of incorporation and when all fees have been paid:

(a) Indorse on each of the duplicate originals the word "Filed," and the month, day and year of the filing.

(b) File one of the duplicate originals in the office of the director.

(c) Issue a certificate of incorporation to which the director shall affix the other duplicate original.

(2) The certificate of incorporation, with one of the duplicate originals affixed thereto shall be returned to the incorporators or their representative.

(3) Upon issuance of the certificate of incorporation, the corporate existence of a savings bank begins. [Amended by 1973 c.797 §350]

716.055 Creation of guaranty and expense funds. Before a savings bank may conduct its business, its incorporators shall create:

(1) A guaranty fund, as provided in ORS 716.060, for the protection of its depositors against loss on its investments, and . . .

(2) An expense fund, as provided in ORS 716.070, to pay the expense of organizing the savings bank and the operating expenses. [1973 c.797 §351]

716.060 Guaranty fund. (1) The guaranty fund shall consist of payments in cash made by the original incorporators and of all sums credited to the guaranty fund as required by ORS 716.780.

(2) 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 is the limit of their liability to that fund.

(3) Prior to the liquidation of the savings bank, the guaranty fund shall not be used except for losses and the prepayment of contributions made by incorporators or directors as provided in ORS 716.800 (2), until the fund, together with undivided profits, exceeds 25 percent of the amount due depositors.

(4) The amounts contributed to the guaranty fund by the incorporators shall not constitute a liability of the savings bank, except as provided in this chapter. Any loss sustained by the savings bank in excess of that portion of the guaranty fund created from earnings may be charged against the contributions pro rata. [Amended by 1973 c 797 §352]

716.070 Expense fund. (1) The incorporators shall create an expense fund by depositing to the credit of the savings bank in cash not less than the sum of $5,000. They shall also enter into an agreement or undertaking with the director as trustee for the depositors with the savings bank to make further contributions in cash to the expense fund of the savings bank as may be necessary to pay the operating expenses until the savings bank can pay them from its earnings, in addition to the dividends as declared and credited to its depositors. The agreement or undertaking shall fix the liability of the incorporators jointly and severally for a reasonable amount as approved or determined by the director. In addition to the undertaking of the incorporators, the director may require a surety bond executed by a 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 director.

(2) The amounts contributed to the expense fund of the savings bank by the incorporators is not a liability of the savings bank except as provided in ORS 716.800. [Amended by 1973 c.797 §353]

716.080 Issuance of charter. (1) The director shall examine the condition of a savings bank when the savings bank files with the director:

(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, sworn to by the president or cashier;

(c) The sworn statement of an officer that all requirements of law 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 the savings bank.

(2) If, upon examination, the director determines that the savings bank has complied with the requirements of ORS 716.028 to 716.070, the director shall issue to the savings bank a charter to do a savings bank business. [Amended by 1973 c.797 §354; 1987 c 216 §6]

716.085 Authority of director to require additional investigatory information; fingerprinting. (1) In the course of investigating any person named in the application under ORS 716.028 or in the articles of incorporation under ORS 716.040, or any person named as director, president or chief executive officer in the documents filed under ORS 716.080, the director may require the person to provide additional information for the director's further inquiry. For the purpose of such further inquiry, the director may require the person to submit to fingerprinting.

(2) Fingerprints acquired under subsection (1) of this section may be submitted to appropriate law enforcement agencies, including the Federal Bureau of Investigation, for the purpose of discovering any unlawful activities of the person. [1985 c.786 §52]

716.090 Appeal of refusal to grant authority to organize. If the director refuses to grant authority to organize to a savings bank, the applicants may appeal the decision to any court of appropriate jurisdiction. [Amended by 1973 c.797 §355; 1975 c.544 §44a]

716.100 Effect of failure to complete organization. If a savings bank fails to pay its guaranty and expense funds, complete its organization and received from the director a charter within one year after the date of filing its articles of incorporation, the savings bank shall cease to exist and the articles of incorporation are void, unless the director extends the time for one additional year. [Amended by 1973 c.797 §356]

716.110 Organization fee; annual license fee. (1) An organization fee of $500 shall be paid by the incorporators.

(2) A savings bank shall pay an annual license fee as prescribed by the director to a maximum of $200.

(3) The organization fee and the annual license fee shall be paid to the director. [Amended by 1959 c.185 §14; 1973 c 797 §357]

716.120 Conditions precedent to transaction of business. A savings bank shall not transact any business, except as incidental or necessary to its organization, until:

(1) It has received its charter from the director; and

(2) The director is satisfied that the incorporators have made the deposit of the:

(a) Initial guaranty fund required by ORS 716.060.

(b) Expense fund required by ORS 716.070, and, if the director so requires, have entered into the agreement or undertaking with the director and filed the agreement and the security therefor as prescribed in ORS 716.070. [Amended by 1973 c.797 §358]

716.130 [Repealed by 1973 c.797 §428]

716.135 Amendment of articles of incorporation. (1) A savings bank may amend its articles of incorporation, from time to time, in any and as many respects as may be desired, so long as its articles of incorporation as amended contain only such provisions as might be lawfully contained in original articles of incorporation at the time of making such amendment.

(2) In particular, and without limitation upon such general power of amendment, a savings bank may amend its articles of incorporation, from time to time, so as:

(a) To change its corporate name.

(b) To change its period of duration.

(c) To change, enlarge or diminish its corporate purposes. [1979 c.88 §18]

716.140 Resolution for amending articles. The articles of incorporation of a savings bank may be amended by resolution adopted by a majority of the directors of the savings bank. Any number of amendments may be submitted to the directors and voted upon by them at one meeting. [1979 c.88 §19]

716.145 Form and content of articles of amendment. The articles of amendment shall be executed in duplicate by the savings bank by its president or a vice president and by its secretary or an assistant secretary, and verified by one of the officers signing such articles, and shall set forth:

(1) The name of the savings bank.

(2) If the amendment alters or changes any provision of the original or amended articles of incorporation, an identification by reference or description of the affected provision and a statement of its text as it is amended to read. If the amendment strikes or deletes any provision of the original or

amended articles of incorporation, an identification by reference or description of the provision so stricken or deleted and a statement that it is stricken out or deleted. If the amendment is an addition to the original or amended articles of incorporation, a statement of that fact and the full text of each provision added.

(3) The date of the adoption of the amendment by the directors. [1979 c.88 §20]

716.150 Filing fee for articles of amendment; issuance of certificate. (1) Duplicate originals of the articles of amendment shall be delivered to the director, with a filing fee of $50. If the director finds that the articles of amendment conform to law, and if all fees and charges that are due from the savings bank have been paid as in this chapter prescribed, the director shall:

(a) Indorse on each of the duplicate originals the word "Filed," and the month, day and year of the filing thereof.

(b) File one of such duplicate originals in the office of the director.

(c) Issue a certificate of amendment to which the director shall affix the other duplicate original.

(2) The certificate of amendment, together with the duplicate original of the articles of amendment affixed thereto by the director, shall be returned to the savings bank or its representative. [1979 c 88 §21]

716.155 Effective date of amended articles; applicability to pending proceedings. (1) Upon the issuance of the certificate of amendment by the director, the amendment is effective and the articles of incorporation are considered amended accordingly.

(2) An amendment shall not affect any existing cause of action in favor of or against the savings bank, or any pending suit to which the savings bank is a party, or the existing rights of persons; and, in the event the name of the savings bank is changed by amendment, a suit brought by or against the savings bank under its former name shall not abate for that reason. [1979 c.88 §22]

716.160 Restated articles of incorporation; procedure; contents. (1) A savings bank may by action taken in the same manner as required for amendment of articles of incorporation adopt restated articles of incorporation. The restated articles of incorporation may contain any changes in the articles of incorporation that could be made by amendment regularly adopted. Adoption of restated articles of incorporation containing any such changes shall have the effect of amending the existing articles of incorporation to conform to the restated articles of incorporation. Restated articles of incorporation shall contain a statement that they supersede the theretofore existing articles of incorporation and amendments thereto.

(2) Restated articles of incorporation shall contain all the statements required by this chapter to be included in original articles of incorporation except that:

(a) The restated articles of incorporation shall set forth the amount of its stated capital at the time of the adoption of the restated articles of incorporation; and the places where its business is being transacted, naming the city and county where the main office and each branch office is located.

(b) No statement shall be made with respect to the number, names and addresses of directors constituting the initial board of directors or the name, occupation, residence and post-office address of each incorporator, or the sums each incorporator contributed to the initial guaranty fund.

(3) Restated articles of incorporation when executed and filed in the manner prescribed by this chapter for articles of amendment shall supersede the theretofore existing articles of incorporation and amendments thereto. The director shall upon request certify a copy of the articles of incorporation, or the articles of incorporation as restated, or any amendments to either thereof.

(4) The restated articles of incorporation, when filed, shall be accompanied by a statement, executed in duplicate by the savings bank by its president or a vice president and by its secretary or an assistant secretary and verified by one of the officers signing such statement, setting forth:

(a) The name of the savings bank.

(b) The date of the adoption of the restated articles of incorporation by the directors. [1979 c.88 §23]

DIRECTORS AND OFFICERS

716.205 Salaries of certain directors. (1) Subject to the written approval of the Director of the Department of Insurance and Finance, the board of directors of a savings bank may fix the fee to be paid directors who are not acting as officers or employees of the savings bank.

(2) An attorney for a savings bank, although a director thereof, may receive a reasonable compensation for professional services. [1973 c 797 §359]

716.210 Number and qualifications of directors. (1) The board of directors of a savings bank shall manage and control the affairs of the savings bank. The board shall consist of not fewer than five members.

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

(a) Has been adjudicated a bankrupt, taken the benefit of any insolvency law or made a general assignment for the benefit of creditors within the 10 years immediately prior to the person's election as a director.

(b) Has allowed a judgment recovered against the person 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 or employee of any other savings bank.

(3) A person shall not be a director of a savings bank solely by reason of holding public office.

(4) No fewer than one-half of the directors of a savings bank, at the time of their election and during their continuance in office, shall:

(a) Be citizens of the United States; and

(b) Be residents of this state or reside within 100 miles of the principal place of business of the savings bank.

(5) At least one director shall be a resident of the State of Oregon. [Amended by 1961 c.278 §1; 1971 c.219 §1; 1973 c.797 §360, 1983 c.37 §26, 1985 c.786 §47]

716.220 [Repealed by 1973 c.797 §428]

716.230 [Repealed by 1973 c.797 §428]

716.240 [Repealed by 1973 c 797 §428]

716.250 [Repealed by 1973 c.797 §428]

716.260 [Amended by 1957 c.169 §1; 1969 c.211 §1; repealed by 1973 c.797 §428]

716.270 Increase or reduction of number of directors. (1) Subject to the written approval of the director, the board of directors of a 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 reduced or increased to a number designated in the resolution not less than five.

(3) A reduction shall be effected by omissions to fill vacancies occurring in the board when the guaranty fund remains intact and unimpaired. [Amended by 1973 c 797 §361]

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 and the amounts contributed by the director to the guaranty and expense funds and the right to subscribe to the stock of a converted savings bank in accordance with the plan of conversion.

(b) Become a member of the board of directors of an institution or national bank, of which board enough other directors of the savings bank are members to constitute with the director a majority of the board of directors of the savings bank unless such institution or national bank has acquired an interest in, owns, or controls the savings bank or converted savings bank, either directly or indirectly, and such membership is approved by the director.

(2) A director or an officer of a savings bank shall not:

(a) For self 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 current and necessary payments authorized by the board of directors.

(b) Receive directly or indirectly and retain for 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 the loan, except the regular salary of the director or officer.

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

(d) For self 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 the director or officer is a stockholder to the amount of 15 percent of the total outstanding stock, or in which the director or officer and other directors of the savings bank hold stock to the amount of 25 percent of the total outstanding stock, is a loan to or a purchase by the director within the meaning of this subsection except when the loan to or purchase by the corporation occurs without the knowledge or against the protest of the director or officer. [Amended by 1973 c.797 §362; 1983 c.37 §27]

716.285 Loans to directors, officers, employees; conditions; prohibitions; exemptions. (1) A savings bank may loan its funds to officers and employees of the savings bank if:

(a) The combined obligations of officers and employees of the savings bank do not exceed 50 percent of its surplus and guaranty fund.

(b) The obligations of any employee or of any officer actively engaged in the management of the savings bank do not exceed five percent of its surplus and guaranty fund.

(c) The obligations of an employee or of an officer who is actively engaged in the management of the savings bank in excess of $5,000 are fully secured by good collateral.

(2) The limitations of paragraphs (a) and (b) of subsection (1) of this section do not apply to loans to officers and employees of a savings bank if the loan is secured by an assignment of a deposit account described in ORS 708.355.

(3) A savings bank shall not make a loan upon which a director, the president, the chief executive officer, a vice president, the cashier or the secretary of the savings bank is an obligor unless:

(a) A majority of the directors of the savings bank first have approved the loan; and

(b) The loan is made under a written agreement.

(4) A director of a savings bank shall not participate in any vote or act of the directors to approve a loan upon which the director is an obligor.

(5) The directors of a savings bank, if the savings bank makes loans to its directors, officers or employees, shall establish written procedures for approving such loans.

(6) Officers of the savings bank shall report all loans to directors, officers and employees to the board of directors at its next regular meeting after the loan is made.

(7) A loan to a copartnership, association or corporation in which an officer, director or employee of the savings bank is a partner, officer or director, or in which the aggregate stock owned or controlled by any one or more than one of the officers, directors or employees of the savings bank is 20 percent or more of its outstanding capital shall be subject to the same conditions applicable under this section to a loan to the particular officer, director or employee.

(8) Obligations negotiated in another name for the benefit or use of any person shall be included in the obligations of the person.

(9) Subsections (3) and (4) of this section apply to any extension of credit to the persons named in those subsections, except the following:

(a) An advance against accrued salary or other accrued compensation, or an advance for the payment of expenses incurred or to be incurred on behalf of the savings bank.

(b) Indebtedness of $5,000 or less arising by reason of any general arrangement by which a savings bank acquires charge or time credit accounts, or makes payments to or on behalf of participants in a bank credit card plan, check credit plan, interest-bearing overdraft credit plan or any similar open-end credit plan. The director by rule may adopt conditions and restrictions on the kinds of indebtedness that may qualify under this paragraph.

(c) Any other kind of indebtedness that the director declares by rule not to be subject to subsections (3) and (4) of this section.

(10) Notwithstanding paragraph (a) of subsection (3) of this section, the directors of a savings bank need not first approve a loan to a person named in that subsection unless the loan, when aggregated with all other loans to that person and to all related interests of that person, as defined by rule, exceeds the higher of $25,000 or five percent of the savings bank's capital and unimpaired surplus. In no event shall a savings bank make a loan to a person named in subsection (3) of this section in an amount which, when aggregated with all other loans to that person and all related interests of that person, exceeds $500,000, except by complying with subsections (3) and (4) of this section. The definition of "related interest" for purposes of this subsection shall be consistent with the definition of that term by rule under ORS 706.655.

(11) With the approval of the director, a director of a savings bank may sell, lease or rent, real or personal property which the director owns, or in which the director has an interest, to the savings bank for branch or main office use. However:

(a) The director shall disclose the director's interest to the other directors;

(b) The transaction shall have the approval of the board of directors; and

(c) The transaction shall be at rates and terms as would be granted at the time to outside persons in the community, and without any other preference, direct or indirect, to the grantor-director. [1975 c.544 §51; 1979 c.88 §26; 1985 c.786 §48]

716.290 Examining committee; reports to director. The directors of every savings bank shall annually appoint an examining committee of not less than three directors who are not officers of the savings bank. The examining committee shall examine and study the report of each examination made by the savings bank's supervisory authorities and report to the board of directors within 60 days after receipt of the report relative to criticisms and suggestions contained in the report and comment on any matter relative to the affairs of the savings bank which in its judgment should be known to the directors. The report shall be recorded in the minute book of the savings bank and a certified copy transmitted to the director within

five days thereafter. [Amended by 1973 c.797 §363; 1981 c.192 §25; 1985 c.786 §49]

716.295 Determination of fitness of examining committee. The director may investigate the honesty and general fitness of persons named to the examining committee under ORS 716.290. The director may disapprove any such person for any reason, including one or more of the reasons stated in ORS 707.145. [1977 c 135 §32, 1985 c.786 §50]

716.300 [Repealed by 1973 c 797 §428]

716.310 [Repealed by 1973 c.797 §428]

716.320 Removal, vacation and forfeiture of director's office. (1) By the affirmative vote of three-fourths of the directors at any regular meeting, a board member may be removed from office if:

(a) The board member's conduct and habits are of such character as to be injurious to the savings bank;

(b) A written copy of the charges made against the board member has been served upon the board member personally, and upon the director, at least two weeks before the meeting; and

(c) The vote of the directors by ayes and noes is entered in the record of the minutes of the meeting.

(2) The office of a director of a savings bank immediately becomes vacant if the director:

(a) Fails to complete the official oath.

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

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

(d) Wilfully violates any of the provisions of ORS 716.280.

(3) A director who has forfeited or vacated office is not eligible to reelection unless the forfeiture or vacancy occurred solely by reason of the director's:

(a) Failure to complete the oath;

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

(c) Disqualification through becoming a nonresident, a director, officer, clerk or other employee of another savings bank or a director of an institution or national bank under the circumstances specified in ORS 716.280, (1)(b), and the disqualification has been removed. [Amended by 1961 c.278 §2; 1973 c.797 §364]

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 of the board. [Amended by 1973 c.797 §365]

INVESTMENTS AND LOANS

716.410 Limitations on investments. A savings bank may invest its assets only as provided by ORS 716.420 to 716.590. [Amended by 1973 c.797 §366; 1979 c.88 §27]

716.420 Investments in governmental obligations; mutual funds; unit trusts. A savings bank may invest the funds mentioned in ORS 716.410:

(1) In the bonds or obligations specified in ORS 708.388 (1), without limitation.

(2) Subject to a limitation of five percent of the assets of the savings bank, in the bonds specified in ORS 708.388 (2).

(3) In shares of any mutual fund or unit trust, the assets of which are invested solely in obligations described in and limited under ORS 708.388. [Amended by 1959 c.185 §12; 1961 c.157 §1; 1963 c.407 §1; 1971 c.219 §2; 1973 c.797 §367; 1981 c.192 §26; 1985 c.786 §53]

716.430 [Repealed by 1959 c.185 §15]

716.440 [Repealed by 1959 c.185 §10 (716.441 enacted in lieu of 716.440)]

716.441 Investments in equipment trust bonds. (1) A savings bank may invest the funds mentioned in ORS 716.410 in equipment trust certificates that are, at the time of purchase, rated in one of the three highest grades by a recognized investment service organization that has been engaged regularly and continuously for a period of not less than 10 years in rating bonds.

(2) Not more than 15 percent of the assets of a savings bank may be invested under this section and not more than three percent of its assets may be invested in any one corporation. [1959 c.185 §11 (enacted in lieu of 716.440); 1973 c.797 §368]

716.450 Investments in certain obligations. A savings bank may invest the funds mentioned in ORS 716.410:

(1) In the notes of any person, with a pledge as collateral of securities or personal property which are eligible for investment under ORS 716.410 to 716.590 and have an actual cash market value at least 25 percent greater than the amount of the loan.

(2) In the obligations of any person secured by an assignment of a life insurance policy, having a cash surrender value of not less than 100 percent of the amount of the obligations, plus an amount equal to one annual premium on the insurance policy.

(3) In loans, secured or unsecured, insured or guaranteed in part or in full by the United States or any instrumentality thereof, or by this state or instrumentality thereof, or for which a conditional guarantee has

been issued. The limitations prescribed by ORS 716.552 to 716.574 shall not apply to loans made under this subsection but, the aggregate amount of loans made under this subsection and ORS 716.552 shall not exceed 85 percent of the assets of any savings bank.

(4) In loans secured as specified under ORS 708.345 (1).

(5) In commercial paper with a maturity of 180 days or less, subject to a limitation of one percent of the total assets of the savings bank for each obligor.

(6) In unsecured loans, retail instalment contracts, leases and loans supported by security agreements, and mortgages and deeds of trust secured by real estate, that are not otherwise eligible for investment by a savings bank when the obligations are for home or property repairs, alterations, appliances, improvements or additions, home furnishing, for installation of underground utilities, for educational purposes, for manufactured dwellings used or to be used for permanent or semipermanent housing or for any other nonbusiness purpose, if:

(a) The application for the loan states that the proceeds are to be used for one of the purposes listed in this subsection.

(b) The loans evidenced by a note or other obligation made pursuant to this subsection to any one individual do not exceed one percent of the assets of the savings bank and the aggregate amount of such loans do not exceed 20 percent of the assets of the savings bank.

(c) In the case of leases, the lease conforms to ORS 708.428 (1) and (3).

(7) In secured or unsecured commercial, corporate, business and agricultural loans or leases of personal property, not to exceed 15 percent of the assets of the savings bank and not to exceed one percent of its assets to any one person. However, loans under this subsection shall be made within the state where the savings bank is located or within 75 miles of its home office. Leases shall conform to ORS 708.428 (1) and (3).

(8) Subsection (5) of this section shall not be construed to permit a savings bank to make loans on or for inventory of articles held for sale as merchandise, except manufactured dwellings. [Amended by 1963 c.393 §1; 1969 c.211 §2; 1971 c.219 §3, 1973 c.797 §369; 1975 c.544 §47; 1977 c.135 §33; 1979 c.88 §28; 1981 c.192 §27; 1983 c.37 §28; 1985 c.786 §54, 1987 c.528 §3]

716.460 Investments in demand notes secured by deposit accounts. A 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 time or savings account or any other kind of deposit account, including but not limited to an automatic savings to checking transfer account or a negotiable order of withdrawal account, if the account is fully or partially federally insured as collateral security for the payment of the notes. The loan shall not exceed 100 percent of the balance due the owner of the time or savings account. [Amended by 1961 c.239 §1; 1973 c.797 §370; 1981 c.192 §28]

716.470 [Amended by 1959 c.185 §13; 1961 c.277 §1; 1965 c.215 §1; 1967 c.198 §1, 1969 c.211 §3, 1971 c.219 §4, 1973 c.797 §371, renumbered 716.552]

716.480 [Amended by 1973 c.797 §373, renumbered 716.578]

716.490 [Amended by 1973 c.797 §374, renumbered 716.582]

716.500 [Amended by 1973 c.797 §375, renumbered 716.584]

716.510 [Repealed by 1973 c.797 §428]

716.520 Investments in banker's acceptances, bills of exchange, savings or time accounts. (1) A savings bank may invest the funds mentioned in ORS 716.410 in:

(a) Bankers' acceptances and bills of exchange of the kind and maturities made eligible by law for rediscount with Federal Reserve Banks, if they are accepted by an institution or a national bank.

(b) Bills of exchange drawn by the seller on the purchaser of goods and accepted by the purchaser, if they are of the kind and maturities made eligible by law for rediscount with Federal Reserve Banks and are indorsed by a national bank or an institution.

(c) Savings or time accounts insured in part or wholly by an agency of the Federal Government.

(2) Not more than 20 percent of the assets of a savings bank may 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 a savings bank may be invested in the acceptances of or deposited with an institution or a national bank of which a director of the savings bank is a director. The aggregate amount of the liability of an institution or a national bank to a savings bank, whether as principal or indorser, for acceptances held by the savings bank and deposits made with it, may not exceed 25 percent of the paid-up capital and surplus of the institution or national bank. [Amended by 1973 c.797 §376]

716.530 Investments in corporate bonds, notes and debentures. A savings bank may invest the funds mentioned in ORS 716.410 in the bonds, notes and debentures of any corporation incorporated under the laws of and operating in any state of the United States, which are rated at the time of purchase under authority of this section

in one of the four highest grades by a recognized service organization that has been regularly engaged for a period of 10 years or more in rating or grading bonds. However, not more than one percent of the assets of the savings bank shall be invested in bonds, notes and debentures of any one corporation, and not more than 20 percent of the assets shall be invested under this section. [Amended by 1969 c.211 §4; 1971 c 219 §5; 1973 c 797 §377, 1977 c 135 §34, 1981 c.192 §29]

716.535 Investments in common stock of federally chartered corporation providing secondary mortgage sale markets and Federal Home Loan Bank. A savings bank may invest the funds mentioned in ORS 716.410 in the common stock of:

(1) Any federally chartered corporation that is chartered for the purpose of providing secondary markets for the sale of mortgages by savings banks.

(2) The Federal Home Loan Bank. [1975 c.544 §46]

716.540 Investments in obligations of reconstruction and development banks. A savings bank may invest not more than five percent of its assets in each of the following categories of investments:

(1) In obligations issued or guaranteed by the International Bank for Reconstruction and Development.

(2) In obligations issued or guaranteed by the Inter-American Development Bank.

(3) In obligations issued or guaranteed by the Asian Development Bank.

(4) In obligations issued or guaranteed by the African Development Bank. [1959 c.185 §2; 1973 c.797 §378; 1985 c 456 §1]

716.542 [1963 c 408 §1; repealed by 1973 c.797 §428]

716.543 [1973 c.638 §2; repealed by 1975 c 544 §62]

716.545 Investments in bonds of Dominion of Canada. A savings bank may invest the funds mentioned in ORS 716.410 in bonds issued by the Dominion of Canada for which the faith of the Dominion of Canada is pledged, or bonds issued or guaranteed by a province of the Dominion of Canada. Such investments may be made only if:

(1) The interest and principal of such bonds 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; and

(2) The bonds at the time of purchase pursuant to the authority of this section are rated in one of the four highest grades by a rating organization recognized in the United States that has been regularly engaged for a period of 10 years or more in rating or grading bonds. [1959 c.185 §3, 1977 c.135 §35]

716.550 [1959 c.185 §4; repealed by 1973 c.797 §428]

716.552 Investments in notes or bonds secured by real estate mortgages or trust deeds. A savings bank may invest the funds mentioned in ORS 716.410 in notes or bonds, secured by first or junior mortgages or deeds of trust upon real estate. [Formerly 716.470; 1979 c.199 §8; 1979 c.810 §3; 1985 c.554 §5]

716.554 Participation in investments in notes or bonds secured by real estate mortgages or trust deeds. (1) In participation with other mortgagees, a savings bank may invest the funds mentioned in ORS 716.410 in notes or bonds secured by mortgage or deed of trust upon real estate.

(2) 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 the mortgagees by two of their authorized officers. [1973 c.797 §371a; 1977 c.135 §36; 1985 c.554 §6]

716.555 [1959 c.185 §5, repealed by 1973 c.797 §428]

716.556 Investment in loans secured by pledged notes or bonds. A savings bank may invest in loans secured by pledge of the notes or bonds specified in ORS 716.552, if the notes or bonds pledged as collateral are at least 25 percent more than the loans which they secure. [1973 c.797 §371b]

716.558 Investment in notes or bonds secured by mortgages or trust deeds on real property leases. A savings bank may invest the funds mentioned in ORS 716.410, in notes or bonds secured by mortgage or deed of trust upon leasehold estates in real property, if the lease is binding upon the owners of the fee title to the leased premises, in full force and free from default. [1973 c.797 §371c; 1985 c.554 §7]

716.560 [1959 c.185 §6; repealed by 1973 c.797 §428]

716.562 Investment in notes or bonds secured by mortgages or trust deeds to finance building construction and improvement. A savings bank may invest the funds mentioned in ORS 716.410 in notes or bonds secured by a mortgage, deed of trust or similar instrument to finance the construction of buildings and improvements appurtenant thereto, if before making the investment, the savings bank requires sufficient guarantee from the contractor, builder or owner for the completion of the construction in accordance with the plans and specifications and within the estimated contract price for the construction. Moneys shall be advanced from time to time during the progress of construction upon a certificate of estimate to be furnished by the architect, contractor, builder or superintendent in charge of construction or the owner. [1973 c.797 §371d; 1977 c.135 §37; 1985 c.554 §8]

716.564 Investment in notes or bonds secured by mortgages or trust deeds to finance real estate development. A savings bank may invest the funds mentioned in ORS 716.410 in notes or bonds secured by a mortgage, deed of trust or other instrument for the purpose of financing the acquisition and development of land for primarily commercial, industrial or residential usage. A loan may be made on real estate which is to be improved with the developments to be paid for from the proceeds of the loan if the proceeds will be used for that purpose. [1973 c.797 §371e, 1985 c.554 §9]

716.565 [1959 c.185 §7, repealed by 1973 c.797 §428]

716.566 Documents to be furnished by borrower in real estate loans; exclusion of certain interests in determining first lien. In loans upon real property, the borrower shall furnish the savings bank with:

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

(2) A policy of title insurance issued by a reliable title insurance company authorized to insure titles within the state in which the property is situated. [1973 c.797 §371f, 1985 c.554 §10]

716.568 Requirement of insurance for loan secured by mortgage, trust deed or other instrument on real estate. If a loan is secured by mortgage, deed of trust or other similar instrument on real estate, the mortgage, deed of trust or other instrument shall contain provisions requiring the maintenance of insurance on the buildings on the premises to the reasonable amount as stipulated in the mortgage, deed of trust or other instrument. The policy shall be payable, in case of loss, to the savings bank and shall be deposited with the savings bank except where the savings bank's interest is insured under a blanket policy of insurance. [1973 c.797 §371g; 1985 c.554 §11]

716.570 [1959 c.185 §8, repealed by 1973 c.797 §428]

716.572 Mortgage loan applications; conditions for granting loan; manner of holding mortgages and trust deeds. (1) An application for a mortgage loan or renewal or extension of a mortgage loan shall be written and show the date, name of the applicant, amount of loan requested and the security offered.

(2) A mortgage loan shall be granted only upon the written report of at least two members of the board of investment of the savings bank certifying on the application, according to their best judgment, the value of the property to be mortgaged and recommending the loan. The application and written report shall be filed and preserved with the savings bank's records.

(3) Every mortgage and deed of trust and every assignment of a mortgage taken or held by a savings bank shall be held in its own name and immediately recorded in the office of the proper officer of the county in which the mortgaged property is located. [1973 c.797 §371h]

716.574 Purchase of real estate sale contract as loan; authority to acquire contracts. (1) The purchase of a bona fide contract covering a sale of real estate is a loan on real estate within the meaning of ORS 716.552 to 716.574.

(2) A savings bank may acquire contracts covering a sale of real estate if all other requirements of ORS 716.552 to 716.574 are satisfied. [1973 c.797 §371i, 1985 c.554 §12]

716.575 [1959 c.185 §9; repealed by 1973 c.797 §428]

716.576 [1973 c.797 §372, 1979 c.88 §29; 1981 c.192 §30, repealed by 1985 c.554 §13]

716.578 Purchase of notes secured by real estate from third persons. A savings bank may take and hold by purchase and assignment from third persons notes, bonds, mortgages and deeds of trust eligible for investment under ORS 716.552 to 716.574. [Formerly 716.480]

716.582 [Formerly 716.490, repealed by 1985 c.554 §13]

716.584 Limitations on single loans on real estate; exceptions. (1) If deposits are less than $1 million, a single loan on real estate shall not exceed $10,000. When deposits exceed $1 million but are less than $2 million, a single loan on real estate shall not exceed two and one-half percent of the deposits. When deposits exceed $2 million, a single loan on real estate shall not exceed two percent of the savings bank's deposit liability.

(2) A loan may exceed the limitations prescribed in subsection (1) of this section if the borrower furnishes the savings bank with a copy of an agreement entered into with a financially responsible person wherein the person agrees to refinance or repurchase, without recourse, the entire loan:

(a) Upon completion of the construction, if the loan is a construction loan; or

(b) Within six months from the date of the loan, if the loan is not a construction loan. [Formerly 716.500]

716.586 Credit card transactions. (1) A savings bank may issue and honor credit cards for the purpose of making loans to one or more persons. The loans shall be made by the means determined by the board of investment of the savings bank including, but not limited to, the means of paying to or for the account of a party the amount of a sales slip, voucher or other evidence of a transaction in which goods or services are sold or

cash advanced to the party in reliance on a credit card issued by the savings bank.

(2) The savings bank may advance cash to a person holding a credit card issued by the savings bank or any other person who, directly or indirectly, has agreed to pay to or for the account of the savings bank the amount of cash advanced by it in reliance on credit cards issued by the other person.

(3) Credit cards, loans, advances and documents used in connection with the use of credit cards shall be in the form and upon the terms and conditions prescribed by the board of investment of the savings bank, including, but not limited to, terms and conditions as to revocation, rates of interest and other charges, maturity dates and security, if any.

(4) A savings bank may become a stockholder, member of, or otherwise affiliated with, an organization that, in the opinion of the board of directors of the savings bank, will enable the savings bank to exercise fully the powers granted under this section. [1973 c.797 §375a]

716.588 Investments in certain corporate capital stocks; conditions; restrictions on corporate indebtedness. (1) A savings bank may invest the funds mentioned in ORS 716.410 in the capital stock of a corporation organized under the laws of this state if:

(a) All of the capital stock of the corporation is owned by one or more savings banks organized under the laws of this state;

(b) The activities of the corporation are performed directly or through one or more wholly owned subsidiaries, and consist only of one or more of the following:

(A) Originating, purchasing, selling and servicing education loans and loans and participations in loans secured by first liens upon real estate and manufactured dwellings, including brokerage and warehousing of loans;

(B) Making any investment which would be an authorized investment of a savings bank organized under the laws of this state;

(C) Performing services for savings banks organized under the laws of this state; or

(D) Making investments in unimproved real estate for the purpose of prompt development and subdivision;

(c) The aggregate outstanding investment in the capital stock, obligations, or other securities of service corporations and subsidiaries thereof, including all loans, secured and unsecured, to the service corporations or any subsidiaries thereof and to joint ventures of the service corporation or subsidiaries, whether or not the savings bank is a stockholder in the service corporation, do not exceed three percent of the savings bank's assets. For the purpose of this subsection the term "aggregate outstanding investment" means the sum of the amounts paid for the acquisition of capital stock or securities and amounts invested in obligations of service corporations, less amounts received from the sale of capital stock or securities of service corporations and amounts paid to the savings bank to retire obligations of service corporations; and

(d) The corporation executes and files with the director a written agreement in the form prescribed by the director that the corporation will permit and pay the cost of examinations and audits by the director as the director considers necessary.

(2) If one of the savings banks holds more than 40 percent of the stock, the corporation, including any subsidiary, shall not incur or have outstanding at any time debts in excess of the following limitations:

(a) In the case of an unsecured debt other than to a holder of its capital stock, the lesser of an amount equal to one percent of the assets of the holder or holders of its capital stock or to the investment in the stock, obligations or other securities of the corporation by the holder or holders of its capital stock, excluding secured debts owed by the corporation to the holder or holders; and

(b) In the case of a secured debt, other than to a holder of its capital stock, the lesser of an amount equal to four percent of the assets of the holder or holders of its capital stock or four times the investment in the stock obligations or other securities of the corporation by the holder or holders of its capital stock excluding secured debts owed by the corporation to the holder or holders.

(3) A savings bank may invest up to one percent of its assets, in the case of a mutual savings bank, or up to 15 percent of its paid-in capital and surplus, in the case of a stock savings bank, in the stock of the Oregon Capital Corporation authorized to be created under ORS 284.750 to 284.795, 316.104, 317.084, 317.140, 317.267 and 318.031. [1973 c 797 §375b; 1981 c 192 §31; 1987 c.911 §15]

716.590 Miscellaneous investments; conditions. A savings bank may invest the funds mentioned in ORS 716.410 in investments which do not qualify under any of the provisions of ORS 716.420 to 716.590, however an investment shall not be made under this section:

(1) If the amount of the investment exceeds one percent of the assets of the savings bank or 10 percent of the total amount of its

guaranty fund, undivided profits and unallocated reserves, whichever is less;

(2) If the aggregate amount of all the investments exceeds or by the making of the investment will exceed five percent of its assets; or

(3) In the equity securities of any one issuer if the aggregate amount invested by the savings bank under this section together with the amount invested in the equity securities of the issuer under any other provision of law exceeds or by the making of the investment will exceed the limitations under subsections (1) and (2) of this section. [1973 c.797 §375c; 1981 c.192 §32]

716.592 Pledging assets to secure public funds. A savings bank may pledge its assets to secure public funds as provided under ORS chapter 295. For the purposes of this section, "public funds" has the meaning ascribed to it by ORS 295.005 (6). [1973 c.288 §7]

Note: 716.592 was enacted into law by the Legislative Assembly and was added to and made a part of ORS chapter 716 but was not added to or made a part of any series therein by legislative action. See Preface to Oregon Revised Statutes for further explanation.

716.594 Authority of savings bank or stock savings bank to acquire corporation licensed as insurance agent. A savings bank or a stock savings bank may acquire and hold all or part of the stock of a corporation which is or may thereafter be licensed under ORS 744.002 as an agent to transact one or more of the classes of insurance described in ORS 744.115 except for title insurance, subject to the following requirements:

(1) The acquisition and holding of such stock shall be subject to the approval of the director. The director shall base consideration for approval on the condition of the savings bank or stock savings bank, the adequacy of a formal business plan for the insurance activities and the existence of satisfactory management for the corporation.

(2) The director may revoke or restrict the ongoing authority of the savings bank or stock savings bank to hold stock in the corporation if the condition of the savings bank or stock savings bank substantially deteriorates or if the insurance activities are adversely affecting the savings bank or stock savings bank.

(3) If the corporation conducts the insurance agency activity in a branch or office in which the savings bank or stock savings bank carries on its banking business, the insurance agency activity shall be physically separated from those parts of the premises in which the savings bank or stock savings bank carries on the banking business.

(4) All persons who act on behalf of the corporation to transact insurance, as that term is defined in ORS 731.146, shall be employees of the corporation only and shall not while employed by the corporation be in any manner employed or compensated by or perform any work for the institution.

(5) The name of the corporation and any assumed business name used by it shall not be identical to that of the savings bank or stock savings bank.

(6) Prior to selling any policy of insurance, the corporation shall disclose in writing to the purchaser that the corporation is owned in whole or part by the savings bank or stock savings bank, and that the purchaser may not be required to purchase the insurance from the savings bank or stock savings bank as a condition of obtaining any service from or engaging in any transaction with the savings bank or stock savings bank.

(7) For each calendar year during which a savings bank or stock savings bank owns all or part of any corporation licensed under ORS 744.002 as an agent, the savings bank or stock savings bank shall file a written report with the director. The report shall be filed no later than March 31 of the following year and shall disclose the insurance activities of the corporation. The required contents of the report shall be established by the director by rule. The reports filed with the director under this subsection shall be available for public inspection in the office of the director.

(8) The corporation shall not in any manner use customer information obtained by the savings bank or stock savings bank from another insurance agent to promote, develop or solicit insurance business for the corporation unless the other insurance agent consents to such use of the customer information.

(9) The corporation shall be subject to the limitations applicable to lending institutions under ORS 746.180 and 746.185 to 746.211. For the purpose of this subsection, the term "lending institution" has the meaning set forth in ORS 746.185. [1987 c.916 §7; 1989 c.331 §31; 1989 c.701 §67]

Note: 716.594 was added to and made a part of ORS chapter 716 but was not added to any series therein by legislative action. See Preface to Oregon Revised Statutes for further explanation.

POWERS, DUTIES AND REGULATION OF MUTUAL SAVINGS BANKS

716.600 General powers. Except as otherwise provided in this chapter, ORS chapter 706 or the articles of incorporation of a savings bank, a savings bank shall have:

(1) The general powers granted to institutions by ORS 707.310 (1)(a) and (b);

(2) The powers granted to savings banks by ORS chapter 706 and this chapter; and

(3) All powers necessary or convenient to effect any or all of the purposes for which the corporation is organized or to perform any or all of the acts expressly or impliedly authorized or required under ORS chapter 706 or this chapter. [1973 c.797 §379; 1987 c.197 §9, 1989 c.324 §73]

716.610 Special powers; licensing as insurance agent. A savings bank, subject to the restrictions and limitations contained in this chapter, may:

(1) Receive time deposits of money without restriction, and demand deposits of money from individuals and nonprofit corporations.

(2) Offer time and savings accounts and other kinds of deposit accounts, including but not limited to automatic savings to checking transfer accounts and negotiable order of withdrawal accounts, to individuals and nonprofit corporations.

(3) Receive demand deposits of money in connection with a commercial, corporate or business loan relationship with its customer.

(4) Exercise by its board of directors or authorized officers or agents, subject to law, all powers necessary to carry on the business of savings banks.

(5) Pay depositors when requested by them, by drafts upon deposits to the credit of the savings bank in any city in the United States, and charge current rates of exchange for the drafts.

(6) Borrow money, and pledge securities to secure the money borrowed, but any amount borrowed in excess of 20 percent of deposits shall first be approved in writing by the director. The failure to obtain the approval of the director shall not make an excess loan invalid as to the lender.

(7) Collect or protest promissory notes or bills of exchange owned by the savings bank or held by it as collateral, and charge the usual fees for the collection or protest.

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

(9) Become a member of the Federal Reserve Bank or the Federal Home Loan Bank of the district in which the savings bank is located.

(10) Conduct a trust business and exercise all the powers of a trust company as defined by ORS 709.150 upon compliance with the laws of this state relating to the regulations of a trust business.

(11) Be licensed under ORS 744.002 as an agent to transact one or more of the classes of insurance described in ORS 744.115 except for title insurance. With respect to the exercise of the power granted under this subsection, other than the maintenance of any insurance license granted to a savings bank prior to September 27, 1987, or the licensing of the savings bank to transact livestock insurance, mortgage insurance, motor vehicle physical damage insurance, credit life insurance, credit health insurance, credit insurance or lender's property insurance, as these classes of insurance are described in ORS 744.115:

(a) The conduct by the savings bank of insurance agency activities shall be subject to the approval of the director. The director shall base consideration for approval on the condition of the savings bank, the adequacy of a formal business plan for the insurance activities and the existence of satisfactory management for the insurance activity.

(b) The director may revoke or restrict the ongoing authority of the savings bank to engage in the insurance agency activity if the condition of the savings bank substantially deteriorates or if the insurance activities are adversely affecting the savings bank.

(c) If the insurance agency activity is conducted in a branch or office in which the savings bank carries on its banking business, the insurance agency activity shall be physically separated from those parts of the premises in which the savings bank carries on the banking business.

(d) All persons who act on behalf of the savings bank to transact insurance, as that term is defined in ORS 731.146, other than to transact livestock insurance, mortgage insurance, motor vehicle physical damage insurance, credit life insurance, credit health insurance, credit insurance or lender's property insurance, as these classes of insurance are described in ORS 744.115, or under a license granted to the savings bank prior to September 27, 1987, shall be engaged only in the insurance agency activity and shall not in any manner perform any other work for the savings bank.

(e) Prior to selling any policy of insurance, the savings bank shall disclose in writing to the purchaser that the purchaser may not be required to purchase the insurance from the savings bank as a condition of obtaining any service from or engaging in any transaction with the savings bank.

(f) The savings bank shall file a written report with the director no later than March

31 each year disclosing the insurance activities of the savings bank. The required contents of the report shall be established by the director by rule. The reports filed with the director under this paragraph shall be available for public inspection in the office of the director.

(g) The savings bank shall not in any manner use customer information obtained from another insurance agent to promote, develop or solicit insurance business for the savings bank unless the other insurance agent consents to such use of the customer information. [Amended by 1955 c.690 §1, 1957 c.167 §1, 1969 c.211 §5; 1971 c.219 §6, 1973 c.797 §380, 1981 c.192 §33, 1987 c.916 §5; 1989 c.331 §32; 1989 c.701 §68]

716.616 [1973 c.797 §380a; repealed by 1975 c.291 §1]

716.620 [Amended by 1969 c.211 §6, 1971 c.219 §7; repealed by 1973 c.797 §428]

716.622 [1973 c.797 §380b, repealed by 1981 c.192 §46]

716.626 Issuance of transferable certificates to contributors to guaranty or expense funds. (1) A savings bank may issue transferable certificates showing the amounts contributed by any incorporator or director to the guaranty or expense funds of the savings bank.

(2) The certificate shall show that it does not constitute a liability of the savings bank, except as provided in ORS 716.800.

(3) A certificate shall not be transferred by an incorporator or director without the prior written consent of the director. [1973 c.797 §381]

716.630 Real estate held for use as place of business. (1) The cost of the land and buildings for the transaction of the business of a savings bank shall not exceed 50 percent of the guaranty fund and undivided profits account of the savings bank, except with the approval of the director. The director may approve an amount in excess of the limitation prescribed under this subsection if the director finds that an excess amount is reasonably necessary for the operation of the business and does not adversely affect the public interest.

(2) Before the purchase of the property is made, or the erection of a building is started, the estimate of the cost of the property and completion of the building shall be submitted to and approved by the director.. [Amended by 1971 c.219 §8; 1973 c.797 §382]

716.640 [Amended by 1957 c.161 §3; repealed by 1973 c.797 §428]

716.645 Branch offices; CBCT facilities. (1) A savings bank shall not establish a branch office without the approval of the director.

(2) A savings bank having a guaranty fund of $500,000 or more may apply to the director for approval to establish a branch office. The application shall be accompanied by a fee of $1,000, which is not refundable. Upon the filing of the application the director shall investigate and examine the application in the manner required by ORS 716.080 for an application for an original charter.

(3) If the director approves the application, the director shall issue to the applicant a certificate to that effect, and if the director denies approval, the director shall notify the applicant in writing of the decision. The applicant may appeal the decision in the manner prescribed in ORS 707.150. An application shall not be approved for the establishment of a branch office at a location which would not be approved for a new savings bank.

(4) A savings bank may participate in the creation and operation of CBCT facilities in accordance with ORS 714.210 to 714.992. [1957 c.161 §2; 1973 c.797 §383; 1975 c.193 §12; 1977 c.135 §59]

716.650 [Repealed by 1973 c.797 §428]

716.660 [Amended by 1961 c.57 §2, repealed by 1973 c.797 §428]

716.670 Deposit of funds in other banks. A savings bank shall not deposit any of its funds with a savings bank, bank or national bank unless the latter has been:

(1) Approved by the director; and

(2) Designated as a depository for the savings bank's funds by a vote of a majority of the directors of the savings bank, excluding any director who is an officer, director or trustee of the depository so designated. [Amended by 1973 c.797 §384]

716.680 [Repealed by 1973 c.797 §428]

716.690 [Repealed by 1957 c.168 §2]

716.695 [1957 c.168 §1; repealed by 1973 c.797 §428]

716.700 [Repealed by 1957 c.168 §2]

716.710 [Amended by 1971 c.219 §9; repealed by 1973 c.797 §428]

716.720 [Amended by 1961 c.96 §2, 1971 c.219 §10; repealed by 1973 c.797 §428]

716.730 [Amended by 1969 c.193 §2; repealed by 1973 c.797 §428]

716.740 [Repealed by 1973 c.797 §428]

716.750 [Repealed by 1973 c.797 §428]

716.760 Reserve requirements; approval of reserve banks; investment. (1) A savings bank shall keep on hand or on deposit, payable on demand or evidenced by a certificate of deposit which matures within one year in any bank, national bank, a foreign bank, extranational bank, or the Federal Reserve Bank or a Federal Home Loan Bank, an available reserve fund of not less than 15 percent of the aggregate amount credited to its demand deposits and five percent of the aggregate amount credited to its time depositors. An institution in which a savings bank may keep its reserve fund under this

subsection must be approved as a reserve bank by the director. Three-fifths of the reserve fund for time deposits may be invested in federal funds sold to approved reserve banks in obligations of the United States, its agencies or bonds of the State of Oregon or any county, school district or other municipal corporation of this state, or bankers' acceptances, if the obligations or bonds mature within five years. The other two-fifths of the reserve fund for time deposits may be invested in like obligations or bonds, if the obligations or bonds mature within two years, or in federal funds sold to approved reserve banks.

(2) If the director determines that the maintenance of sound banking practices or the prevention of injurious credit expansion or contraction make it advisable, the director by rule, as provided in ORS 183.310 to 183.410, may change the reserve requirements established under subsection (1) of this section. The reserves required under the rule shall not be less than 50 percent nor more than 200 percent of the amount of the reserves required under this subsection.

(3) For purposes of this section, "obligations of the United States" include, but are not limited to obligations of the Federal Home Loan Bank, Federal Housing Administration, Federal Intermediate Credit Bank, Federal Land Bank, Federal National Mortgage Association and other agencies of the United States, and obligations of public housing agencies and other obligations backed by the full faith and credit of the United States or guaranteed for payment under a pledge of annual contributions sufficient to provide for the payment of all principal and interest instalments when due.

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

(5) The method of computing reserves and the forms to be used shall be prescribed by the director.

(6) If a reserve deficiency exists at the close of any banking day, the savings bank shall eliminate the reserve deficiency within three banking days. If a deficiency is not eliminated within the three-day period, the savings bank is subject to a penalty to be assessed and collected as provided under ORS 708.100 (2). If the reserve is not corrected under this subsection, the savings bank is subject to the restrictions of ORS 708.126.

(7) If the reserve of a savings bank is found by the director to be less than the amount required under subsection (1) of this section, the director shall notify the savings bank to make good the reserve.

(8) If a savings bank becomes a member of the Federal Reserve System, it shall comply with the requirements of the Federal Reserve Act and its amendments. Compliance with the Federal Reserve Act relieves the savings bank from compliance with subsection (1) of this section.

(9) If a savings bank is not a member of the Federal Reserve System, compliance by the savings bank with Regulation D of the Federal Reserve Board as required by the Monetary Control Act of 1980 relieves the savings bank from compliance with subsections (1) to (9) of this section.

(10) Upon instruction of the director a savings bank shall replace any reserves classified by the director as substandard with acceptable reserves. [Amended by 1953 c.86 §2; 1965 c.214 §1; 1973 c.797 §385; 1975 c.544 §47a, 1981 c.7 §3]

716.770 [Repealed by 1973 c.797 §428]

716.780 Crediting portion of net earnings to guaranty fund. (1) If at the close of any dividend period the guaranty fund of a savings bank is impaired or is less than 10 percent of the amount due to depositors, a sum not less than five percent of the net earnings for the period, shall be deducted from the net earnings and credited to its guaranty fund, after declaration of dividends, if the deduction will not compel the savings bank to reduce its dividends to depositors below the rate of one percent per annum.

(2) If the guaranty fund accumulated from earnings equals or exceeds 10 percent of the amount due depositors and the net earnings for a dividend period are sufficient, the minimum dividend shall be four percent, unless a smaller percentage is authorized by rule promulgated by the director. [Amended by 1973 c.797 §386; 1975 c.544 §48]

716.790 Computation of guaranty fund. (1) To determine the amount of a guaranty fund of a savings bank, the total liabilities due and accrued, undivided profits and net earnings since the last declaration of dividends shall be subtracted from the total assets. In determining the value of the assets:

(a) Securities, or other evidences of indebtedness or other interest-bearing obligations shall be carried at a sum, not to exceed their cost to the savings bank, calculated according to accepted principles of accounting.

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

(c) Except as provided in subsection (2) of this section, the following shall be excluded:

(A) Assets that have been disallowed by the director or the directors of the savings bank;

(B) Debts owed to a savings bank that have remained due without prosecution and upon which no interest has been paid for more than one year; or

(C) Debts on which a judgment has been recovered which has remained unsatisfied for more than two years.

(2) The debts mentioned in paragraph (c) of subsection (1) of this section may be carried as an asset and not excluded in determining the value of the assets if:

(a) The director, upon application by the savings bank, fixes a valuation at which the debts may be carried as an asset; or

(b) The debts are secured by first mortgage upon real estate and are carried as an asset at the amount of the debt secured by the mortgage or 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 the savings bank, whichever is smaller. [Amended by 1973 c.797 §387]

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 if the payments will not reduce the guaranty fund below 10 percent of the total amount due depositors. If the savings bank liquidates before the contributions to the expense fund have been repaid, any contributions to the expense fund remaining after the payment of the expenses of liquidation and the payment to depositors in full may be repaid to the contributors pro rata.

(2) When the contributions of the incorporators or directors to the expense fund have been returned to the contributors, 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 the repayments will not reduce the earned portion of the guaranty fund below 10 percent of the amount due depositors. If the savings bank liquidates before the contributions to the guaranty fund have been repaid, any portion of the contributions not needed for the payment of the expenses of liquidation, 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. One percent of the net earnings at the close of any dividend period may be paid in the guarantor's reimbursement fund if it can be done without reducing the dividend rate below one percent per annum. The guarantor's reimbursement fund may accumulate until it is equal to the amount contributed by the incorporators to the guaranty and expense funds, at which time the fund shall be used to repay the incorporators the amounts contributed by them to the guaranty and expense funds, if that portion of the guaranty fund created from earnings amounts to at least $15,000. [Amended by 1973 c.797 §388]

716.805 Determining earnings. Earnings of a savings bank shall be calculated on an accrual basis according to generally accepted accounting principles. [1973 c.797 §389]

716.810 [Repealed by 1973 c.797 §428]

716.820 [Repealed by 1973 c.797 §428]

716.830 Payment of dividends; classification of depositors; certificates of deposit; notice of change of rate. (1) Every savings bank shall regulate the rate of dividends upon the amounts to the credit of its time depositors so that time depositors receive dividends on their deposits in accordance with the terms of their respective deposit agreements with the savings bank, after transferring:

(a) To the guaranty fund any amount considered by the directors to be expedient and for the security of the depositors; and

(b) To undivided profits, for the purpose of maintaining its rate of dividends, the amount considered by the directors as wise.

(2) A savings bank may classify its time depositors according to the character, amount or duration of their deposits with the savings bank, and may regulate its dividends so that each time depositor shall receive the same ratable portion of dividends as all others of the time depositor class.

(3) Dividends may be apportioned upon unimpaired contributions to the initial guaranty fund and to the expense fund, and may be credited and paid to the contributors. If the guaranty fund of any savings bank is

sufficiently large to permit the return of the contributions, the contributors may receive dividends on the contributions not exceeding the rate paid to depositors.

(4) A savings bank may issue certificates of deposit and agree to pay dividends on the amounts deposited at a rate specified in the certificate for the entire term of the certificate.

(5) 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 and recorded in its minutes according to the ayes and noes upon each vote.

(b) Pay any dividend other than the regular monthly, quarterly, semiannual or annual dividend, or the dividends prescribed in this subsection.

(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 10th 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. If authorized in the bylaws, 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.

(6) A notice posted in a savings bank of a change in the rate of dividends is equivalent to a personal notice. [Amended by 1963 c.409 §1; 1969 c.211 §7, 1971 c.219 §11; 1973 c.797 §390; 1975 c.544 §49; 1983 c.37 §29]

716.840 Liability of directors voting improper dividend. If any dividend is 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 and the guaranty fund as provided in ORS 716.780 and 716.830, the directors voting for the dividend shall be jointly and severally liable to the savings bank for the amount of the excess so declared and credited. [Amended by 1973 c.797 §391; 1975 c.544 §49a]

716.850 False advertising of surplus or guaranty fund prohibited. A savings bank shall not use any sign or notice or publish or circulate any advertisement in which the surplus or guaranty fund is stated in excess of its value, as determined under this chapter, unless the nature of the excess clearly appears. [Amended by 1973 c.797 §392]

716.855 Civil penalties. Any person who violates ORS 716.280 (1)(a) or (2)(a) or (b) or 716.850 shall forfeit and pay to the State Treasurer to be deposited in the Insurance and Finance Fund a civil penalty in an amount determined by the director of not more than $2,500. The civil penalty may be recovered as provided in ORS 706.980. [1975 c.544 §52]

716.860 [Amended by 1973 c.797 §393; repealed by 1975 c.544 §62]

716.870 [Repealed by 1973 c.797 §428]

716.880 [Repealed by 1973 c.797 §428]

716.890 [Repealed by 1973 c.797 §428]

DISSOLUTION, SALE OF ASSETS OR STOCK, CHANGE OF ORGANIZATION

716.900 Voluntary dissolution of savings banks; priority of payment. (1) Subject to the written approval of the director and if necessary or expedient, the board of directors of a savings bank may adopt, by resolution passed by the affirmative vote of two-thirds of the directors, at a meeting called for that purpose, a plan to close the business, liquidate the assets, pay money due first to depositors, including those depositors whose deposits are uninsured, second to holders of consumer repurchase agreements, third to holders of capital notes, and then to other creditors, distribute the remaining assets, if any, as provided by this chapter and the plan of liquidation and surrender the corporate charter. The plan shall provide that any assets remaining after payment of depositors, holders of consumer repurchase agreements, capital noteholders and other creditors, and payment of the costs of liquidation and dissolution, shall be distributed to the time depositors and to other persons entitled thereto according to their several interests as determined by this chapter and the plan of liquidation. Each depositor shall receive a share of the remaining assets based on an apportionment as provided by the plan of dissolution approved by the director under ORS 716.925.

(2) Before approving the plan for closing the savings bank under subsection (1) of this section, the director may make a special examination of the condition and affairs of the savings bank. [Amended by 1973 c.797 §394; 1979 c.88 §30; 1983 c.37 §30]

716.905 Notice to close; disposition of unclaimed deposits. (1) Acting under ORS 716.900 the directors shall direct the mailing of a written notice of its intention to close its business to the last-known address of all depositors and other creditors.

(2) All deposits and amounts reserved for creditors that remain unclaimed after six months from the date of the written notice required under subsection (1) of this section, shall be reported and transferred by the directors to the Division of State Lands as

abandoned property under ORS 98.302 to 98.436.

(3) A copy of the report of unclaimed deposits and amounts reserved for creditors filed with the Division of State Lands shall be filed with the director. [1973 c.797 §395, 1983 c 37 §31]

716.910 Adjudication of dissolution. (1) After the directors have filed their report and deposited the unclaimed funds with the Division of State Lands as required under ORS 716.905, the directors shall report their proceedings, verified, to the circuit court of the county in which the savings bank was located. Upon filing the report and the petition of the directors and after notice to the Attorney General, the director and any others the court considers necessary, the court shall order the franchise surrendered, the directors discharged from liability accruing after the order, and the existence of the corporation terminated.

(2) Certified copies of the order shall be filed in the office of the director and the county or state offices in which the articles of incorporation of the savings bank may have been filed or recorded. [Amended by 1973 c 797 §396]

716.920 Sale of savings bank assets or stock; conversion, reorganization, consolidation, acquisition or merger involving savings banks; rights of depositors; stock savings banks. (1) The directors of any savings bank may adopt, by resolution passed by the affirmative vote of not less than two-thirds of the directors, at a meeting called for that purpose, a plan for the sale of all or part of the savings bank's assets, or portions thereof, and the assumption of all or part of its liabilities; the conversion, reorganization or consolidation of the savings bank, either with or without a merger; the merger of the savings bank; the sale of all or part of its stock; or the savings bank's acquisition of or by a national bank, banking institution, or state or federal savings and loan association.

(2) A savings bank may convert to a stock savings bank, bank, national bank, federally chartered savings and loan association, federally chartered savings bank or a savings association chartered under ORS chapter 722.

(3) The terms and conditions of a conversion of a savings bank to any of those entities described in subsection (2) of this section shall be determined by the board of directors of the savings bank subject to applicable federal or state law and the approval of the director. The conversion of a savings bank to a stock savings bank shall be governed by the provisions of this section.

(4) The depositors of the savings bank shall have the following rights and shall be afforded the following protections in a conversion of the savings bank to a stock entity:

(a) Each depositor of the converting savings bank shall receive, without payment, and without affirmative action by the depositor, an account or accounts in the new entity with the same deposit balance or balances and deposit terms as existed with the savings bank prior to its conversion.

(b) Each eligible depositor of the savings bank shall receive, without payment, nontransferable subscription rights to purchase capital stock in the new entity in such amounts, at such prices and upon such terms as may be set forth in the plan of conversion. Those depositors eligible to subscribe to stock shall be determined by the board of directors subject to the approval of the director.

(c) The converting savings bank shall establish and maintain a liquidation account which shall be available for the benefit of eligible depositors in the event of a subsequent solvent liquidation of the new entity. The purpose of the liquidation account shall be to establish the rights and priorities for the payment to a remaining eligible depositor upon liquidation. The creation and maintenance of the liquidation account shall not operate to restrict or impair the application of any of the net worth of the new entity. Those eligible depositors and their rights and priorities with respect to payment from the liquidation account shall be determined by the board of directors, subject to the approval of the director, and shall be set forth in the plan of conversion.

(5) A stock savings bank converted from a mutual form pursuant to the provisions of this section shall be deemed to be a continuation of the savings bank, subject to the rights and obligations provided for in applicable sections of the Bank Act. The name of the stock savings bank may contain the words "savings bank" or "mutual savings bank."

(6) If the director determines that exigent circumstances exist and that the immediate sale of all or part of the savings bank's assets and liabilities, the conversion, reorganization, consolidation, merger or sale of stock of the savings bank is necessary to protect the interests of the depositors and creditors, if the savings bank has requested assistance from the Federal Deposit Insurance Corporation, or if the Federal Deposit Insurance Corporation is prepared to offer assistance to facilitate a merger or acquisition, notwithstanding any other law to the contrary, the director may immediately direct the sale of the savings bank's assets and the assumption

of its liabilities, or any portions thereof, the conversion of the savings bank to a stock entity without extending stock subscription rights to the depositors, or the merger of the savings bank or the sale of the stock of a converted savings bank. In addition the director may take such other action as shall be necessary and expedient to convert the charter, form of ownership or operating powers of the savings bank in order to facilitate the sale of its stock or the sale, conversion, reorganization, consolidation, or merger of the savings bank. A conversion by the director under this section shall not otherwise impair the rights of a savings bank depositor as set forth in paragraph (a) of subsection (4) of this section.

(7) In exercising the authority conferred upon the director in subsection (6) of this section, the director shall consider, but not be limited to, the following factors:

(a) Whether the present financial condition of the savings bank is such that immediate action is necessary to protect the depositors and creditors of the savings bank;

(b) Whether the foreseeable financial condition of the savings bank is such that by the time a stock offering to depositors is completed, the net worth of the savings bank will be impaired to the point that it would appear doubtful that the new entity could continue as a viable entity and competitor without further capital infusion;

(c) The financial and managerial resources and the financial history of the entity which is proposing to acquire or merge with the savings bank and any parent company of the entity or a holding company which controls the entity;

(d) Whether such acquisition or merger may result in undue concentration of resources or substantial lessening of actual or potential competition within the state;

(e) Whether the potential for acquisition by a banking institution within the state exists, and if so, whether such acquisition would best serve the public interest;

(f) The banking institution structure of this state; and

(g) The convenience and needs of the public of this state, taking into consideration the public policy of this state that mutual savings banks and stock savings banks shall be preserved in order to provide alternative financial services for the benefit of the people of the State of Oregon.

(8) In exercising the authority conferred by subsection (6) of this section, the director may approve any acquisition by consolidation, affiliation, reorganization, merger or stock sale with any savings bank, stock savings bank, bank, foreign bank, national bank, state savings and loan association, federal savings and loan association, federal savings bank, bank holding company, savings and loan holding company or subsidiaries of holding companies, notwithstanding the fact that such other entity is organized under the laws of another state, has its principal place of business, or carries on its principal business activities in another state provided, however, that such state shall be contiguous with the State of Oregon. In applying the criteria set forth in subsection (7) of this section and in evaluating the proposals for the acquisition or merger of the savings bank, the director shall adhere to the following order of preference in approving a sale, conversion, reorganization, consolidation, or merger of the savings bank:

(a) Savings banks including federal savings banks;

(b) Stock savings banks;

(c) Commercial banks, including banks, foreign banks, national banks and bank holding companies, subsidiaries of bank holding companies; and

(d) Savings and loan associations, including state or federal associations and savings and loan association holding companies.

(9) When applying the criteria and order of preference under subsection (8) of this section, the director shall first determine whether any eligible entity exists within the State of Oregon. If none exists, the director shall next determine whether any eligible entity exists in the same category in states which are contiguous with the State of Oregon. If none exists in contiguous states, the director shall examine the next category in the order of preference and shall first determine whether eligible entities exist in this category within the State of Oregon and if none exists, then whether in contiguous states. The director shall continue through each category in the order of preference looking first for eligible in-state entities before looking for eligible entities in contiguous states.

(10) An entity resulting from a conversion, merger or other action under subsection (6) of this section shall have the same rights and powers, including the right to establish and maintain branches, and limitations as if such entity were originally chartered in this state and also shall be subject to the regulatory jurisdiction of appropriate state agencies and shall be subject to the provisions of the Bank Act.

(11) The director may adopt rules to carry out the provisions of this section.

(12) A savings bank which was converted, merged or acquired by a foreign bank holding

company as a nonbank under the provisions of section 4 (c)(8) of the Bank Holding Company Act prior to April 4, 1983, because of circumstances similar to those set forth in subsection (6) of this section may reconvert to or merge with a bank, stock savings bank or savings bank and thereafter have the rights and be subject to the laws governing such entities. The foreign bank holding company may continue to own or control such entity after any such reconversion or merger. This subsection shall constitute specific authorization for a foreign bank holding company to own or control such bank, savings bank or stock savings bank within the meaning of section 3 (d)(1) of the Bank Holding Company Act.

(13) A copy of the resolution of the board of directors of the existing entities and a copy of the proposed plan shall be filed with the director and maintained in the office of the director. The applicants shall submit with any proposed plan an application fee of $3,000, which shall not be refundable if the plan is disapproved. Notice of the resolution and plan shall be mailed to all depositors at the addresses shown on the records of the existing entities.

(14) A federally chartered mutual savings bank or a federally chartered savings and loan association may convert to a savings bank. A mutual savings association chartered under ORS chapter 722 may convert to a mutual savings bank. A stock association chartered under ORS chapter 722 or a federally chartered stock savings and loan association or a federally chartered stock savings bank may convert to a stock savings bank or a bank. A stock savings bank may convert to or merge with a stock savings and loan association chartered under ORS chapter 722 or to or with a federally chartered stock savings and loan or a federally chartered stock savings bank. The board of directors of an entity referred to in this subsection shall submit its conversion plan to the director for approval in accordance with ORS 716.925. [1955 c 690 §3, 1971 c.219 §12; 1973 c.797 §397; 1977 c.135 §60; 1983 c 37 §32, 1983 c.367 §5; 1985 c 12 §14; 1985 c.762 §49; 1987 c.197 §10; 1987 c.445 §8; 1989 c.324 §74]

716.925 Examination and approval of plan of sale of assets or stock, or plan of conversion, reorganization, consolidation, acquisition or merger. (1) Upon receipt of a copy of the resolution and plan as required under ORS 716.920, the director shall examine into the condition and affairs of the savings bank, stock savings bank and any other bank, savings and loan association, mutual or stock savings bank or other proposed entity involved in the plan. In evaluating the financial condition of the respective entities, in lieu of examination, the director may rely on the financial reports required by any regulatory agency. The director may investigate any additional matters the director considers advisable.

(2) Upon completion of the examination or investigation under subsection (1) of this section, the director shall approve the plan if the director finds that:

(a) The resulting entity meets the requirements of the Bank Act for such a bank, savings bank or stock savings bank;

(b) The plan provides an adequate capital structure including surplus;

(c) The agreement is fair to the existing banks, mutual and stock savings banks and savings and loan associations, and to their stockholders and depositors; and

(d) The consolidation, sale, merger or conversion promotes the public interest.

(3) The director's written approval shall be mailed to the applicant entities. Upon receipt of the approval of the plan from the director the applicant entities may, under the supervision of the director, carry out the plan. A record of all acts or proceedings taken by the board of directors in carrying out the plan shall be filed with the director. [1973 c.797 §398; 1977 c.135 §61, 1981 c.192 §34; 1983 c.37 §33; 1987 c.445 §9]

716.930 Certificate evidencing completion of plan; filing; effect. After the plan adopted under ORS 716.920 has been carried out, the director shall file, in the director's office and in the county or other offices where the articles of incorporation of the savings bank, stock savings bank and any resulting bank, savings bank or savings and loan association may be recorded or filed, an appropriate certificate evidencing the completion of the plan. The corporate franchise of the converting or merging entity and consolidating entities shall be surrendered and canceled and their existence terminated. The directors thereof shall be discharged from any liability accruing after the date of filing. [1973 c.797 §399; 1977 c.135 §62; 1981 c.192 §35; 1983 c.37 §34, 1987 c.445 §10]

716.935 Rights of depositor upon adoption of plan. (1) Except as provided in subsection (2) of this section, a depositor may, within 30 days after notice of the resolution and plan adopted under ORS 716.920 has been mailed to the depositor, elect by written notice to the savings bank:

(a) To accept those rights offered to the depositor under the plan.

(b) Subject to applicable law or rule, to withdraw the depositor's deposit account, including principal and any interest payable on the account to the date of the withdrawal.

(2) The time within which a depositor shall respond may be shortened upon order of the director. [1973 c 797 §400; 1977 c 135 §63; 1979 c.88 §31; 1981 c.192 §36; 1983 c.37 §35]

PENALTIES

716.990 Penalties. Violation knowingly of ORS 716.280 (1)(a) or (2)(a) or (b) by an officer or director of a savings bank is a Class C felony. [Amended by 1973 c.797 §401; 1985 c.762 §50]