TITLE 54

LOAN ASSOCIATIONS AND LENDING INSTITUTIONS

Chapter 722. Savings Associations
723. Credit Unions
725. Consumer Finance
726. Pawnbrokers

Chapter 722

1993 EDITION

Savings Associations

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DEFINITIONS AND PURPOSES

722.002 Application of definitions to construction of chapter. As used in this chapter, unless the context otherwise requires, words shall have the meanings assigned by ORS 722.004. [1975 c.582 §2]

722.004 Definitions. (1) "Account holder" means a person who owns a savings account.

(2) "Borrower" means a person who is an obligor under a loan agreement entered into by a savings association as obligee.

(3) "Branch facility" or "branch" means an established place of business or a mobile or other facility of an association, other than the principal office, at which any savings and loan business activity is carried on.

(4) "Community" means a centralized area or locality in which a body of inhabitants is gathered in one group having common residential, social or business interests. The term does not necessarily mean a city, county or other political subdivision and need not but may be limited by lines and boundaries and a large, populous area under one or more forms of government may be composed of several communities.

(5) "Demand deposit" means a deposit in an account that is payable on demand upon the presentation of a negotiable check or draft.

(6) "Department" means the Department of Consumer and Business Services.

(7) "Depositor" means a person who deposits money in a savings account in an association.

(8) "Director" means the Director of the Department of Consumer and Business Services.

(9) "Domestic association" means a corporation that transacts savings and loan business under articles of incorporation issued by this state.

(10) "Federal association" means a corporation that transacts savings and loan business in this state under authority to do so issued under federal law.

(11) "Foreign association" means a corporation, other than a federal association, organized to transact savings and loan business under the laws of any other state or territory of the United States.

(12) "Independent auditor" means a public accountant or a certified public accountant authorized to practice as a public accountant or as a certified public accountant under the laws of this state, or a firm of such accountants.

(13) "Managing officer" means an officer of a savings association designated by the board of directors of the association as provided by ORS 722.102.

(14)(a) "Member," in a mutual association, means an account holder and any other person who is a member of a class of persons granted membership rights by the articles of incorporation or the bylaws.

(b) "Member," in a stock association, means a stockholder and any other person who is a member of a class of persons granted membership rights by the articles of incorporation or the bylaws.

(15) "Mutual association" means a savings association formed without authority to issue stock.

(16) "Principal office" means the office of the headquarters of a savings association in this state.

(17) "Savings account" means the interest of an account holder in the savings liability of a savings association.

(18) "Savings association" or "association" means a domestic association or a foreign association and includes a stock or a mutual association.

(19) "Savings Association Act" means ORS chapter 722.

(20) "Savings bank" has the meaning given that term by ORS 706.005, except as otherwise provided in ORS 722.014 relating to name.

(21) "Savings liability" means the total amount on deposit in all savings accounts of a savings association plus interest earned on such accounts.

(22) "Service corporation" means a corporation:

(a) That is engaged, or proposes to engage, in a business activity related to savings and loan business; and

(b) In which at least 80 percent of the shares of stock having voting rights are owned by one or more saving associations or federal associations.

(23) "Stock association" means a savings association formed with authority to issue stock.

(24) "Stockholder" means a person who appears on the records of a savings association as the owner of one or more shares of stock of the association.

(25) "To transact savings and loan business" means to engage in business activities to promote savings and home building and ownership, to acquire funds of the public to invest in loans and to make repayments to savers as provided in savings plans.

(26) "Withdrawal value" means the amount of a savings account, less lawful de-

ductions. [1975 c.582 §§3 to 31; 1981 c.472 §1; 1985 c.374 §1; 1985 c.762 §53; 1985 c.798 §3; 1987 c.373 §56; 1993 c.744 §24]

722.005 [Amended by 1961 c.398 §1; 1967 c.234 §1; 1971 c.757 §3; repealed by 1975 c.582 §152]

722.008 Purposes; standards for exercise of regulatory powers. (1) The Legislative Assembly adopts the Savings Association Act:

(a) To provide for the safe and sound conduct of the business of savings associations, the conservation of their assets and the maintenance of public confidence in savings associations;

(b) To provide for the protection of the interests of account holders and the public interest in the soundness of the savings and loan system;

(c) To provide the opportunity for savings associations subject to the Act:

(A) To remain competitive with each other and with savings and financial institutions existing under other laws of this and other states, the United States and foreign countries; and

(B) To serve effectively the convenience and advantage of customers and to improve and expand their services and facilities for such purposes;

(d) To provide the opportunity for managements of associations to exercise business judgment in conducting the affairs of associations to the extent compatible with the purposes recited in this subsection; and

(e) To provide adequate rulemaking power and administrative discretion so that the regulation and supervision of associations is readily responsive to changes in economic conditions and in savings and loan practices.

(2) The purposes of the Savings Association Act stated in subsection (1) of this section constitute standards to be observed by the director in the exercise of discretionary powers under the Act, in the adoption of rules, in the examination and supervision of associations subject to the Act and in all matters of construction and application of the Act required for any determination or action by the director. [1975 c.582 §32; 1985 c.762 §54]

722.010 [Amended by 1961 c.398 §2; 1963 c.288 §1; repealed by 1975 c.582 §152]

FORMATION, ORGANIZATION, VOLUNTARY CORPORATE CHANGES

(Formation and Organization of Association)

722.012 Compliance with chapter required; exceptions. (1) A person shall not transact savings and loan business in this state unless the person has been issued a certificate of authority as provided by this chapter or is authorized to do so by articles of incorporation granted prior to June 6, 1931. Unless a person is so authorized and actually engaged in savings and loan business in this state, a person transacting business in this state shall not:

(a) Transact business under a name or title that contains the term "savings and loan," "building and loan," "thrift and loan" or words of similar import; or

(b) Use any sign, or circulate or use any letterhead, billhead, circular or paper whatsoever, or advertise in any manner that is calculated to lead the public to believe that it is transacting savings and loan business.

(2) Subsection (1) of this section does not apply to a federal association. [1975 c.582 §33]

722.014 Name of savings association. (1) The name of a domestic association, or the name authorized and used by a foreign association doing business in this state, shall terminate with the words "Savings Association," "Savings and Loan Association" or "Savings Bank." The name "Savings Bank" may be so used notwithstanding any other provision of Oregon law limiting or prohibiting the use of the name "Savings Bank" or "Bank." A domestic or foreign association may not use the word "bank" to refer to itself or to any services it provides unless "bank" is modified by "savings."

(2) In addition to the requirements of ORS 57.045 (4)(a) (1985 Replacement Part), the name of a savings association shall not so resemble the name of another savings association or an existing federal association doing business in this state or a bank or national bank as defined by ORS 706.005 as to be likely to cause confusion or mistake, or to deceive. This subsection applies only to:

(a) A domestic association formed after January 1, 1976.

(b) A foreign association issued a certificate of authority after January 1, 1976. [1975 c.582 §34; 1985 c.374 §2; 1985 c.728 §106; 1987 c.197 §11]

722.015 [Amended by 1971 c.743 §414; repealed by 1975 c.582 §152]

722.016 Incorporation; application of Oregon Business Corporation Act. (1) A domestic association shall be incorporated, either as a stock or a mutual association.

(2) ORS chapter 57 (1985 Replacement Part) applies to domestic associations and to foreign associations except where inconsistent with the express provisions of this chapter and, where inconsistent, this chapter applies.

(3) The following provisions of ORS chapter 57 (1985 Replacement Part) do not apply to savings associations, as follows:

(a) ORS 57.025, 57.045 (1), 57.080, 57.085, 57.106, 57.221, 57.226, 57.231 (1)(d), 57.246 (2) to (4), 57.255, 57.260, 57.590, 57.595 (1)(a) and (b), 57.735 and 57.755 to 57.772 do not apply to savings associations.

(b) In addition to the sections referred to in paragraph (a) of this subsection, ORS 57.080 to 57.111, 57.121 to 57.137, 57.216, 57.390 to 57.411 and 57.870 to 57.890 do not apply to mutual associations.

(4) In applying ORS chapter 57 (1985 Replacement Part) and provisions of ORS chapter 60, as provided by this section, unless the context requires otherwise:

(a) "Corporation Division," "division" or "office of Secretary of State" means the Department of Consumer and Business Services.

(b) "Corporation Commissioner," "commissioner" or "Secretary of State" means the Director of the Department of Consumer and Business Services.

(c) "Corporation" or "domestic corporation" means a domestic association.

(d) "Shareholder" means an account holder of a mutual association, a stockholder of a stock association and includes account holders and borrowers of a stock association if designated as members of the association in the articles and bylaws of the association.

(e) Any reference in ORS chapter 57 (1985 Replacement Part) to filing fees, annual license fees and other money payable by corporations to the commissioner shall be considered a reference to the provisions of this chapter governing filing fees, annual fees and other money payable by associations to the director.

(f) Written notice of meetings to stockholders of a stock association shall be delivered and the books of the association may be closed not less than 10 nor more than 60 days before the date of the meeting in the manner prescribed in ORS 57.150 and 57.155 (1985 Replacement Part).

(5) ORS 60.131 and 60.134 apply to stock savings associations.

(6) ORS 60.047 (2)(d) and 60.387 to 60.414 apply to savings associations.

(7) Notwithstanding ORS 57.355, articles of incorporation of a savings association may be amended to set forth and apply the provisions of ORS 60.047 (2)(d). [1975 c.582 §35; 1979 c.863 §1; 1981 c.472 §2; 1981 c.633 §78; 1983 c.717 §40; 1983 c.740 §252; 1985 c.728 § 107; 1985 c.762 §55; 1987 c.197 §12; 1987 c.414 §166b; 1987 c.528 §4; 1991 c.883 §13]

722.018 Articles of incorporation. Any individuals desiring to transact savings and loan business may, by complying with this chapter, become a body corporate for that purpose. The articles of incorporation for a savings association shall state:

(1) That the association is organized for the purpose of transacting savings and loan business.

(2) Whether the association is organized as a stock association or a mutual association and, if as a mutual association, state who has membership rights and the relative rights of different classes of members of the association. [1975 c.582 §36]

722.020 [Amended by 1953 c.401 §11; 1961 c.398 §3; 1971 c.743 §415; 1971 c.757 §4; repealed by 1975 c.582 §152]

722.022 Application for incorporation. When incorporators of a domestic association deliver articles of incorporation to the director, they shall submit an application for a certificate of incorporation, signed and verified by a majority of the incorporators, together with the proper filing fee. The application shall set forth:

(1) The names and addresses of the incorporators and proposed directors and officers of the association.

(2) A statement of the character, financial responsibility, experience and fitness of the directors and officers to engage in the savings and loan business.

(3) Statements of estimated receipts, expenditures, earnings and financial condition of the association for the first two years or such longer period as the director may require.

(4) A showing that the association will have a reasonable chance to succeed in the community in which it proposes to operate.

(5) A showing that the public convenience and advantage will be promoted by the formation of the proposed association.

(6) Proposed bylaws.

(7) Any other matters the director may require. [1975 c.582 §37]

722.024 Investigation of application; notice of application filing; hearing; authority to require additional information; fingerprinting. (1) Upon receipt of an application and the documents described by ORS 722.022, the director shall promptly examine and investigate whether the formation of the association should be allowed and the application granted.

(2) Not less than 20 days prior to taking action on an application for a certificate of incorporation, the director shall give notice of the filing of the application as provided by subsection (3) of this section. The notice shall state:

(a) That the application has been filed and name the community where the principal office is to be located; and

(b) That either a hearing will be held on the application at a time, date and place given in the notice, or that a hearing will be held if any person objects on relevant grounds to the granting of the application and files a request for a hearing with the director prior to a date given in the notice.

(3) Notice shall be given:

(a) By publishing the notice one time in a newspaper, designated by the director, of general circulation in the community in which the principal office of the proposed association is to be located;

(b) By mailing copies to all domestic, foreign and federal associations transacting business in this state; and

(c) By mailing copies of the notice to persons who have requested notice pursuant to ORS 183.335 (7).

(4) If a hearing is held because of a request, notice of the hearing shall be given as provided by subsection (3) of this section and shall name the time, date and place of the hearing. At any hearing any person may appear in person or by agent or attorney and orally or in writing show cause upon any relevant ground why the application should or should not be granted.

(5) In the course of investigating any person named as incorporators and proposed directors and officers in the articles of incorporation under ORS 722.022, 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.

(6) Fingerprints acquired under subsection (5) 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. [1975 c.582 §38; 1977 c.161 §5; 1979 c.593 §33; 1979 c.863 §1a; subsections (5) and (6) enacted as 1985 c.786 §56]

722.025 [Amended by 1971 c.743 §416; repealed by 1975 c.582 §152]

722.026 Grounds for approval or denial of application for certificate of incorporation; organization. (1) The director shall approve an application for a certificate of incorporation if the director affirmatively finds from the data furnished with the application, from the evidence adduced at the public hearing, if any, and from the investigation and records of the director, including a review of criminal records, that:

(a) The articles of incorporation and proposed bylaws comply with the law and the other provisions of this chapter have been complied with;

(b) The character, financial responsibility, experience and fitness of each incorporator, each member of the proposed board of directors and any person or persons directly or indirectly controlling the proposed association commands confidence and warrants belief that the business of the proposed association will be honestly and efficiently conducted in accordance with the intent and purpose of this chapter and that the proposed association will have qualified full-time management;

(c) The community stated in the application as the location of the principal office of the proposed association affords a reasonable promise of adequate support for the association;

(d) The operation of the proposed association will not unduly harm any existing association that has been transacting business in the community for less than two years; and

(e) The public convenience and advantage will be promoted.

(2) Upon approval of an application, the director shall issue a certificate of incorporation with such conditions and restrictions as are required by this chapter. After issuance of the certificate of incorporation, however, the association shall not do any business, except such business as is incident to its organization, until the director has issued to it a certificate of authority as provided by ORS 722.036. [1975 c.582 §39; 1977 c.166 §1]

722.028 Denial of application; right to hearing on denial. If the director denies an application for a certificate of incorporation the director shall enter an order to that effect, setting out the facts that are the basis of the denial, and mail the order, with a copy of the proposed articles of incorporation, to the incorporators or their representatives. The order shall also notify the incorporators of their right to a hearing on the order. [1975 c.582 §40]

722.030 [Amended by 1959 c.227 §1; 1961 c.398 §4; 1967 c.234 §10; repealed by 1975 c.582 §152]

722.032 Function of initial board; surety bond or letter of credit; subscriptions to capital; savings account pledges; completed organization report; time to organize limited. (1) After the or-

ganizational meeting, the initial board of directors of an association shall:

(a) File with the director a corporate surety bond or letter of credit, in the form and amount required by ORS 722.034;

(b) Collect subscriptions to capital or the expense fund in the amounts required under ORS 722.042, but only after the surety bond required by paragraph (a) of this subsection has been filed with the director;

(c) Obtain subscriptions to savings accounts pledged, in the amount required under ORS 722.042, to be paid in to the association upon issuance to it of a certificate of authority;

(d) Take such other action as may be necessary to complete the organization of the association; and

(e) Report the completion of the organization to the director.

(2) The report shall be filed with the director within six months after the date the certificate of incorporation is issued. However, the director, upon good cause shown prior to the expiration of the six-month period, may extend the time for filing the report for an additional period not to exceed six months. [1975 c.582 §41; 1991 c.331 §121]

722.034 Surety bond or letter of credit conditions; designation of escrow agent. (1) Any corporate surety bond or letter of credit filed with the director as provided by ORS 722.032 shall be executed to the State of Oregon and shall be in a form and amount, not less than $100,000, approved by the director. The bond or letter of credit shall assure the safekeeping of the funds subscribed and collected and their delivery, plus earnings, to the association after the association has met all conditions and requirements of organization and doing business in this state, and has commenced public operation. In case the certificate of authority is not issued, or is revoked pursuant to ORS 722.052 (2), the bond or letter of credit shall assure the return, to the respective subscribers or their assigns, of the amounts collected, plus earnings, less organizational expenses incurred and within the amount authorized. ORS 742.358 applies to cancellation of such a bond or letter of credit. Any letter of credit filed with the director under this section shall be an irrevocable letter of credit issued by a commercial bank as defined in ORS 706.005.

(2) Actual organizational expenses of the kind described by ORS 57.116 (1985 Replacement Part) may be paid as incurred from the funds collected under ORS 722.042. However, such payments in the aggregate shall not exceed an amount authorized by the director as reasonable for organizational expenses.

(3) The initial board of directors of an association shall, subject to the approval of the director, designate an escrow agent for the safekeeping and delivery of funds in accordance with this section. [1975 c.582 §42; 1981 c.472 §3; 1987 c.197 §13; 1991 c.331 §122]

722.035 [Amended by 1959 c.227 §3; 1961 c.398 §67; repealed by 1975 c.582 §152]

722.036 Issuance or denial of certificate of authority; conditions of certificate. (1) When the report of the board of directors is filed with the director as provided by ORS 722.032, the director shall examine the affairs of the association. The director shall issue a certificate of authority to the association authorizing it to commence business if:

(a) The director finds the association has complied with all the provisions of law required to entitle it to transact business;

(b) The director finds no intervening circumstance has occurred to change the findings of the director made under ORS 722.026;

(c) The director approves the bylaws adopted by the initial board of directors; and

(d) The association pays the proper annual fee for the remainder of the fiscal year.

(2) A certificate when issued continues in effect unless revoked by the director. A certificate of authority shall be issued conditional upon the association securing insurance of its savings accounts and commencing business within the time allowed by ORS 722.046.

(3) If the director does not issue a certificate of authority to an association, the director shall enter an order denying the certificate, stating the reasons for the denial, and mail the order to the board of directors. The order shall also notify the board of its right to a hearing on the order. [1975 c.582 §43]

722.038 Amending articles or bylaws; copies to be furnished to association members. (1) A domestic association may, after securing the approval of the director, amend its articles of incorporation or its bylaws.

(2) When a domestic or foreign savings association amends its articles or bylaws, it shall file a verified copy of the resolution authorizing such amendment in the office of the director.

(3) Copies of the articles of incorporation and bylaws of a savings association shall be furnished by the association to the members of the association upon request. [1975 c.582 §44; 1977 c.166 §2]

722.040 [Amended by 1959 c.227 §4; 1961 c.398 §5; 1967 c.234 §11; repealed by 1975 c.582 §152]

722.042 Minimum capital or expense fund and pledged savings accounts. (1)

When the director issues a certificate of incorporation for a new association, the director shall include in the certificate, as conditions that must be met prior to the issuance of a certificate of authority to do business, requirements that in the opinion of the director will justify the initial successful operation of the association. Requirements in the certificate of a new association shall include, but need not be limited to:

(a) The minimum amount of stated capital and capital surplus that must be subscribed and paid in to a new stock association; or

(b) The minimum expense fund that must be paid in to a new mutual association; and

(c) The minimum number and value of savings accounts that must be subscribed and pledged to a mutual or stock association upon issuance to it of a certificate of authority.

(2) All payments required by this section shall be in lawful money of the United States. [1975 c.582 §45]

722.044 Restrictions on use of capital surplus or expense fund; repayment of expense fund; nonwithdrawable savings accounts of new associations. (1) Until a new stock association is on a profitable operating basis as determined by the director, capital surplus collected by the association under ORS 722.042 shall be restricted and may be used only for payment of the expenses and charges of organization, as described by ORS 57.116 (1985 Replacement Part), and for payment of any net operating losses of the association, as determined after transfers to general reserves for losses.

(2) Until a new mutual association is on a profitable operating basis as determined by the director, the expense fund collected by the association under ORS 722.042 shall be used only for payment of the expenses and charges of organization, similar to those described by ORS 57.116 (1985 Replacement Part), and for payment of any net operating losses of the association as determined after transfers to general reserves for losses. When the director determines that the association is on a profitable operating basis, contributions made to the expense fund may be repaid pro rata to the contributors, first from the balance, if any, remaining in the expense fund and then from earned surplus.

(3) In case of the liquidation of a mutual association before contributions to the expense fund have been repaid, any balance in the expense fund remaining unexpended after the payment of expenses of liquidation, all creditors and the withdrawal value of all savings accounts shall be repaid to the contributors pro rata.

(4) Amounts paid in on savings accounts pledged to a new mutual association pursuant to ORS 722.042 shall not be withdrawable until the director, pursuant to subsection (2) of this section, determines that the association is on a profitable operating basis. [1975 c.582 §46; 1987 c.197 §14]

722.045 [Amended by 1959 c.227 §5; 1961 c.398 §6; 1967 c.234 §12; repealed by 1975 c.582 §152]

722.046 Time allowed to secure insurance of accounts and commence business. (1) A new association shall secure insurance of its savings accounts as provided by ORS 722.048 and commence business within six months after the date the certificate of authority to do business is issued.

(2) If the association does not secure insurance and commence business within the time allowed, on application of the association prior to the expiration of the time and upon good cause shown, the director may extend the time for an additional period not to exceed six months. [1975 c.582 §47]

722.048 Insurers of accounts; representations as to insurance. (1) A savings association shall obtain and maintain insurance of its savings accounts from the Federal Savings and Loan Insurance Corporation or other federal or state agency, or from another insurer approved by the director.

(2) Upon receiving an application from an association for approval of an insurer, the director shall give reasonable notice to the insurer and the applicant and conduct a public hearing on the application. The director may issue a certificate approving an insurer if the director determines that the contract of insurance contemplated:

(a) Is written upon substantially the same basis as to form, amount, coverage, maturity, voluntary and involuntary termination and other provisions as the insurance contract provided by the Federal Savings and Loan Insurance Corporation;

(b) Complies with any further requirements for protection of account holders that the director considers reasonably necessary; and

(c) Is underwritten by an insurer who has a net worth reasonably commensurate with the risks underwritten and is authorized to transact insurance in this state.

(3) Subsection (2) of this section applies to all revisions or modifications of such contracts of insurance.

(4) Insured associations may make representations as to insurance of savings accounts but all representations shall set forth the name of the insurer. An association or other person shall not advertise, represent, accept or offer to accept any savings ac-

counts in this state, unless the accounts are insured as provided by this section. [1975 c.582 §48]

722.050 [Repealed by 1975 c.582 §152]

722.052 Revocation of certificate of authority; dissolution. (1) The director may revoke the certificate of authority of a domestic or a foreign association for violation of the provisions of this chapter.

(2) The director may revoke the certificate of authority of a new domestic association and may dissolve the association when the association fails to obtain insurance of accounts and commence business within the time allowed by ORS 722.046.

(3) The director may dissolve a domestic association:

(a) When the report of the initial board of directors is not filed within the time allowed by ORS 722.032.

(b) After the effective date of an order issued under ORS 722.036 denying a certificate of authority.

(4) The director shall dissolve an association as provided by ORS 57.585 (1985 Replacement Part). The director, prior to the dissolution, may appoint a conservator as provided by ORS 722.474 if the director finds that liquidation of the affairs of the association should precede the dissolution of the association. [1975 c.582 §49; 1981 c.633 §79; 1983 c.717 §34; 1985 c.728 §105; 1987 c.197 §15]

722.055 [Amended by 1961 c.398 §7; 1971 c.757 §5; repealed by 1975 c.582 §152]

(Voluntary Corporate Changes)

722.056 Conversion from domestic association to federal or foreign association or domestic mutual or stock savings bank; conditions; effective date. (1) A domestic stock or mutual association may convert to a federal association whose principal office is in this state or to a foreign mutual or stock association or to a domestic mutual or stock savings bank upon an equitable basis subject to:

(a) The prior approval of the conversion by the director;

(b) The approval of the state or federal supervisory authority having jurisdiction of the proposed resulting association or bank; and

(c) The approval of the members of the converting association at a meeting properly called to consider such action.

(2) When conversion to a domestic mutual or stock savings bank is proposed, the conversion is subject to the rules adopted under ORS 706.790 to carry out this section.

(3) Upon receipt of the approval of a proposed conversion from the director and other appropriate supervisory authority, a converting association, under the supervision of the authority, may carry out the plan of conversion. A record of all acts or proceedings taken in carrying out the proposed conversion shall be filed with the director.

(4) The effective date of a conversion under this section is governed by the law, if any, governing the resulting association or bank. If there is no law governing the effective date, conversion proposed under this section is effective upon the date that all provisions of this chapter and the rules adopted pursuant thereto have been complied with and a new charter or certificate of incorporation has been issued to the resulting association or savings bank. A certified copy of the new charter or certificate of incorporation shall be filed with the director. [1975 c.582 §50; 1985 c.762 §56; 1987 c.373 §57; 1987 c.445 §11]

722.058 Conversion of mutual association or bank to domestic mutual association; conversion of stock association or domestic stock savings bank to domestic stock association. (1) A federal mutual association whose principal office is in this state, a foreign mutual association or a savings bank may convert to a domestic mutual association and a federal stock association whose principal office is in this state, a foreign stock association or a domestic stock savings bank may convert to a domestic stock association upon an equitable basis subject to:

(a) The laws and regulations governing the converting association or bank;

(b) The approval of the director;

(c) The approval of the members of the converting association or bank; and

(d) The rules adopted by the director to carry out the provisions of ORS 722.056 to 722.068.

(2) Upon receipt of the approval of a proposed conversion from the director, a converting association or bank may, under the supervision of the director, carry out the plan of conversion. A record of all acts or proceedings taken by the board of directors of the converting association or bank in carrying out the proposed conversion shall be filed with the director.

(3) Notice of a meeting of the members to approve a conversion under this section shall be given as provided by ORS 722.066 (2) and (3), unless otherwise provided by the law applicable to the converting association or bank. At a meeting at which a conversion under this section is voted upon, the members shall also vote upon the directors who shall be the directors of the domestic associ-

ation after conversion takes effect. The director shall, in the certificate of incorporation issued to the resulting association, include a statement that the association is incorporated by conversion from a federal or foreign association or mutual or stock savings bank, as the case may be.

(4) A conversion carried out under this section is effective on the date that all provisions of this chapter and the regulations adopted pursuant thereto have been complied with and a new certificate of incorporation has been issued by the director.

(5) All provisions regarding property and other rights contained in ORS 722.068 apply, in reverse order, to the conversion into a domestic association under this section, so that the resulting domestic association shall be a continuation of the converting association or bank and continue to have all of its rights, liabilities, obligations and relations. [1975 c.582 §51; 1987 c.445 §12]

722.060 [Amended by 1973 c.368 §1; repealed by 1975 c.582 §152]

722.062 Conversion of mutual association or bank to domestic stock association; conversion of stock association to domestic mutual association; conditions. (1) A federal mutual association whose principal office is in this state or a foreign or domestic mutual association or savings bank may convert to a domestic stock association and a federal stock association whose principal office is in this state or a foreign or domestic stock association may convert to a domestic mutual association upon an equitable basis subject to:

(a) The laws and regulations governing the converting association or savings bank;

(b) The approval of the director;

(c) The approval of the members of the converting association or bank; and

(d) The rules adopted pursuant to ORS 722.064.

(2) ORS 722.058 (2) to (5) apply to a conversion under this section. [1975 c.582 §52]

722.064 Rules and supervision standards in conversions. In adopting rules or issuing orders to carry out ORS 722.056 to 722.068, and especially when adopting rules or supervising conversions proposed under ORS 722.062, the director shall assure that:

(1) Accurate and adequate disclosure of the terms and effects of plans of conversion are provided to purchasers of capital stock in resulting associations, including account holders of converting mutual associations and savings banks;

(2) Adjustments are made in plans of conversion to be effected by way of merger or holding company acquisition necessary or appropriate to accomplish the purpose of this section;

(3) Plans of conversion and proxy statements, offering circulars and related instruments and actions implementing such plans are subject to review and approval by the appropriate supervisory authorities;

(4) The capital stock issued as a part of conversion is fairly and independently valued and priced;

(5) Such capital stock is allocated and distributed fairly and without manipulative or deceptive devices being employed;

(6) Appropriate provision is made regarding fractional share interests and minimum capital stock purchase requirements; and

(7) Plans of conversion are adopted and implemented in a form and manner so that stability and continuity of management are encouraged and so that the stability, safety and soundness of savings associations and other financial institutions are not impaired. [1975 c.582 §53]

722.065 [Amended by 1971 c.743 §417; 1971 c.757 §6; repealed by 1975 c.582 §152]

722.066 Approval of conversion by members. (1) A conversion proposed under ORS 722.056 to 722.068 by a domestic association or mutual or stock savings bank shall, after approval by the supervisory authority having jurisdiction of the converting association or savings bank, be submitted to the members at an annual meeting or at a special meeting called to consider such action. The conversion must have the approval of the number of votes required by ORS 57.511 (1985 Replacement Part) to approve a sale of assets.

(2) Notice shall be given of any meeting at which a conversion is to be considered. The notice shall:

(a) Expressly state that a proposed conversion will be submitted for approval or disapproval;

(b) Include a full and accurate description of the plan of conversion and all other matters to be brought before the meeting;

(c) State that a proxy for the meeting given previously is revocable; and

(d) State the time, date and place of the meeting.

(3) The notice shall be given at least 20 days prior to the date of the meeting to each voting member of the converting association or mutual or stock savings bank, the director and the other appropriate supervisory authority.

(4) A foreign or federal association or a domestic mutual or stock savings bank pro-

posing a conversion under ORS 722.056 to 722.068 shall comply with the applicable provisions of the law and regulations governing such association or bank regarding approval by the supervisory authority and the members of the association or bank. [1975 c.582 §54; 1987 c.197 §16; 1987 c.445 §13]

722.068 Effect of conversion. (1) Upon the effective date of the conversion of a domestic association to a federal or foreign association or a domestic mutual or stock savings bank, the converting domestic association shall cease to be a domestic association incorporated under the laws of this state. However, it is expressly declared that the resulting association or savings bank shall be merely a continuation of the converting domestic association under a new name and new jurisdiction and such revision of its corporate structure as may be considered necessary for its proper operation under such new jurisdiction. All property of the converted association, including its rights, titles and interests in and to all property of whatever kind, whether real, personal or mixed; and things in action, and every right, privilege, interest and asset of any conceivable value or benefit then existing or pertaining to it, or which would inure to it, shall immediately by operation of law and without any conveyance or transfer and without any further act or deed remain and be vested in and continue and be the property of the resulting association or bank. All the liabilities and obligations of the converting domestic association shall continue as valid and subsisting liabilities and obligations of the resulting association or bank. The resulting association or bank on the effective date of the conversion shall continue to have and succeed to all the rights, liabilities, obligations and relations of the converting association. A creditor of a domestic association shall not by reason of such conversion alone be deprived of or prejudiced with respect to any claim which the creditor may have against the converting domestic association.

(2) All pending actions and other judicial proceedings to which the converting domestic association is a party shall not abate or discontinue by reason of such conversion, but may be prosecuted to final judgment, order or decree in the same manner as if such conversion had not been made and such resulting association or bank may continue such action in its corporate name. Any judgment, order or decree may be rendered for or against it which might have been rendered for or against the converting domestic association theretofore involved in such judicial proceedings. [1975 c.582 §55; 1987 c.445 §14]

722.070 [Amended by 1959 c.227 §6; 1961 c.398 §8; 1963 c.288 §18; repealed by 1975 c.582 §152]

722.072 Merger; consolidation; exchange; sale of assets. (1) A domestic association may merge or consolidate with, participate in an exchange with or sell its assets, including one or more of its branch facilities, to:

(a) One or more domestic associations;

(b) One or more foreign associations;

(c) One or more federal associations; or

(d) One or more domestic mutual or stock savings banks.

(2) A merger, consolidation, exchange or sale under this section shall be carried out pursuant to a plan adopted by the board of directors and approved by the director as:

(a) Equitable to the members of the association;

(b) Not impairing the usefulness and success of other properly conducted associations; and

(c) Promoting the public convenience and advantage.

(3) The provisions of ORS 57.455 to 57.500, 57.506 and 57.511, (1985 Replacement Part), applicable to a merger, consolidation or exchange of shares with, or sale of assets to, a foreign corporation also apply to a merger, consolidation or exchange with, or a sale to, a federal association.

(4) Notwithstanding ORS chapter 57 (1985 Replacement Part), stockholders of the surviving corporation in a merger acquisition need not authorize and approve the plan if:

(a) The association's charter is not changed; and

(b) Any stock issued or delivered under the plan, plus those initially issuable upon conversion of any securities to be issued or delivered under the plan, does not exceed 15 percent of the total shares of voting stock of the association outstanding immediately prior to the effective date of the merger or acquisition. [1975 c.582 §56; 1979 c.863 §2; 1981 c.472 §4; 1983 c.717 §35; 1985 c.798 §4; 1987 c.197 §17; 1987 c.445 §15]

722.074 Voluntary dissolution. (1) A consent to dissolve or a resolution to dissolve shall not be effective as provided by ORS 57.546 (1985 Replacement Part) unless the plan for distribution of the assets of the association is approved by the director as equitable to the members.

(2) An association during liquidation shall continue to be subject to the supervision of the director. The board of directors of the association shall report the progress of the liquidation to the director from time to time as the director may require.

(3) The director may take over and conduct the liquidation as provided by this sec-

tion and ORS 722.474 and 722.476 when the director considers it to be in the interest of the account holders, creditors, stockholders and other members of the association.

(4) Upon completion of a liquidation by the board of directors, the board shall file a final report and accounting of the liquidation with the director. [1975 c.582 §57; 1987 c.197 §18]

CORPORATE ADMINISTRATION

(Directors; Officers; Members; Borrowers)

722.102 Directors' responsibility; designation, duties of managing officer and representative; service of process on nonresident director. (1) The board of directors of a savings association shall be responsible for the business policies of the association and for the enforcement of such policies by the managing officer.

(2) The board of each savings association shall designate a person to serve as the managing officer. The managing officer shall be the person responsible to the board of directors for the operation of the association. The board shall also designate a representative for the managing officer who may act for the managing officer during the temporary absence or inability of such officer to act. For the purposes of this section, the managing officer of a foreign association shall be a person in this state who is responsible to the board of directors of the association for the operations of the association in this state.

(3) The board of directors of each association shall inform the director of the name of the managing officer and the managing officer's representative upon the designation, or any change in the designation, of such a person. A board may comply with this subsection by mailing the director a verified copy of the minutes of the board meeting at which the managing officer or the managing officer's representative is designated.

(4) Each director of a domestic association who is not a resident of this state shall, by service as a director, appoint the director as agent for service of process in any proceeding connected with the director's election or service as a director. Subsections (5) to (7) of this section apply to service of process as authorized by this subsection.

(5) Service shall be made on the director by:

(a) Service on the director or on a clerk on duty in the Department of Consumer and Business Services, of a copy of the process, notice or demand, with any papers required by law to be delivered in connection with the service, and a $2 fee;

(b) Transmittal by the person instituting the proceedings of notice of the service on the director and a copy of the process, notice or demand and accompanying papers to the savings association being served by certified or registered mail:

(A) At the last-registered office of the savings association as shown by the records of the director; and

(B) At such address, the use of which the person initiating the proceedings knows or, on the basis of reasonable inquiry, has reason to believe is most likely to result in actual notice; and

(c) Filing with the appropriate court or other body, as part of the return of service, of the return receipt of mailing and an affidavit of the person initiating the proceedings that this section has been complied with.

(6) The director shall keep a record of all processes, notices and demands served under this section.

(7) Nothing contained in this section shall limit or affect the right to serve any process, notice or demand required or permitted by law to be served upon a savings association in any other manner now or hereafter permitted by law, or enlarge the purposes for which service on the director is permitted where such purposes are limited by other provisions of law. [1975 c.582 §58; 1983 c.717 §36; 1985 c.762 §57]

722.104 Operating and employment contracts. A savings association may make, transfer, extend or renew operating and employment contracts. A contract under this section shall be subject to rules, if any, of the director adopted to carry out the purposes of this chapter. An employment contract with an officer or employee of an association shall provide that upon discharge of the officer or employee pursuant to ORS 722.468, the contract and all obligations of the association under the contract terminate; but discharge shall not affect any vested rights of the parties to such a contract. [1975 c.582 §59; 1981 c.472 §5]

722.105 [Amended by 1959 c.227 §7; 1961 c.398 §9; 1971 c.757 §7; repealed by 1975 c.582 §152]

722.106 Bonds and insurance coverage; notice of cancellation; exception. (1) Except as provided in ORS 722.107, every savings association shall obtain and maintain fidelity and other bonds and insurance coverage, with one or more insurers authorized to do business in this state, of the kinds and in the form and amounts required by the rules of the director to protect the association, its account holders and other customers, and the public.

(2) Every required bond and insurance policy shall provide that a cancellation

thereof, either by the insurer or the insured, shall not become effective until at least 30 days after notice that it is to be canceled is mailed to the director. [1975 c.582 §60; 1987 c.285 §3]

722.107 Fund in lieu of bonds and insurance coverage. Notwithstanding ORS 722.106, the director may establish by rule a program under which a savings association may create a fund to provide payment, protection and indemnification to the association, its officers, directors and employees, its customers and the public for losses incurred or damages sustained. The establishment of such a fund shall be in lieu of some or all of the bonding and insurance requirements of ORS 722.106, and shall only be allowed if the director finds that adequate third-party insurance or bonding protection is not available, or is only available at excessive rates. Among the provisions of the program shall be:

(1) Provisions for creating and administering the fund. The provisions must require the pledging of collateral by the association with the Federal Home Loan Bank of Seattle or another pledge holder approved by the director.

(2) A limitation on the amount of collateral that an association may pledge to the fund.

(3) Provisions for maintaining the fund and replacing expenditures from the fund.

(4) A requirement that an association give notice to its pledge holder before making any pledge, and authorization to the pledge holder to refuse a pledge when it determines the pledge to be inappropriate.

(5) Provisions for claim payments and reimbursement from the fund. [1987 c.285 §2; 1987 c.414 §70a]

722.108 Fiduciary relationship of directors, officers and employees; conflict of interest; liability for violation. (1) The directors, officers and employees of a savings association occupy a fiduciary relationship to the association. A director, officer or employee of an association shall not engage or participate, directly or indirectly, in any business or transaction involving the association when such person possesses any personal interest, direct or indirect in the business or transaction unless:

(a) Prior thereto, the person fully discloses to the board of directors such personal interest;

(b) The business or transaction is fair to the association and reasonable; and

(c) The business or transaction has the prior approval of not less than two-thirds of the authorized members of the board of directors, the approval is entered in the minutes of the meeting at which the business or transaction is authorized and a director with any interest in the business or transaction abstains from voting on the question of approval. However, any business or transaction in which more than one-third of the authorized members of the board of directors have an interest may be consummated if the director approves the business or transaction before its consummation.

(2) The director may require that a director, officer or employee disclose any personal interest, direct or indirect, in any business or transaction on behalf of or involving the association and of the director's, officer's or employee's control of or active participation in an enterprise having activities related to the business of the association.

(3) In addition to any other penalty provided by law, an officer, director or employee who violates this section is liable to the association for any profits inuring to the officer, director or employee and any loss or excess expense incurred by the association as a result of such violation. [1975 c.582 §61; 1981 c.472 §6]

722.110 [Repealed by 1975 c.582 §152]

722.112 Indemnification or reimbursement of director, officer, employee or agent. In addition to the authority granted an association by ORS 57.255 (1985 Replacement Part), a director, officer, employee or agent may be indemnified by an association, or reimbursed, for reasonable expenses necessarily incurred, even though the person was negligent or committed an act or failed to perform a duty for which there is a common law or a statutory liability if:

(1) The board of directors finds that the person acted in good faith, in what the person believed to be the best interest of the association and without knowledge or reasonable cause to believe that any such action or inaction was a violation of any law, and the board approves the indemnification or reimbursement;

(2) The director concurs in the findings of the board adopted under subsection (1) of this section and approves the indemnification or reimbursement; and

(3) The indemnification or reimbursement is approved at an annual or special meeting of the members by a majority of the votes eligible to be cast. [1975 c.582 §62; 1987 c.197 §19]

722.113 Indemnification fund for officers and directors. The director may establish by rule a program under which a savings association may create a fund for indemnifying its directors and officers. Among the

provisions of the program shall be the following:

(1) Provisions for creating and administering the fund which shall require the pledging of collateral by the association with the Federal Home Loan Bank of Seattle or another pledge holder approved by the director.

(2) A limitation on the amount of collateral that an association may pledge to the fund.

(3) Provisions for maintaining the fund and replacing expenditures from the fund.

(4) A requirement that an association give notice to its pledge holder before making any pledge, and authorization to the pledge holder to refuse a pledge when it determines the pledge to be inappropriate.

(5) A requirement that, notwithstanding ORS 60.047 (2)(d), 60.387 to 60.414 and 722.112, an association that creates a fund shall indemnify a director or officer to the full extent that there are resources in the fund in all cases except for fraud or bad faith by the director or officer. [1987 c.224 §2; 1987 c.373 §90a; 1987 c.414 §166c; 1987 c.528 §5; 1991 c.883 §14]

722.114 Membership in association; voting; membership records. (1) Memberships may be granted by the articles of incorporation or bylaws of an association to borrowers or account holders of the association, with such rights and liabilities as are allowed by the articles or bylaws. Unless otherwise provided in the articles or bylaws, a member may vote in person or by proxy on any matter subject to a vote, at any regular or special meeting of the members. However, the members of a mutual association shall include its account holders and members of a stock association shall include its stockholders. The articles of incorporation may limit or deny voting rights of any class of members to the extent not inconsistent with this chapter.

(2) Membership of an account holder in a mutual or stock association continues until the savings account is transferred on the books of the association or the account is withdrawn. When a savings account is issued by an association in the name of two or more persons, a proxy is valid if executed by any one or more of such persons.

(3) Each association shall maintain records of the members of the association showing the name and address of each member and the status of each member as a stockholder, account holder or borrower. [1975 c.582 §63; 1981 c.472 §7]

722.115 [Amended by 1953 c.401 §11; 1959 c.227 §8; 1963 c.288 §2; repealed by 1975 c.582 §152]

722.116 Member's right to examine books and records; enforcement; attorney fees. (1) Subject to ORS 722.118 (1), a member with voting rights has the right to examine in person, or by an agent or an attorney, at reasonable times, for any proper purpose, the relevant books and records of the association and to make extracts therefrom. If an association refuses to allow such a member, or the agent or attorney of such a member, to so examine and make extracts from such books and records for a proper purpose, the member may petition any court of competent jurisdiction for an order compelling the production for examination by such member of the relevant books and records. The order may be granted if:

(a) The member is acting in good faith and for a proper purpose in making the demand; and

(b) The confidentiality of the accounts and records pertaining to savings accounts and personal information in loan records of other persons is preserved during such production and examination.

(2) A member who prevails in a proceeding brought under subsection (1) of this section shall be allowed attorney fees at trial and on appeal and court costs in the proceeding. [1975 c.582 §64; 1981 c.897 §101]

722.118 Account holder's and borrower's right to inspect accounts; member's right to communicate with members; enforcement. (1) Every account holder and borrower has the right to inspect the books and records of a savings association that pertain to the accounts of the account holder or borrower. Otherwise, the right of inspection and examination of the accounts of account holders or personal information in loan records is limited to:

(a) The director or an authorized representative of the director.

(b) Persons authorized to act for the association.

(c) Any federal or state instrumentality or agency authorized to inspect or examine the books and records of an insured association.

(d) Any person acting under authority of a court of competent jurisdiction.

(2) A member has the right to communicate with other members of the association with reference to any question pending or to be presented for consideration at a meeting of the members. An association may not defeat such right by a redemption of the member's accounts in the association. A member who wishes to communicate with other members shall submit to the association a request, subscribed by the member, which includes:

(a) The member's full name and address.

(b) The nature and extent of the member's interest in the association at the time the member's application for communication is made.

(c) A statement of the reasons for and purposes of the communication and that the communication is not for any reason other than the business welfare of the association.

(d) A copy of the communication.

(e) If the communication concerns a question to be raised at a meeting of the members of the association, the date of the meeting at which the matter will be presented.

(3) Upon receipt of the request referred to in subsection (2) of this section, the association shall, within 10 days, notify the requesting member of:

(a) The approximate number of the members and the estimated amount of the reasonable costs and expenses of mailing the communication; or

(b) Its determination to refuse the request and the specific reasons for its refusal, including its determination whether or not the request has been made for a proper purpose.

(4) Within seven days after receipt of the sum specified pursuant to subsection (3)(a) of this section and sufficient copies of the communication, the association shall mail the communication to all its members.

(5) If a request referred to by subsection (2) of this section is refused by the association, the requesting member may submit the request and the refusal thereof to the director for review. The director may issue an order denying the request or, if the director finds the request is not for any reason other than the business welfare of the association, granting the request and directing the association to comply with subsection (4) of this section.

(6) The members of the board of directors of an association that improperly refuses a request made pursuant to this section are severally liable to the requesting person for attorney fees and court costs in addition to any other damages or remedy afforded. [Formerly 722.303; 1985 c.762 §58]

722.120 [Repealed by 1975 c.582 §152]

722.122 Applicability of ORS 722.116 and 722.118 to federal associations. Insofar as ORS 722.116 and 722.118 are not inconsistent with federal law, they apply to a federal association whose principal office is located in this state and to the members thereof, except that the request permitted by ORS 722.118 (5) shall be submitted to the Federal Home Loan Bank Board, Washington, D.C., in the case of a federal association and forwarded to members only upon the order and direction of that board. [1975 c.582 §66]

722.124 Notice of cease and desist orders in annual meeting notice. If a domestic association or a director, officer, employee or agent of a domestic association was issued one or more orders by the director under ORS 722.464 within the 12 months immediately preceding the date of the annual shareholders' meeting, the domestic association shall include in every notice required for the annual meeting under ORS 57.150 (1985 Replacement Part):

(1) A copy of ORS 722.464; and

(2) A statement that the domestic association or a director, officer, employee or agent of the domestic association received such an order or orders. [1985 c.786 §62; 1987 c.197 §20; 1987 c.215 §4]

722.125 [Amended by 1959 c.227 §9; 1961 c.398 §10; repealed by 1975 c.582 §152]

722.130 [Amended by 1953 c.401 §11; 1959 c.227 §10; 1961 c.398 §11; 1971 c.757 §8; 1973 c.368 §2; 1975 c.582 §79; renumbered 722.206]

(Stock; Dividends and Earnings; General Reserve and Net Worth Accounts)

722.132 Payment for stock issued by a stock association. The consideration for the issuance of stock of a stock association shall be paid in money or payment in tangible assets at fair market value. When payment of the consideration for which shares of stock are to be issued has been received by the association, such stock shall be considered fully paid and nonassessable. This section shall not be considered to limit or prohibit an association from establishing stock option, performance share or other benefit plans involving stock, or issuing stock under such a plan, if the association has received a certificate of authority and has satisfied all conditions the director has attached to the certificate. [1975 c.582 §67; 1981 c.472 §8]

722.134 Sale or transfer of stock; when approval is required. (1) A stock association, unless it has the prior approval of the director, shall not:

(a) Sell or transfer to any person stock of the association that equals or exceeds 10 percent of the total number of outstanding shares; or

(b) Sell or transfer to any person through one or more transactions any number of shares of stock adequate to give such person ownership or control of 10 percent or more of the outstanding shares of the association.

(2) No person shall acquire, through one or more transactions, shares of stock sufficient to give such person ownership or control, directly or indirectly, of record or beneficially, of 10 percent or more of the

outstanding shares of the association, without prior approval of the director.

(3) Subsections (1) and (2) of this section also apply:

(a) When a sale or transfer of stock to a person increases the stock over which the person has ownership or control from less than 25 percent to 25 percent or more of the outstanding shares; or

(b) When a sale or transfer of stock to a person increases the stock over which the person has ownership or control from less than 50 percent to 50 percent or more of the outstanding shares.

(4) As used in this section, "control" means having the power, whether directly or indirectly and whether individually or in concert with one or more other persons, to cause action to be taken regarding voting or other incidents of ownership of the stock.

(5) The director shall disapprove a sale, transfer or acquisition if the director finds that the character, financial responsibility, experience and fitness of the person who would acquire control indicates that approval would not be in the interest of the account holders, borrowers or stockholders of the association or in the public interest.

(6) If a sale, transfer or acquisition described by subsection (1), (2) or (3) of this section is made without the prior approval of the director, the director may order the association to set aside or revoke the sale, transfer or acquisition, or may order the person to dispose of the shares or take such other action as is deemed appropriate. [1975 c.582 §68; 1979 c.863 §3; 1981 c.472 §9]

722.135 [Amended by 1955 c.181 §1; repealed by 1959 c.227 §32]

722.136 Ascertainment of earnings; payment of expenses. The gross earnings of a savings association shall be ascertained at least annually on an accrual basis according to generally accepted accounting principles. The expenses of an association shall be paid first from its gross earnings, then from earned surplus and finally from capital surplus. With the prior approval of the director, expenses may be paid from stated capital or from any expense fund of a mutual association. [Formerly 722.145]

722.138 Conditions for payment of dividends, distribution of earned surplus; holding earned surplus. (1) Before payment of dividends to stockholders of a stock association or distribution of earned surplus to account holders of a mutual association, an association shall provide for:

(a) Its expenses, which shall include interest paid on savings accounts;

(b) Its definite fixed obligations; and

(c) The general reserve required by ORS 722.142.

(2) Nothing contained in this section prohibits an association from paying different rates of dividends or interest upon different classes of stock or savings accounts.

(3) Accrued unpaid interest delinquent for a period of more than three months shall not be considered earnings of an association.

(4) A savings association may, in addition to the general reserve, hold as earned surplus such sum as the board of directors may, from time to time, consider necessary or desirable. [Formerly 722.155]

722.140 [Amended by 1953 c.401 §11; repealed by 1959 c.227 §32]

722.142 General reserve account for losses and net worth requirements. (1) A savings association shall establish and maintain a general reserve account for losses and other net worth accounts adequate to assure solvency of the association.

(2)(a) Each savings association shall accumulate and maintain as a net worth account a general reserve for the sole purpose of absorbing losses. At the annual closing date following the anniversary of its certificate of authority and each annual closing date thereafter, the general reserve shall have a minimum balance not less than an amount fixed by rule.

(b) The director by rule shall fix the required minimum amount of general reserve accounts of associations. The rule shall provide a uniform schedule of minimum levels to be reached during the first 20 or more years of an association's operation for the purpose of achieving an orderly accumulation of the general reserve account.

(3) The director may permit an association to cure a deficiency in its general reserve account by requiring the board of directors of the association to earmark earned surplus, voluntarily pledged savings accounts of a mutual association, capital certificates of a mutual association, or capital surplus or stated capital, including preferred stocks, of a stock association, and capital notes and debentures subordinated to saving accounts, as part of its general reserve account in the amounts needed to cure the deficiency. Amounts so earmarked shall be held for the same purpose as the general reserve to the extent the earmarked amounts are needed to maintain the required reserve account level. An association shall not pay dividends or interest from the reserve account or other funds earmarked for the purpose of meeting the reserve account requirement.

(4) Every savings association shall build up and maintain its net worth so that at the

close of business on any annual closing date its net worth accounts shall equal not less than the dollar amount determined in accordance with the rules to be adequate to assure solvency of the association. The rules shall provide for an adjustment of the net worth requirement during the first years of an association's operation in accordance with subsection (2)(b) of this section. Notwithstanding other provisions of this section, the director may consider an association to be in compliance with this section if applicable federal net worth and reserve requirements for federally insured associations are satisfied. If an association fails to establish or maintain the general reserve or the net worth requirements of this section, the director may in accordance with ORS 722.464 require the association to take appropriate corrective action.

(5) An association may establish reserve accounts, in addition to the general reserve, as its board of directors may authorize, and make transfers to and charge such reserve accounts.

(6) Losses as they are determined, not charged to other reserve accounts, shall be charged to the general reserve until the general reserve account is exhausted. After exhaustion of the general reserve, any remaining losses not charged to other reserve accounts shall be charged as determined:

(a) In the case of a stock association, to earned surplus, then capital surplus and then stated capital; or

(b) In the case of a mutual association, to earned surplus and then the expense fund, if any.

(7) Any insurance reserve required by an insurer of the savings accounts of an association shall be considered part of the general reserve for the purpose of subsection (2) of this section. [1975 c.582 §71; 1981 c.472 §10]

722.145 [Amended by 1959 c.227 §11; 1975 c.582 §69; renumbered 722.136]

722.147 [1959 c.227 §2; repealed by 1975 c.582 §152]

722.148 [1963 c.288 §4; 1967 c.234 §5; 1971 c.757 §9; 1973 c.368 §3; repealed by 1975 c.582 §152]

722.150 [Amended by 1953 c.401 §11; 1959 c.227 §12; 1961 c.398 §12; 1965 c.306 §3; 1967 c.234 §4; repealed by 1975 c.582 §152]

(Miscellaneous)

722.152 Membership fees prohibited. A savings association shall not charge or collect a membership fee for issuing a savings account or other obligation of the association. [1975 c.582 §72]

722.154 Publication of financial statements. Every association annually shall prepare a printed statement of the financial condition of the association and make it available to the public. The statement shall be in a form and published at the time prescribed by the director. [1975 c.582 §73]

722.155 [Amended by 1953 c.401 §11; 1959 c.227 §13; 1961 c.398 §13; 1965 c.306 §9; 1967 c.234 §2; 1975 c.582 §70; renumbered 722.138]

722.156 Records. (1) A savings association shall keep correct and complete records, books of account and minutes of the proceedings of members, directors and the executive committee. Associations shall use such forms and observe such accounting principles and practices as the director by rule requires from time to time.

(2) An association may cause any or all records kept by the association to be copied or reproduced by any photostatic, photographic or microfilming process that correctly and permanently copies, reproduces or forms a medium for copying or reproducing the original records on a film or other durable material, and the association may thereafter dispose of the original record. Such copy or reproduction shall be considered an original record for all purposes and shall be treated as an original record in all courts or administrative agencies for the purpose of its admissibility in evidence. A facsimile, exemplification or certified copy of any such copy or reproduction reproduced from a film record shall, for all purposes, be considered a facsimile, exemplification or certified copy of the original record. [1975 c.582 §74]

722.158 [1975 c.582 §75; repealed by 1987 c.650 §21]

722.160 [Amended by 1959 c.227 §14; repealed by 1975 c.582 §152]

722.162 Closing on holidays, Saturdays and regular business days; emergency closing. (1) This section applies to domestic associations and to foreign or federal associations doing business in this state.

(2) As used in this section, "emergency" means any condition or occurrence which may interfere with the conduct of normal business operations at the principal office or one or more of the branches of an association, or which poses an imminent or existing threat to the safety or security of persons or property.

(3) The following days are holidays for purposes of this section:

(a) Each Sunday.

(b) New Year's Day on January 1.

(c) Martin Luther King, Jr.'s birthday on the third Monday in January.

(d) Presidents Day, on the third Monday in February.

(e) Memorial Day on the last Monday in May.

(f) Independence Day on July 4.

(g) Labor Day on the first Monday in September.

(h) Veterans Day on November 11.

(i) Thanksgiving Day on the fourth Thursday in November.

(j) Christmas Day on December 25.

(4) When a holiday listed in subsection (3) of this section falls on Saturday, the preceding Friday shall be a holiday. When a holiday listed in subsection (3) of this section, other than a Sunday, falls on a Sunday, the succeeding Monday shall be a holiday.

(5) Any savings association may remain closed on Saturdays with respect to all or any of its functions.

(6) Subject to any applicable federal law or regulation, an office of a savings association may be closed for any part or all of any day other than a holiday if the times or days which the office is open are posted on the premises of the office.

(7) A savings association shall not be open for the general conduct of association business on any holiday. However, nothing in this section shall be construed to prohibit an association from engaging on a holiday in activities that do not collectively constitute being open for the general conduct of association business. For purposes of this subsection, an association is open for the general conduct of association business if its office or offices are open to the public for carrying on substantially all business functions of the association.

(8) When the director determines that an emergency exists, the director may authorize the closing of the principal office or any branch of an association that may be affected by the emergency. The office or branch so closed may remain closed until the director determines that the emergency has ended and for such further time thereafter as may reasonably be required to prepare the office or branch to reopen.

(9) When the officers of an association determine that an emergency exists which affects the principal office or a branch of the association, they may close the office or branch without the approval of the director for a period not to exceed 48 hours, excluding holidays, during the continuation of the emergency. An association closing an office or branch under this subsection shall give prompt notice of its action to the director or, in the case of a foreign or federal association, to its supervisory authority.

(10) The principal officers of a savings association may close any office of the association on any day designated, by proclamation of the President of the United States or the Governor of this state, as a day of mourning, rejoicing or other special observance.

(11) When any obligation payable at, by or through an association, principal office or branch falls due on a day on which it remains closed under this section, it shall be due and payable on the next business day on which the association, office or branch is reopened. Any act authorized, required or permitted to be performed at, by or with respect to any savings association, office or branch on a day on which it remains so closed may be performed on the next succeeding business day on which the association, office or branch is reopened; and no liability or loss of rights of any kind shall result from such closing. [Formerly 722.185; 1981 c.472 §11; 1985 c.627 §2; 1989 c.582 §2; 1989 c.596 §2]

722.164 Sharing of information on customers by savings associations and related companies. (1) A savings association may share financial and credit information concerning its customers:

(a) With any company of which it directly or indirectly controls 50 percent or more of the voting shares; and

(b) With any parent company that directly or indirectly controls 50 percent or more of the voting shares of the savings association.

(2) Any company controlled by a savings association in the manner described in subsection (1) of this section and any parent company of the same savings association, as described in subsection (1) of this section, may share information concerning their customers with each other, with the savings association and with any other company so controlled by the same savings association.

(3) This section shall not be construed as otherwise permitting or limiting the sharing or disclosure of information.

(4) For purposes of this section, "customers" includes but is not limited to depositors, borrowers, credit card holders, lessees, purchasers under contracts and applicants for credit. [1985 c.798 §2]

722.165 [Amended by 1953 c.401 §11; 1961 c.280 §9; 1971 c.757 §10; 1975 c.582 §117; renumbered 722.434]

722.167 [1985 c.804 §4; repealed by 1987 c.491 §9]

722.170 [Amended by 1971 c.757 §11; 1973 c.368 §4; repealed by 1975 c.582 §152]

722.175 [Amended by 1971 c.743 §418; repealed by 1975 c.582 §152]

722.180 [Amended by 1961 c.398 §14; repealed by 1975 c.582 §152]

722.185 [Amended by 1975 c.582 §76; renumbered 722.162]

722.190 [Amended by 1959 c.169 §2; repealed by 1975 c.582 §152]

722.195 [1963 c.288 §17; 1969 c.138 §4; repealed by 1975 c.582 §152]

722.200 [1965 c.306 §7; repealed by 1975 c.582 §152]

GENERAL POWERS

722.202 General powers of associations. A savings association has all the powers conferred by this chapter, or its charter or certificate of incorporation, both express and implied, and such other rights, privileges and powers as are incidental thereto or reasonably necessary or appropriate to the accomplishment of the purpose of the association. Among other rights, privileges and powers, and except as otherwise limited by the provisions of this chapter, a savings association may:

(1) Procure insurance of its real estate and other loans and of its savings accounts from any federal, state or private agency or corporation authorized to write such insurance and, in the exercise of such powers, may comply with any requirements of law or rule or order promulgated and execute any contracts and pay any premiums required in connection therewith.

(2) Be a member of a Federal Home Loan Bank, the Federal Savings and Loan Insurance Corporation or any similar federal or state agency, and do all things required by federal or state law to obtain and continue such membership.

(3) Acquire savings and pay earnings thereon, and lend and invest its funds.

(4) Subject to compliance with the reserve requirements for demand deposits provided by ORS 708.100 to 708.146, receive demand deposits any time after the earliest of one of the following dates:

(a) When federal regulatory authorities eliminate the interest rate differentials between bank time accounts and federal association time accounts.

(b) When federal legislation is enacted permitting charters for federal associations to include demand deposit authority.

(c) When federal regulatory authorities permit demand deposits for federal associations.

(5) Subject to regulations of the United States Treasury Department, serve as depositories for federal taxes or as treasury tax and loan depositories, and satisfy any requirements in connection therewith including establishing tax and loan accounts and note accounts (which are not classified as savings accounts or savings deposits), which are subject to the right of immediate withdrawal or call, and may require pledging collateral.

(6) Participate in future and option transactions through regulated or recognized markets, subject to rules prescribed by the director. [1975 c.582 §77; 1979 c.863 §4]

722.204 Associations may be granted powers of federal associations. Notwithstanding any limitation, condition or prohibition in this chapter and to carry out the purposes of this chapter, the director may adopt rules permitting associations to exercise any right, power or privilege conferred by federal law or regulation on federal associations doing business in this state. The director may adopt such a rule if the director finds that the exercise of any such right, power or privilege serves the public convenience and advantage. [1975 c.582 §78]

722.205 [Amended by 1963 c.288 §5; 1965 c.306 §4; 1971 c.757 §12; 1973 c.368 §5; repealed by 1975 c.582 §152]

722.206 Power of association to borrow; limitations, exceptions and preferences. (1) A savings association may borrow money for any of its corporate purposes, when authorized by proper resolution of its board of directors. However, the aggregate indebtedness of an association outstanding at any one time shall not exceed 35 percent of its assets.

(2) Notwithstanding the limitation in subsection (1) of this section, an association may:

(a) Accept savings accounts as provided by ORS 722.252 to 722.268.

(b) Borrow or obtain advances from the Federal Home Loan Bank or other similar federal or state agency in such amounts and upon such terms as may be prescribed by such bank or agency.

(c) Issue capital notes or debentures as provided by ORS 722.208.

(3) An association may borrow from and lend to other savings associations or federal associations.

(4) When the director considers an indebtedness of an association incurred under this section to be detrimental to the interests of its account holders or other creditors, the director shall require the association to change or reduce its indebtedness to an extent the director considers reasonable, giving the association a reasonable time in which to effect such change or reduction of indebtedness.

(5) A savings association may assign or pledge any property of the association, or repledge any shares of the stock pledged to the association, as collateral security for loans obtained for any of its corporate purposes.

(6) Any pledgee or other lawful holder of any note or other evidence of indebtedness due to an association, has the right to enforce, in the pledgee's or holder's own name

or in the name of the association, all appropriate remedies to enforce collection, whether or not the stock described in connection with the note is held by such pledgee or holder.

(7) Obligations of an association are, upon liquidation, payable out of the assets of the association in the following order of preferences to:

(a) Secured creditors.

(b) Banks and national banks, as defined by ORS 706.005, and other financial institutions.

(c) Other creditors, including savings account holders, unless the bylaws of the association provide a different order of preference between account holders and other creditors.

(d) Stockholders. [Formerly 722.130; 1981 c.472 §14]

722.208 Capital notes and debentures. (1) A savings association may issue and sell its capital notes or debentures with the prior approval of the director and subject to any sinking fund or other conditions the director may impose. An association shall also have the prior approval of a majority of the stockholders owning a majority of the issued and outstanding shares of stock of the association to issue convertible capital notes or debentures.

(2) Capital notes or debentures issued by a stock association may be converted into stock in accordance with provisions approved by the director and contained in the capital notes or debentures. Convertible capital notes or debentures may be issued without offer thereof to existing stockholders if so authorized by the director provided that the right of preemption does not otherwise exist.

(3) Capital notes and debentures shall be an unsecured indebtedness of the association and shall be subordinate to the claims of account holders and all other creditors of the association, regardless of whether the claims of account holders or other creditors arose before or after the issuance of such debentures or capital notes. In the event of liquidation, all account holders and other creditors of the association shall be entitled to be paid in full before any payment shall be made on account of principal or interest on capital notes or debentures. Capital notes and debentures shall contain a statement of the rights and priorities of the lenders.

(4) The amounts of outstanding capital notes or debentures legally issued by an association shall be treated as capital for the purpose of computing general reserve requirements. [1975 c.582 §80; 1979 c.863 §5]

722.210 [Repealed by 1967 c.234 §6 (722.211 enacted in lieu of 722.210)]

722.211 [1967 c.234 §7 (enacted in lieu of 722.210); repealed by 1975 c.582 §152]

722.212 Trust business powers. A domestic association may, in addition to other powers granted by this chapter, conduct a trust business. In the conduct of a trust business an association may 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 regulation of a trust business. [1975 c.582 §81]

722.214 Acting as trustee or custodian under Employee Retirement Income Security Act of 1974. A savings association may act as trustee or custodian within the contemplation of subsections (d) and (f) of section 401 and subsection (a) of section 408 of the Internal Revenue Code of 1954, as amended; however, an association shall not have the power to invest assets received as such a trustee or custodian other than in savings accounts of the association unless it complies with ORS 722.212. [1975 c.582 §82]

722.215 [Repealed by 1975 c.582 §152]

722.220 [Repealed by 1975 c.582 §152]

722.225 [Amended by 1975 c.582 §129; renumbered 722.468]

722.230 [Amended by 1959 c.227 §15; 1961 c.398 §15; repealed by 1969 c.138 §15]

722.235 [Repealed by 1971 c.743 §432]

722.240 [Amended by 1959 c.227 §16; 1963 c.288 §6; 1971 c.743 §419; repealed by 1975 c.582 §152]

722.245 [Repealed by 1975 c.582 §152]

722.250 [Repealed by 1975 c.582 §152]

SAVINGS OPERATIONS

722.252 Account holders as creditors of association. The relationship between an association and its account holders is that of debtor and creditor. [1975 c.582 §83]

722.254 Savings accounts. (1) A savings account may be opened and owned by any one or more persons, by a public officer, or a political subdivision or other governmental unit. Deposits to savings accounts may be made only in cash or its equivalent. Except as limited by the board of directors from time to time, an account holder may make additions to a savings account in such amounts and at such times as the account holder may elect. An association may refuse to issue, renew or continue a savings account.

(2) A savings association may issue any type of savings account contract not prohibited by this chapter or other applicable law, or by the rules adopted pursuant thereto. Any special terms and provisions applicable to a savings account, the ownership thereof and the conditions upon which withdrawals

may be made shall be clearly and truthfully set forth in writing.

(3) A savings association shall not offer or issue any savings account contract unless the terms of the contract and the forms used to evidence ownership of the account have been approved by the director. The evidence of ownership of a savings account is not subject to ORS chapter 78.

(4) Transfer of a savings account or any interest therein is not binding upon the association until the transfer has been made on the books of the association. The association may treat the holder of record of a savings account as the owner thereof for all purposes until a transfer has been made on the books of the association. This subsection does not apply to negotiable certificates of deposit or other negotiable instruments issued or caused to be issued by an association. [1975 c.582 §84; 1981 c.472 §15; 1985 c.676 §60]

722.256 Withdrawal from savings accounts. (1) An account holder may withdraw part or all of the funds of the account holder subject to the terms applicable to the savings account of the account holder.

(2) The director shall prescribe by rule:

(a) The maximum penalty that may be applied by an association for premature withdrawal from a savings account; and

(b) The conditions under which the penalty may be applied.

(3) An account holder may withdraw all or part of the account pledged as security for any purpose only in accordance with the terms of the pledge. [1975 c.582 §85]

722.257 Time period for drawing on item deposited in savings or federal association; disclosure. (1) A savings association or federal association shall allow an account holder who deposits an item in the account holder's account to draw against the item within the time period applicable to that item under the schedule adopted by the director under ORS 705.600.

(2) Except as provided in subsection (3) of this section, in any agreement between a savings association or federal association and its customer, the savings association or federal association may not specify a period of time for purposes of drawing on an item that is longer than any applicable period specified in the schedule adopted by the director under ORS 705.600.

(3) This section does not prohibit a savings association or federal association and its customer from agreeing to a longer period than that specified in the schedule adopted by the director for drawing against items because of special circumstances, if the agreement is not contained in a preprinted form and is entered into by the savings association or federal association only in special circumstances.

(4) The provisions of this section do not alter or impair any right or obligation under ORS chapter 74.

(5) Savings associations and federal associations shall disclose in writing the schedule adopted by the director under ORS 705.600 and in effect on the date of the disclosure. For persons who became account holders prior to the date on which the director adopts the schedule under ORS 705.600 and who remain account holders thereafter, the disclosure shall be made within 30 days after the director adopts the schedule. For persons who become account holders after the date on which the director adopts the schedule, the disclosure shall be made prior to the opening of the account holder's account.

(6) Every savings association and federal association shall post or provide in a conspicuous location in its principal place of business and at each branch a notice stating the schedule adopted by the director under ORS 705.600.

(7) As used in this section, "item" has the meaning given that term in ORS 705.600. [1987 c.491 §6]

722.258 Payment of accounts of minors and persons under disability. Unless the written savings account contract provides otherwise, when a minor or other person under legal disability holds a savings account, the association or federal association may pay out the funds to such person or the assigns of such person with like effect as if such person were of full age and legal capacity. Such payment shall be in all respects valid and a complete discharge of the obligation of the association or federal association as to the amount so paid. [1975 c.582 §86; 1987 c.658 §2]

722.260 [1967 c.257 §3; repealed by 1975 c.582 §152]

722.262 Payment of savings account on death of holder. (1) On the death of an account holder, if the savings liability of an association or federal association on all accounts of the deceased is $15,000 or less, the association or federal association may, upon receipt of an affidavit from the person claiming the account, pay the withdrawal value of the accounts of the deceased holder:

(a) To the surviving spouse;

(b) If there is no surviving spouse, to the surviving children 18 years of age or older;

(c) If the account holder left no surviving spouse or surviving children 18 years of age or older, to the account holder's surviving parents; or

(d) If there is no surviving spouse, surviving child 18 years of age or older or surviving parent, to the account holder's surviving brothers and sisters 18 years of age or older.

(2) If the deceased account holder received public assistance pursuant to ORS chapter 411, 412, 413 or 414, the Adult and Family Services Division may claim such withdrawal value by filing an affidavit in the form prescribed by subsection (3) of this section and the Adult and Family Services Division shall be preferred to all other claimants except a surviving spouse.

(3) The affidavit of the person or the Adult and Family Services Division claiming the account shall:

(a) State where and when the account holder died;

(b) State that the total withdrawal value of all accounts of the deceased holder in all associations in Oregon, including federal associations, does not exceed $15,000;

(c) Show the relationship of the affiant or affiants to the deceased holder; and

(d) Embody a promise to pay the expenses of last sickness, funeral expenses and just debts of the deceased out of the account to the full extent of the account if necessary and to distribute any balance to those persons entitled thereto by law.

(4) A savings association or federal association is under no obligation to determine the relationship of the affiant to the deceased. Payment made in good faith to the person or the Adult and Family Services Division making the affidavit is a full acquittance and release of the association or federal association for the amount so paid.

(5) A probate proceeding is not necessary to establish the right of the surviving spouse, surviving children, surviving parent or surviving brothers and sisters to withdraw a savings account as provided by this section. However, if a personal representative is appointed in an estate of a deceased account holder whose account has been withdrawn under this section, the person or the Adult and Family Services Division withdrawing the account shall account for it to the personal representative. [1975 c.582 §87; 1981 c.298 §4; 1981 c.472 §16; 1987 c.658 §3]

722.264 Savings accounts as legal investments and as security. (1) Personal representatives, trustees and other fiduciaries; banks, trust companies, credit unions and similar financial organizations; charitable, educational and eleemosynary corporations, funds and organizations; and municipal and other public corporations and public officials may invest funds held by them, without any order of any court, in savings accounts of savings associations and federal associations. Such investments shall be considered legal investments.

(2) A savings association 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 given that term by ORS 295.005.

(3) When a deposit of securities or a bond with security is required for any purpose under the laws of this state or otherwise, a savings account of an association or federal association is acceptable for such a deposit or security.

(4) This section is supplemental to other laws relating to legal investments and to the deposit of securities and the filing of bonds for any purpose.

(5) Notwithstanding any other provision of law, when a savings association or federal association pledges securities or any other assets to secure public funds, the custodian of such public funds shall be a lien creditor, as defined in ORS 79.3010, with respect to the securities or assets which have been pledged to secure such funds. [1975 c.582 §88; 1989 c.232 §1; 1991 c.67 §191]

722.266 Savings accounts as security for loans. An association may take the pledge of a savings account of the association held by a person other than a borrower as security or additional security for any loan made or purchased by the association. [1975 c.582 §89]

722.268 Service charge on dormant accounts. (1) A savings association may make a service charge against a savings account if the liability of the association on the account is $25 or less and, at the time the charge is made, the account holder has not within the last two years:

(a) Increased or decreased the amount of the account or presented an appropriate record for the crediting of interest or earnings;

(b) Corresponded with the association concerning the account; or

(c) Otherwise indicated an interest in the account as evidenced by a memorandum on file with the association.

(2) Service charges shall not be made unless 30 days prior to making the first charge the association mails to the account holder a notice that service charges will be made under the conditions described by subsection (1) of this section. The notice shall be sent by registered or certified mail to the account holder at the last-known address of the account holder as shown on the records of the association. A service charge made

under this section shall not exceed 50 cents for any calendar month. [1975 c.582 §90]

INVESTMENT OPERATIONS

(Investment Powers)

722.302 Minimum liquid assets. (1) Every savings association shall have on hand at all times cash and other assets readily convertible into cash having a value of not less than a percentage of its savings liability fixed by rule as necessary for the prudent conduct of the affairs of the association. The director shall from time to time by rule define assets readily convertible to cash and fix the minimum percentage of the savings liability of any association that shall be used to determine the value of cash and other assets necessary to comply with this subsection. The director may consider an association to be in compliance with this section if the association satisfies applicable federal liquidity requirements for federally insured associations.

(2) Cash and assets readily convertible to cash, within the limits required by subsection (1) of this section, shall not be pledged or otherwise held as security for the payment of any obligation of the association.

(3) Unless an association is in compliance with subsection (1) of this section, it shall not make any loan or investment without the prior approval of the director, except:

(a) To invest in cash or other assets readily convertible to cash;

(b) To invest in a loan secured wholly by pledge of a savings account issued by the association; or

(c) To honor a loan commitment made prior to the association's failure to meet the requirement of subsection (1) of this section. [1975 c.582 §91; 1981 c.472 §17]

722.303 [1967 c.234 §9; 1975 c.582 §65; renumbered 722.118]

722.304 Permitted investments; limitations. (1) A savings association may invest its assets without limit in:

(a) Assets readily convertible to cash, as defined under ORS 722.302, and deposits and accounts in and obligations of banks;

(b) Bonds and other obligations of the United States; and

(c) Bonds and other obligations that are guaranteed as to principal and interest by the United States and issued by any agency of the United States.

(2) A savings association may invest, and may have invested at any time, not to exceed 30 percent of its assets in:

(a) Bonds, other obligations and stock approved by the director and issued by an agency of the United States or a federally sponsored instrumentality; and bonds and other obligations approved by the director and issued by a state, or by a city, county, municipal corporation, political subdivision or special district of any state; the preferred stock, bonds and obligations of a corporation domiciled in the United States, which are approved by the director and are rated at the time of purchase 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; or loans secured by such obligations;

(b) Real and personal property interests as authorized by ORS 722.312 and 722.314;

(c) Stock and obligations of service corporations, as authorized by ORS 722.308;

(d) Other prudent investments as authorized by ORS 722.306;

(e) Loans as authorized by ORS 722.332 to 722.342; and

(f) Commercial paper, certificates of deposit, banker's acceptances and similar commercial items commonly used in trade or business and issued or guaranteed by:

(A) Savings associations;

(B) Foreign associations;

(C) Federal associations;

(D) Banking institutions, as defined in ORS 706.005;

(E) Foreign institutions, as defined in ORS 706.005;

(F) National banks, as defined in ORS 706.005 and also including any national institution not authorized to do business in this state; and

(G) Any other kind of banking or savings institution the director designates.

(3) An association shall not invest any assets as described by subsection (2)(c) to (f) of this section unless the association on its last monthly closing date satisfied or could have satisfied its minimum general reserve and net worth requirements as determined under ORS 722.142.

(4) If the director finds that notwithstanding subsection (3) of this section, it is an unsafe or unsound practice for an association to exercise the powers granted by subsection (2)(c) to (f) of this section, the director may issue a cease and desist order directing the association to cease exercising such powers. An order issued under this subsection may be based on, but need not be limited to, a finding that the financial condition or management capability of the association is not adequate to exercise such powers and assume the risks involved in the exercise of such powers.

(5) A savings association may invest its assets in a service corporation as provided in ORS 722.309.

(6) A savings association may invest up to one percent of its assets, in the case of a mutual association, or up to 15 percent of its paid-in capital and surplus, in the case of a stock association, in the stock of the Oregon Capital Corporation authorized to be created under ORS 284.750 to 284.795, 316.104, 317.084, 315.504, 317.267 and 318.031. [1975 c.582 §92; 1977 c.166 §3; 1979 c.863 §6; 1981 c.472 §18; 1983 c.321 §5; 1985 c.762 §59; 1987 c.911 §17]

722.305 [Amended by 1961 c.398 §16; 1965 c.306 §5; 1967 c.257 §4; repealed by 1975 c.582 §152]

722.306 "Prudent person" investment rule. (1) A savings association may invest its assets in a manner not expressly prohibited by law if such investments are made in the exercise of the judgment and care under the circumstances then prevailing which persons of prudence, discretion and intelligence exercise in the management of their own affairs not in regard to speculation but in regard to the permanent disposition of their funds, considering the probable income as well as the probable safety of their capital. An association shall not invest in the voting common stock of a corporation unless the association acquires a majority of the shares of the voting stock of the corporation.

(2) Investments held at any one time under this section shall not exceed in the aggregate an amount equal to 50 percent of the net worth accounts of the association on its last monthly closing date. An association is not required to divest itself of any investments made under this section if the investments met the requirements of this section at the time they were made.

(3) If the director has reason to believe that loans or other investments made pursuant to this section are not prudent, proper or sound investments or are not, directly or indirectly, yielding an income or benefit, the director may direct the association to report to the director under oath the amount and nature of such loans or investments and any security therefor, their market value and other pertinent information. If the director thereafter determines that any such investment is not prudent, proper or sound, the director may issue an order directing the association to dispose of such investment within a reasonable time as designated by the director. [Formerly 722.497; 1979 c.863 §7]

722.308 Service corporations; services performed for association to be subject to regulation and examination by director. (1) An association may invest in the stock and obligations of one or more service corporations. However, an association shall not make such an investment, without the prior approval of the director, when any of the voting stock of the service corporation is available for purchase by or owned by persons other than savings associations or federal associations.

(2) The director shall, by rules adopted to carry out this section, prescribe a maximum percentage of assets not to exceed five percent that an association may invest in service corporations.

(3) An association may not cause to be performed, by contract or otherwise, any of the services described in ORS 708.434 (1) for itself, whether on or off its premises, unless assurances satisfactory to the director are furnished to the director by both the association and the person or organization performing the services that the performance of the services will be subject to regulation and examination by the director to the same extent as if the services were performed by the association itself on its own premises.

(4) This section does not apply to a service corporation described in ORS 722.309. [1975 c.582 §94; 1983 c.37 §36; 1983 c.321 §6]

722.309 Service corporations undertaking public projects; authority to invest and organize; conditions; corporate form; functions. (1) As provided in this section:

(a) A savings association may invest its assets in a service corporation described in this section.

(b) A savings association may organize a service corporation described in this section as a wholly owned subsidiary of the savings association and invest the savings association's assets in the corporation.

(2) A savings association may invest in or organize and invest in a service corporation under subsection (1) of this section if the following conditions are satisfied:

(a) The projects undertaken by the service corporation must be predominantly of a civic, community or public nature, and not merely of a private or entrepreneurial nature.

(b) The savings association's investments in the service corporation must comply with the prudent investment rule under ORS 722.306.

(c) The savings association's aggregate investment in service corporations and their projects must not exceed one percent of the assets of the savings association.

(d) The savings association must submit to the director its proposal for investing in or organizing and investing in a service corporation and the proposal must receive the director's approval.

(e) The membership of the board of directors of the community development corporation must be representative of the community in which the corporation is to operate.

(f) If the corporation is organized under the Oregon Nonprofit Corporation Law, the stock of the corporation purchased by the savings association, or the savings association's membership in the corporation if it does not issue stock, shall be carried on the books of the savings association at a value not exceeding $1.

(3) A service corporation may be organized under this section as a for-profit corporation under ORS chapter 60 or as a nonprofit corporation under the Oregon Nonprofit Corporation Law.

(4) A service corporation to which this section applies is a corporation that is authorized under its articles of incorporation to:

(a) Acquire real estate. This paragraph does not authorize real estate investment that is primarily speculative in nature.

(b) Make equity investments in small businesses and in development projects that primarily benefit small businesses.

(c) Participate in joint ventures with outside partners. [1983 c.321 §8; 1987 c.197 §21]

Note: 722.309 and 722.311 were enacted into law by the Legislative Assembly and were added to and made a part of ORS 722.002 to 722.656 by legislative action, but were not added to or made a part of ORS 722.302 to 722.356 by legislative action. See Preface to Oregon Revised Statutes for further explanation.

722.310 [Amended by 1959 c.227 §17; 1961 c.398 §17; repealed by 1975 c.582 §152]

722.311 Proposal to invest in or organize service corporation for public projects; approval by director. (1) A savings association shall submit to the director, on an application form designed by the director, its proposal to organize or invest in a service corporation under ORS 722.309. The savings association shall describe in detail on the application the scope of development activities that the service corporation will undertake. The director shall approve or disapprove the application as provided in this section. If the director approves an application to organize a service corporation, the savings association shall incorporate the proposed corporation as provided by law.

(2) The director may submit an application to any appropriate state agency or city, county or other local government for its advice and assistance on determining the need and practicability of the projects proposed in the application. [1983 c.321 §9]

Note: See note under 722.309.

722.312 Real property investments; limit on property, improvements and furnishings for association's business offices. (1) An association may invest its funds in real property, including property convenient for locations for the transaction of its business.

(2) An association shall not invest or obligate itself to invest more than 10 percent of its assets in the total cost of real property, including improvements thereon, for its business locations, without the prior approval of the director.

(3) An association may invest a reasonable amount in property such as furniture, fixtures and equipment, for use in carrying on its own business.

(4) An association shall not enter, or at any time carry on its books, the real property and improvements thereon owned by it under subsection (1) of this section at a valuation exceeding actual cost to the association. Investments in improvements to real property held under this section and investments under subsection (3) of this section shall be reduced annually by direct depreciation or creation of a depreciation reserve. [1975 c.582 §95]

722.314 Real property acquired by foreclosure; valuation. (1) A savings association may purchase at any sale, public or private, any real property upon which it has a mortgage, judgment, lien or other claim. It may lease, sell, convey, exchange or mortgage such property, without regard to the requirements of ORS 722.322 (7), or the association may hold such property as an investment under ORS 722.312.

(2) An association shall not enter or, except as provided by subsection (3) of this section, carry on its books real property acquired pursuant to subsection (1) of this section at a value in excess of the amount expended by the association in the acquisition of the property. The amount expended may include the principal balance on the loan and taxes, insurance, attorney fees and court costs, to the date of acquisition of the property, less the withdrawal value of any savings account pledged as security for the loan.

(3) If an association makes permanent improvements on property acquired by the association pursuant to this section, it may add the cost of such improvements to the value of the property. [1975 c.582 §96]

722.315 [Amended by 1953 c.401 §11; 1957 c.224 §1; 1961 c.398 §18; 1963 c.288 §7; 1967 c.257 §5; repealed by 1975 c.582 §152]

722.320 [Amended by 1961 c.398 §19; repealed by 1975 c.582 §152]

(Loans)

722.322 Real estate loans. (1) A savings association may invest any percentage of its assets in loans secured by mortgages or real estate contracts on interests in real property. Investments made by an association under this section shall be made in accordance with sound lending practices and the rules adopted by the director to carry out this section.

(2) A loan on the security of a mortgage shall not exceed 100 percent of the appraised value of the security. The term of a straight loan shall not exceed five years.

(3) If a loan is secured by a mortgage which is junior to prior mortgages or liens, the sum of the loan amount and the amount unpaid upon prior encumbrances, excluding taxes not due, shall not exceed the applicable limitations of this chapter.

(4) If a loan is secured by a leasehold interest, the loan shall provide that:

(a) The loan will be completely paid within a period of four-fifths of the term of the leasehold; and

(b) The association is entitled to be subrogated to all rights of the lessee under the leasehold.

(5) A mortgage shall not be subject to any prior mortgage, liens or encumbrances against the property unless the aggregate amount of such mortgage and any prior mortgage, liens and encumbrances does not exceed 100 percent of the appraised value of the property.

(6) An association may invest in real estate contracts if the principal amount due under the contract does not exceed 100 percent of the appraised value of the property and the association holds or acquires the title to the property covered by the contract.

(7) Unless the excess is guaranteed or insured, or an excess reserve is established, as provided by ORS 722.326, an association shall not:

(a) Make a loan upon the security of an interest in real property in excess of 90 percent of the appraised value thereof; or

(b) Invest in a real estate contract having a balance due in excess of 90 percent of the appraised value of the property.

(8) An association may renew or extend a loan made or contract purchased under this section if, as renewed or extended, the loan or contract complies with the limitations and conditions provided under this section at the time of the renewal or extension.

(9) As used in this section:

(a) "Mortgage" includes a first or second mortgage, a trust deed or a first lien on a leasehold.

(b) "Prior liens and encumbrances" does not include:

(A) A lease, in case the loan is secured by a mortgage on an interest, other than a leasehold interest, in real property.

(B) A sublease, in case the loan is secured by a mortgage on a leasehold interest. [1975 c.582 §97; 1979 c.863 §8]

722.324 Appraisal of property prior to loan. A savings association shall not make or acquire a loan secured by an interest in real property except upon the report, in writing, of an appraiser appointed by the association. The report shall state the fair market value of the property to be used as security. Each appraisal report shall contain sufficient information and data concerning the appraised real property interest to substantiate the fair market value of the property as determined by the appraiser. [1975 c.582 §98]

722.325 [Amended by 1953 c.401 §11; 1961 c.398 §20; 1973 c.823 §147; repealed by 1975 c.582 §152]

722.326 Real estate loans in excess of 95 percent of appraised value; reserve for payment of loss. (1) An association may make a loan or invest in a real estate contract described by ORS 722.322 (7) if the excess is guaranteed or insured against loss by a mortgage guarantee insurance company licensed to transact insurance in this state. When the excess does not exceed 95 percent of the appraised value, an association may, in lieu of such guarantee or insurance, establish an excess reserve account for the payment of losses.

(2) When an excess reserve account is established under subsection (1) of this section, the association shall from time to time place in the excess reserve account sums adequate to maintain a balance in the account equal to five percent of the entire unpaid balance on all such loans and contracts. Any losses on such loans and contracts shall be charged to the excess reserve account until it is exhausted and, after that, such losses may be charged to earned surplus or other reserve accounts. [1975 c.582 §99; 1979 c.863 §9]

722.328 Loans to account holders. A savings association may invest its assets in loans to its account holders on the security of its savings accounts, but any such loan shall not exceed 100 percent of the withdrawal value of the security given. [Formerly 722.415]

722.330 [Amended by 1961 c.398 §21; 1973 c.823 §148; repealed by 1975 c.582 §152]

722.332 Loans secured by life insurance policies; education loans. (1) A

savings association may invest its funds in loans secured by the pledge of policies of life insurance. Any such loan shall not exceed the cash value of the policy. The assignment of the policy shall be acknowledged by the insurer.

(2) A savings association may invest its funds in loans for the payment of expenses of college or vocational education if the loans are insured or guaranteed as provided by ORS 722.352 (2). For the purpose of this subsection:

(a) "College education" means education at an institution that provides an educational program for which it awards a bachelor's or higher degree, or at an institution that provides not less than a two-year program which is acceptable for full credit toward such a degree.

(b) "Vocational education" means any course of study or training designed to increase the ability of a person to obtain or advance in employment of any kind. [1975 c.582 §101]

722.334 Secured and unsecured loans related to real property; advance of credit for manufactured dwelling financing or home construction; loans to certain subsidiaries. A savings association may invest its assets in:

(1) Loans, with or without security, for the alteration, repair or improvement of real property;

(2) Loans, with or without security, for the equipping or furnishing of residential property;

(3) Loans, advances of credit and the purchase of obligations representing loans and advances of credit for the purpose of financing the sale or purchase of manufactured dwellings; and

(4) Advances of credit for the purpose of financing the construction of residential property.

(5) Loans to nonservice corporation subsidiaries not to exceed two percent of association assets provided that the association controls a majority of the shares of voting stock of the subsidiary. [1975 c.582 §102; 1979 c.863 §9a]

722.335 [Repealed by 1959 c.227 §32]

722.336 Personal loans. A savings association may make personal loans, secured or unsecured, evidenced by promissory notes. Each note shall require repayment in full within a period not to exceed 10 years from the date of the note. An association shall not, under this section, lend more than $20,000 to one individual at any one time. The aggregate amount of such loans shall not exceed 10 percent of the assets of the association. [1975 c.582 §103; 1977 c.368 §1; 1979 c.863 §10]

722.338 Loans to officer or employee to purchase association stock. (1) A stock association may invest its assets in loans to the employees, including officers, of the association and any wholly owned subsidiary, to enable them to purchase stock of the association or in a service corporation owned by the association, but:

(a) The aggregate amount of such loans outstanding at any one time shall not exceed one percent of its assets;

(b) The amount so loaned to any one person shall not exceed 90 percent of the fair market value or cost of the stock, whichever is lower, at the time of the purchase;

(c) The association shall obtain or retain a security interest in the stock so acquired until the loan is paid in full;

(d) The maximum amount due on such loans to one person at any one time shall not exceed $20,000; and

(e) The terms of the loan must provide for repayment within a period of not more than 10 years.

(2) Except as provided by subsection (1) of this section, an association shall not loan any of its funds upon the security of its own stock. [Formerly 722.424; 1979 c.863 §11]

722.340 [Amended by 1961 c.398 §22; repealed by 1975 c.582 §152]

722.342 Loans to directors, officers and persons related to them; conditions; exemptions. (1) Except as provided by subsection (2) of this section, an association shall not directly or indirectly make a loan to or for the benefit or use of an individual, partnership, association or corporation or subsidiary thereof if:

(a) Any officer or director of the lender has, or represents to the public to have, a contract or right to control or manage the borrower;

(b) Any officer or director of the lender is the proprietor of or a partner in the borrower; or

(c) Twenty-five percent or more of the stock of the borrower is owned or controlled, by option or otherwise, by any one or more of the officers or directors of the lender.

(2) An association may make any loan to a director or officer of the association that is authorized under ORS 722.302 to 722.356. However, if the loan is made to an executive officer or director, all of the following conditions must be met:

(a) An independent appraiser shall be employed by the lending association to appraise the security for the loan.

(b) The loan shall have the prior approval of not less than two-thirds of the authorized members of the board of directors and the approval shall be entered in the minutes of the meeting at which the loan is approved.

(c) A director who is directly or indirectly interested in the loan shall fully disclose to the other directors on the board of the lending association the director's interest in the loan or in the borrower. The director shall abstain from voting on the question of approval of the loan.

(d) The loan must be made under a written agreement.

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

(4) The director by rule may exclude from the applicability of subsection (2) of this section any indebtedness for which the requirements of subsection (2) of this section create, according to the director, an excessive burden in regard either to the savings association or to the borrower without an offsetting regulatory benefit.

(5) Notwithstanding the conditions described in subsection (2)(a), (b) and (c) of this section, the directors of the lending association need not first approve a loan to an executive officer or director unless the loan, when aggregated with all other loans to the executive officer or director and to all related interests of the executive officer or director, as defined by ORS 722.458, exceeds $25,000. [1975 c.582 §105; 1979 c.863 §12; 1985 c.786 §59]

722.345 [Amended by 1961 c.398 §23; repealed by 1975 c.582 §152]

722.350 [Amended by 1959 c.227 §18; 1971 c.757 §13; repealed by 1975 c.582 §152]

(General Provisions)

722.352 Participation, insured or guaranteed loans. (1) A savings association may participate with another lender or lenders in making loans of any type that an association may otherwise make, if the other lender or each of the other lenders is:

(a) An instrumentality or agency of the United States or this state;

(b) Insured by the Federal Savings and Loan Insurance Corporation or by the Federal Deposit Insurance Corporation;

(c) An insurance company supervised by a federal or state agency;

(d) A Federal Housing Administration approved mortgagee; or

(e) Another lender approved by the director.

(2) Without regard to any term or loan-to-security limitation provided by ORS 722.302 to 722.356, a savings association may make, buy and sell any loan, secured or unsecured, if the loan is insured or guaranteed. A loan shall be considered insured or guaranteed if:

(a) It is insured or guaranteed in any manner in part or in full by the United States or this state, or an instrumentality thereof; or

(b) A commitment so to insure or guarantee or a conditional guarantee has been issued.

(3) A savings association may buy, sell or participate in the purchase or sale, with or without servicing, of all or a portion of any loan or of a pool of loans which may be evidenced by a participation certificate, mortgage-backed bond or note, or mortgage pass-through certificate. The loans must be of a type eligible for origination and investment under this chapter. If the association is a buyer, the originator and services must qualify under subsection (1) of this section. [Formerly 722.422; 1979 c.863 §13]

722.354 Maximum loans to one person or on one property; interest. (1) A savings association shall lend no more than five percent of its total assets on the security of one property or to one person. However, an association with assets under $500,000 may lend up to a maximum of $40,000 in loans on one property or to one person.

(2) ORS 708.480 applies to interest or other charges a savings association or a federal association may contract for and receive for a loan or the use of money. [1975 c.582 §107; 1977 c.791 §5; 1981 c.412 §5; 1981 c.472 §19]

722.355 [Amended by 1959 c.227 §19; 1961 c.398 §24; repealed by 1975 c.582 §152]

722.356 Types of investments and loans limited; effect of unauthorized loan or investment; liability of officers. (1) A savings association shall not make, purchase or hold any investments or loans except investments and loans of the kinds authorized by ORS 722.302 to 722.356. However, a loan or investment made in violation of this subsection shall be due and payable according to its terms and the obligation thereof shall not be impaired.

(2) A director or officer of an association who knowingly violates, participates in or assents to a violation of, or who knowingly permits any of the officers or agents of the association to violate, subsection (1) of this section is liable individually for all losses that the association, its account holders or stockholders sustain in consequence of such violation.

(3) The director may require a director or officer of an association who knowingly violates, participates in or assents to a violation of subsection (1) of this section, or who knowingly permits any officer or agent of the association to violate subsection (1) of this section, to deposit with the association an indemnity bond, insurance or collateral. Such deposit shall be of a kind and amount sufficient to indemnify the association against losses that the association, its account holders or stockholders may sustain in consequence of such violation. The amount considered sufficient to indemnify the association shall be determined by the director. When an unauthorized investment has been sold or disposed of without recourse, the director shall direct all or that part of the indemnity remaining after deducting any loss to be released. When the balance of an unauthorized loan has been reduced to an amount which would permit the loan to be made in accordance with ORS 722.302 to 722.356, the director shall direct the indemnity to be released. In making a determination under this section, the director may require an independent appraisal of the investment or the loan security.

(4) In addition to subsections (2) and (3) of this section, whenever the director determines that an association has made an investment or loan that is unsafe or unsound, or is not authorized by ORS 722.302 to 722.356, the director may order the association to do one or both of the following:

(a) Dispose of the investment or loan; or

(b) Establish a specific reserve not to exceed the book value of the investment or the unpaid balance of the loan and to maintain such reserve until the investment is disposed of or the loan is paid. [1975 c.582 §108]

722.360 [Amended by 1961 c.398 §25; repealed by 1975 c.582 §152]

722.365 [Amended by 1959 c.227 §20; 1961 c.398 §26; repealed by 1975 c.582 §152]

722.370 [Amended by 1959 c.227 §21; 1961 c.398 §27; 1963 c.288 §8; repealed by 1975 c.582 §152]

722.375 [Amended by 1953 c.401 §11; 1961 c.398 §28; 1969 c.193 §3; repealed by 1975 c.582 §152]

722.380 [Amended by 1969 c.193 §4; repealed by 1975 c.582 §152]

722.385 [Repealed by 1969 c.591 §305]

SUPERVISION AND ENFORCEMENT

(Supervision)

722.402 [1975 c.582 §109; repealed by 1985 c.762 §196]

722.404 [1975 c.582 §110; repealed by 1985 c.762 §196]

722.405 [Amended by 1969 c.138 §5; repealed by 1975 c.582 §152]

722.406 [1975 c.582 §111; repealed by 1985 c.762 §196]

722.407 [1969 c.138 §2; repealed by 1971 c.757 §18]

722.408 Rulemaking authority. (1) In accordance with ORS 183.310 to 183.550, the director may adopt rules for the purpose of carrying out this chapter.

(2) In addition to the notice requirements of ORS 183.310 to 183.550, before the director adopts a rule, the director shall submit a copy of the rule to each savings association. [1975 c.582 §112; 1985 c.762 §63]

722.410 [Amended by 1959 c.227 §22; 1961 c.398 §29; 1963 c.288 §9; 1969 c.138 §6; 1973 c.368 §6; repealed by 1975 c.582 §152]

722.412 [1975 c.582 §113; repealed by 1985 c.762 §196]

722.414 [1975 c.582 §114; 1981 c.472 §20; repealed by 1985 c.786 §70]

722.415 [Amended by 1959 c.227 §23; 1961 c.398 §30; 1975 c.582 §100; renumbered 722.328]

722.416 Publication of statutes, rules and opinions. The director shall publish or revise at least once every two years, for distribution to savings associations and such other persons as may be interested, this chapter and related statutes, together with rules adopted by the director and decisions, opinions and rulings made regarding any rule or section. The director may fix and collect a reasonable charge, not to exceed the cost of publication, for copies of such publications. [1975 c.582 §115; 1985 c.762 §67]

722.419 Public inspection of records of section pertaining to this chapter; exemptions. (1) Except as provided in subsections (2) and (3) of this section, the records of the department pertaining to the administration of this chapter are available for public inspection unless the director determines in the particular instance that the public interest in disclosure of the records is outweighed by the interests of an association or its directors, officers, employees, members and customers in keeping the records confidential, or that the records are exempt from disclosure under ORS 192.501 to 192.505. A determination by the director under this subsection is subject to review under ORS 192.410 to 192.505.

(2) Except as provided in subsections (6) and (7) of this section, the following records of the department pertaining to the administration of this chapter are exempt from disclosure or production:

(a) Examination reports and work papers, directives, orders and correspondence that relate to examination reports.

(b) Investigatory information concerning persons subject to investigation by the director under ORS 722.024, 722.026, 722.036, 722.134, 722.459 or 722.506, and financial statements of such persons.

(c) Proprietary information.

(d) Audits submitted to the director under ORS 722.434 (3).

(e) Reports submitted to the director under ORS 722.458.

(f) Stockholder lists.

(3) The director or any other person employed by the department and acting under this chapter shall not knowingly disclose the name of any person who is a depositor or debtor of an association, or the amount of the person's deposit or debt, except that the director or the employee may disclose such information as may be necessary in the performance of the director's or employee's official duty including any duty under ORS 295.018.

(4) Statements of financial condition filed under ORS 722.434 (1) are not confidential.

(5) A civil penalty imposed by the director shall become subject to public inspection after the 20th day after the director imposes the civil penalty.

(6) Notwithstanding subsection (2) of this section, the director may disclose any record of the section specified in this subsection pertaining to an association that has been liquidated if the director determines in the particular instance that the public interest in disclosure of the record outweighs the interests of the association or its directors, stockholders, officers, employees or customers in keeping the record confidential. Under no circumstances, however, shall the director disclose any such record or portion thereof that contains any proprietary information or any information relating to the individual financial activities or affairs of persons unless the director concludes that those activities or affairs were a direct and substantial contributing factor in the failure of the association. This subsection applies to the following records of the section:

(a) Examination reports and work papers, directives, orders and correspondence relating to examination reports;

(b) Investigatory information concerning persons subject to investigation by the director under ORS 722.024, 722.026, 722.036, 722.134, 722.459 or 722.506;

(c) Audits submitted to the director under ORS 722.434 (3); and

(d) Reports filed under ORS 722.458.

(7) Notwithstanding ORS 40.270, an officer of the department may be examined concerning records that are exempt from disclosure under subsection (1), (2) or (3) of this section and the records are subject to production if the court before which a civil or criminal action is pending finds that such examination and production is essential for establishing a claim or defense. In making a finding under this subsection, if the court views the records, the court shall do so in camera.

(8) All records of the department pertaining to the condition of associations may be furnished to:

(a) Representatives of savings and loan departments of other states.

(b) Representatives of the Federal Home Loan Bank Board, a Federal Home Loan Bank or other federal or state financial agency organized under the laws of the United States or of this state and authorized to loan to or otherwise act as a reserve or insuring agency for savings associations.

(c) The State Treasurer if the association is a depository of public fund deposits.

(9) If the director is requested to disclose any record subject to this section and the record contains both material that is exempt from disclosure under this section or any other provision of law and material that is not exempt from disclosure, the director shall separate the exempt and nonexempt material and shall disclose only the nonexempt material. [1985 c.786 §60; 1985 c.762 §66a; 1987 c.373 §58]

722.420 [Amended by 1961 c.398 §31; repealed by 1975 c.582 §152]

722.422 [1963 c.288 §10; 1975 c.582 §106; renumbered 722.352]

722.424 [1967 c.257 §2; 1975 c.582 §104; renumbered 722.338]

722.425 [Amended by 1957 c.225 §1; 1959 c.227 §24; 1961 c.398 §32; repealed by 1975 c.582 §152]

722.430 [Amended by 1959 c.227 §25; repealed by 1975 c.582 §152]

722.432 Communications from director; notices generally. (1) Every approval or rejection by the director given pursuant to this chapter and every communication having the effect of an order or instruction to any association shall be:

(a) In writing, signed by the director;

(b) Mailed to the affected association, addressed to the president at the principal office of the association; and

(c) Presented to the board of directors of such association at its next regular meeting or at a special meeting called for such purpose and noted in the minutes of the meeting.

(2) All notices required by this chapter shall be in writing. All notices issued or required to be issued by the director shall be sent by mail and shall become effective upon deposit of the notice in the mail. [1975 c.582 §116]

722.434 Financial statements and audits. (1) Every savings association shall, on January 1 of each year, or within 30 days thereafter, file with the director a full de-

tailed statement of its financial condition on the last day of the preceding month and of the business transacted during the preceding year. The statement shall be verified and shall set forth the amount and the character of its assets and liabilities and shall contain such other information and be in such form as the director may prescribe.

(2) The director may require additional statements from any or all associations, as of the close of business at any date. The director shall allow not less than 10 days in which to prepare and file a report under this subsection.

(3) Every savings association shall once each year cause an audit to be made of its financial condition by an independent auditor. A copy in full of the audit required by this subsection, and of any other audit made by an association, with findings of the auditor and all statements, comments and recommendations made by the auditor on the audit, shall be filed with the director forthwith but not later than 120 days after the last day of the period audited. The director shall review all audits and reports and may approve or reject any report, in whole or in part. [Formerly 722.165]

722.435 [Amended by 1961 c.398 §33; repealed by 1975 c.582 §152]

722.436 Examinations by director; report; examination program with federal regulators; acceptance of federal or other state examinations. (1) Except as provided under subsections (4) and (5) of this section, every two years, or more often if the director considers it advisable, the director, either in person or through an examiner, shall make an examination of the books, records and affairs of every domestic and foreign association.

(2) The examiner shall prepare a report of the examiner's findings and file it with the director. The examiner shall include in the report any violation of law or any unauthorized or unsafe practices of the association disclosed by the examination.

(3) The director shall furnish a copy of the report to the association examined and, upon request, may furnish a copy of or excerpts from the report to the Federal Home Loan Bank Board, Federal Home Loan Bank or other federal or state agency authorized to loan to or otherwise act as an insuring agency for savings and loan associations. When the director furnishes a copy of a report of an association to an agency under this subsection, the director shall immediately inform the association of the agency making the request and the part of the report furnished.

(4) The director may participate in any program offered by the Federal Home Loan Bank Board, a Federal Home Loan Bank or the Federal Savings and Loan Insurance Corporation that provides for joint alternate examinations of savings associations by the director and the Federal Home Loan Bank Board, a Federal Home Loan Bank or the Federal Savings and Loan Insurance Corporation.

(5) Instead of performing an examination under subsection (1) of this section, the director may accept an examination or report made by the Federal Home Loan Bank Board or the Federal Home Loan Bank or by the regulator of savings associations in another state. [1975 c.582 §118; 1981 c.472 §21; 1985 c.762 §68; 1985 c.786 §61; 1987 c.373 §58a; 1991 c.67 §192]

722.438 Prolonged audit, examination or revaluation; payment of costs. (1) If in the opinion of the director the examination conducted under ORS 722.436 fails to disclose the true financial condition of an association, the director may in order to ascertain its true financial condition:

(a) Make an extended audit or examination of the association or cause such an audit or examination to be made by an independent auditor.

(b) Make an extended revaluation of any of the assets or liabilities of the association or cause an independent appraiser to make such a revaluation.

(2) The director shall collect from the association a reasonable sum for actual and necessary expenses of such an audit, examination or revaluation. [1975 c.582 §119]

722.440 [Repealed by 1975 c.582 §152]

722.442 Right of access to books and records of association; authority to issue subpoenas, administer oaths and examine witnesses. (1) Except as provided by ORS 40.225 to 40.295, the director and any of the examiners, auditors and appraisers of the Department of Consumer and Business Services:

(a) Shall have free access to all books and records of an association, its subsidiaries and affiliates, that relate to its business, and the books and records kept by any officer, agent or employee, relating to or upon which any record of its business is kept;

(b) May subpoena witnesses and administer oaths or affirmations in the examination of any director, officer, agent or employee of an association, its subsidiaries or affiliates or of any other person in relation to its affairs, transactions and conditions; and

(c) May require the production of records, books, papers, contracts and other documents.

(2) Each witness who appears before the director under a subpoena shall receive the fees and mileage provided for witnesses in ORS 44.415 (2).

(3) If a person fails to comply with a subpoena so issued or a party or witness refuses to testify on any matters, the judge of the circuit court for any county, on the application of the director, shall compel obedience by proceedings for contempt as in the case of disobedience of the requirements of a subpoena issued from such court or a refusal to testify in such court. [1975 c.582 §120; 1981 c.892 §97; 1985 c.762 §69; 1989 c.980 §20]

722.444 Appraisal of association property by director. (1) The director may cause property owned by an association or securing the loans of an association to be appraised when, in connection with an examination or otherwise, information with respect to any property or policies, practices, operating results and trends of an association give evidence that:

(a) Any appraisal or valuation of the association may be excessive or overstated; or

(b) Appraisal policies and practices may not conform with generally accepted professional standards.

(2) In lieu of causing such appraisals to be made, the director may accept an appraisal caused to be made by a Federal Home Loan Bank, the Federal Home Loan Bank Board or by the Federal Savings and Loan Insurance Corporation or other insuring agency of an insured association.

(3) Unless otherwise ordered by the director, appraisal of property pursuant to this section shall be made by an appraiser selected by the director. The cost of such appraisal shall be paid promptly by the association directly to the appraiser upon receipt by the association of a statement of the cost approved by the director. The director shall furnish a copy of the report of an appraisal made pursuant to this section to the association forthwith but no later than 60 days following the completion of the appraisal and may furnish a copy to the insuring agency. [1975 c.582 §121]

722.445 [Amended by 1959 c.227 §26; 1963 c.288 §11; 1969 c.138 §7; 1971 c.757 §20; repealed by 1975 c.582 §152]

722.446 Authority to establish branch facility; approval of director required to change location of branch or principal office; applicability of ORS 722.448 and 722.452. (1) The board of directors of a savings association may, with the approval of the director, establish a branch facility. An association shall not change the location of a branch facility or the principal office of the association without prior notice to and approval of the director.

(2) Except for the filing fee required under ORS 722.448, ORS 722.448 and 722.452 shall not apply to a change of location of an existing branch facility or principal office when the distance involved is less than one mile, nor shall ORS 722.448 and 722.452 apply to the establishment of a drive-in facility or an automatic teller machine within 500 feet of an existing branch facility or principal office as an adjunct to the branch facility or principal office. [1975 c.582 §122; 1981 c.472 §22]

722.448 Application for approval to establish branch or change location of branch; notice and hearing. (1) When a savings association wants to establish a new branch facility, or change the location of a branch facility or its principal office, it shall submit to the director an application for approval of the branch or the change. An application shall state the community where the branch or principal office is to be located or relocated and such other information as the director requires to determine if the establishment or change of the branch facility or principal office will serve the public convenience and advantage.

(2) Upon receipt of an application with the proper filing fee the director shall promptly examine and investigate whether the application should be granted. The director shall proceed in accordance with ORS 722.024 (1) to (4) to give notice and to conduct a hearing, if requested. [1975 c.582 §123]

722.450 [Amended by 1959 c.227 §27; 1969 c.138 §8; 1973 c.368 §7; repealed by 1975 c.582 §152]

722.452 Approval of branch application; right to hearing if approval denied; list of branch facilities. (1) The director shall approve an application filed under ORS 722.448 if:

(a) The population in the community where the branch facility or principal office is to be located, relocated or operated affords a reasonable promise of adequate support for the branch facility or principal office;

(b) The financial structure and earnings of the association are adequate to support the expense of establishing the branch or relocating the branch or principal office; and

(c) The establishment and operation of the branch facility or relocation of the branch or principal office will serve the public convenience and advantage.

(2) If an application is denied, the order shall contain a statement of the reason for the denial and notify the applicant of its right to a contested case hearing under ORS 183.310 to 183.550.

(3) If an association does not commence operation of a branch facility or change the location of a branch facility or the principal

office within a reasonable time after the date of the order approving the application, the approval shall be revoked by the director.

(4) The director shall maintain a record of the number and location of all branch facilities of associations. [1975 c.582 §124; 1985 c.762 §70]

722.454 Discontinuance of branch; revocation of approval by director. (1) The board of directors of an association, after notice to the director, may discontinue the operation of a branch facility. The association shall keep the director informed in the matter and deliver to the director a certificate of the date operation of the branch facility is discontinued.

(2) The director may for good cause revoke approval of the operation of a branch facility by written notice to the association. The notice shall fix a reasonable time after which the association shall cease to operate the branch facility. [1975 c.582 §125]

722.455 [Amended by 1959 c.227 §28; 1969 c.138 §9; repealed by 1975 c.582 §152]

722.456 Director to be notified of certain illegal acts. The director shall be notified promptly, and in writing, stating the facts whenever it is established that fraud, embezzlement, or misappropriation of funds or other illegal acts exists, or apparently exists and is being investigated by the association due to dishonesty of a director, officer, attorney, agent or employee and the sums involved exceed or could exceed $500. [1979 c.863 §15]

722.457 Giving false document, statement or report prohibited. A person may not knowingly give or cause to be given to the department any document or any oral or written statement or report that is false in any material respect, in the course of any investigation, examination or audit by the department. [1987 c.215 §2]

722.458 Records of extensions of credit by domestic associations. (1) As required by rule of the director, each domestic association shall file with the director each calendar quarter a report of outstanding extensions of credit by the domestic association to the following persons as of the last day of the immediately preceding calendar quarter:

(a) The managing officer and each director of the domestic association and, if the association is a stock association, each principal shareholder of the association.

(b) Each related interest of each person described in paragraph (a) of this subsection.

(2) The report shall show for each borrower the borrower's position or class, the original amount of each outstanding extension of credit, the balance due on each outstanding extension of credit and whether any payment or portion of the balance is currently past due.

(3) For purposes of this section:

(a) A principal shareholder of a stock association or of a business entity described in paragraph (b)(A) of this subsection is any person who, directly or indirectly or acting through or in concert with one or more persons, owns, controls or has the power to vote more than 25 percent of any class of voting stock of the association or business entity. For purposes of this paragraph, a "business entity" includes but is not limited to a corporation, partnership, trust, sole proprietorship, association or labor union.

(b) A related interest of a person described in subsection (1) of this section includes either of the following:

(A) Any business entity described in paragraph (a) of this subsection in which the person is a director, partner, principal shareholder, officer, sole owner or trustee.

(B) A borrower whose extension of credit is cosigned or indorsed by a director, managing officer or principal shareholder of a domestic association.

(c) An extension of credit is a making of a loan, a granting of a line of credit or any other manner of credit extended to a person.

(4) The director shall adopt rules governing the submission of reports under subsection (1) of this section. The director may require any other information in the reports that the director decides is necessary. The director may exclude from the reporting requirement:

(a) Any advance payment against accrued salary or other accrued compensation, or an advance for the payment of expenses incurred or to be incurred on behalf of the domestic association.

(b) Indebtedness, to a maximum set by the director, that arises by reason of any general arrangement by which a domestic association acquires charge or time credit accounts, or makes payments to or on behalf of participants in a credit card plan, check credit plan, interest-bearing overdraft credit plan or any similar open-end credit plan.

(c) Any other indebtedness that the director declares by rule not to be subject to the reporting requirements under subsection (1) of this section. The director may exclude any indebtedness under this paragraph the reporting of which, according to the director, is not necessary for proper supervision of savings associations or creates an excessive burden without an offsetting regulatory benefit.

(5) The director may require a domestic association to file additional reports under this section more often than quarterly, as the director determines is necessary. [1985 c.786 §58]

722.459 Investigation of new director, president and managing officer; fingerprinting; disapproval of election or appointment. (1) After a certificate of authority to commence business has been issued to a savings association, before a person first takes office as director, president or managing officer, the name of the person shall be submitted to the director, with any information about the person that the director may require.

(2) The director shall investigate each person whose name is submitted under this section to determine the character, honesty, financial responsibility and competence of the person. In the course of investigating any person under this section, 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. Fingerprints acquired under this subsection 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.

(3) The director may disapprove the election or appointment of the person if the director determines that the person's character, honesty, financial responsibility, experience or fitness does not command confidence or warrant the belief that the person will honestly and efficiently conduct the business of the savings association. The director shall issue the disapproval in writing to the board of directors that submitted the person's name. A copy of the disapproval shall be served personally or by certified mail upon the disapproved person. The disapproval may be issued without a prior administrative hearing. A disapproval under this section must be made within 30 days after the name is submitted to the director. Thereafter, disapproval may be made only as provided in ORS 722.468.

(4) A person whom the director disapproves under this section may appeal the disapproval as a contested case pursuant to ORS 183.415 to 183.500. [1985 c.786 §57]

722.460 [Amended by 1959 c.227 §29; repealed by 1969 c.138 §16]

(Enforcement)

722.462 Enforcement generally; authority to require specific reserves. (1) The director may institute such actions or other lawful proceedings as the director may consider necessary for the enforcement of this chapter or any rule, order or action adopted, issued or taken by the director pursuant to law.

(2) If the director, from any information available to the director, finds that an association has either overstated its assets or understated its liabilities, the director may order the association to establish specific reserves equal in amount to the overstatement of true assets or the understatement of true liabilities. Such specific reserves shall be carried as liabilities. [1975 c.582 §126]

722.464 Cease and desist proceedings. (1) On any of the following grounds, the director may issue and serve upon an association or a director, officer, employee or agent of an association an order to cease and desist from an unsafe or unsound practice or a violation if:

(a) The director has reasonable cause to believe that the person to whom the order is directed is engaging, has engaged or is about to engage in an unsafe or unsound practice in conducting the business of the association.

(b) The director has reasonable cause to believe that the person to whom the order is directed is violating, has violated or is about to violate a law or rule, an order of the director or any provision of the articles of incorporation or bylaws of the association.

(2) An order under subsection (1) of this section shall include the following:

(a) A statement of the facts constituting the alleged unsafe or unsound practice or violation.

(b) A provision requiring the person named in the order to cease and desist from the practice or violation. The provision may be mandatory or otherwise.

(c) The effective date of the order.

(d) A notice to the person named in the order of the right to a contested case hearing under ORS 183.310 to 183.550.

(3) When the unsafe or unsound practice or the violation specified in the order, or the continuation of the practice or violation, is likely to prejudice the interest of the account holders or stockholders of an association, the director may issue an order effective immediately or at a later date. In all other cases, the order shall be effective 30 days after the date of the order unless the person named in the order requests a hearing thereon.

(4) An order remains in effect until it is withdrawn by the director after a hearing or by a court order. [1975 c.582 §127; 1985 c.762 §71; 1987 c.215 §3; 1987 c.373 §59]

722.465 [Amended by 1959 c.227 §30; 1969 c.138 §10; repealed by 1975 c.582 §152]

722.466 Civil penalties. (1) The director may assess an association or any officer, director, agent or employee of an association who violates any provision of this chapter, or any rule or final order issued pursuant thereto, a civil penalty of not more than $2,000 for each violation or $10,000 in the aggregate for all violations within any three-month period. In the case of an individual agent or employee, the civil penalty shall be not more than $1,000 for each violation or $5,000 in the aggregate for all violations within any three-month period. Each day a violation continues shall be considered a separate violation.

(2) In addition to the civil penalty provided by subsection (1) of this section, an association or officer, director, agent or employee of an association who violates any provision of this chapter, or any rule or final order issued pursuant thereto, may be assessed a civil penalty in an amount determined by the director but not to exceed the amount by which the person profited as a result of such violation.

(3) Civil penalties under this section shall be imposed as provided in ORS 183.090.

(4) All moneys collected under this section shall be paid to the State Treasurer and credited to the Consumer and Business Services Fund created by ORS 705.145.

(5) If a civil penalty is assessed against a director, officer, agent or employee of a savings association, unless the director provides otherwise, the director, officer, agent or employee shall forfeit the penalty and the penalty shall not be paid either directly or indirectly by the savings association. [1975 c.582 §128; 1983 c.696 §28; 1985 c.762 §72a; 1985 c.786 §63; 1987 c.373 §60; 1991 c.734 §96]

722.468 Removal of association officer or employee. (1) The director shall immediately inform the board of directors of an association and may order the suspension or discharge of an officer or employee of the savings association, if the director finds that the officer or employee has:

(a) Directly or indirectly willfully misrepresented the association, its types of service, its contracts or membership to prospective members, stockholders, depositors or borrowers;

(b) Engaged in dishonest practices in the conduct of the association's business; or

(c) Been convicted of a misdemeanor, an essential element of which is fraud, or of a felony.

(2) The board of directors of the association, as well as any officer or employee addressed in an order issued under this section, may request a contested case hearing pursuant to ORS 183.310 to 183.550.

(3) An officer who is suspended or removed under this section shall not act in any official capacity, conduct any of the business of the association or have access to the books, records or assets of the association either as an officer, director or stockholder, without receiving permission from the director. [Formerly 722.225; 1977 c.166 §4; 1985 c.762 §73]

722.470 [Amended by 1959 c.227 §31; repealed by 1975 c.582 §152]

722.472 [1975 c.582 §130; repealed by 1985 c.762 §196]

(Conservatorship)

722.474 Appointment of conservator; duties; compensation. (1) The director may appoint a conservator for an association if the director, as a result of any examination or from any report made to the director, reasonably believes that the public interest will be served by the appointment of a conservator and if the director finds that the association:

(a) Is in an impaired condition;

(b) Is engaging in practices that threaten to result in an impaired condition;

(c) Is in violation of an order of the director issued under this chapter and the order has become final by operation of law or on appeal; or

(d) Is in violation of an injunction issued under this chapter.

(2) The conservator may be the director, an examiner or any other person. Upon the appointment of a conservator, the director shall apply immediately to the circuit court for the county in which one or more offices of the association is located for confirmation of the appointment and proceedings in accordance with this section. The court shall confirm the appointment if it finds that one or more grounds exist for the appointment. In conservatorship proceedings the circuit courts have full power to conserve the assets and business of the association or to liquidate and dissolve the association.

(3) If the association is an institution insured by a federal agency, the agency or an appointee of the agency may be tendered appointment as conservator or co-conservator. If the agency or appointee accepts the appointment, it may, nevertheless, make loans on the security of, or purchase at public or private sale, any part or all of the assets of

the association of which it is conservator or co-conservator, if such loan or purchase is approved by the court.

(4) A conservator shall endeavor promptly to remedy the situations complained of by the director in the application for confirmation of such appointment. Within six months after the date of the appointment, or within a reasonable time thereafter if the court extends the six months' period:

(a) The conservator shall return the association to the board of directors thereof and thereafter it shall be managed and operated as if no conservator had been appointed; or

(b) The conservator shall proceed to liquidate and dissolve the association.

(5) If the director or an examiner is appointed conservator, the director or examiner shall receive no additional compensation. However, if another person is appointed, then the compensation of the conservator, as determined by the court, shall be paid by the association.

(6) For purposes of this section, "impaired condition" means a condition in which the assets of a savings association in the aggregate do not have a fair value equal to the aggregate amount of liabilities of the association to its creditors plus an amount equal to the minimum general reserve required under ORS 722.142. Liabilities to creditors include savings liabilities, capital notes and debentures and liabilities to all other persons. [1975 c.582 §131; 1985 c.762 §74]

722.475 [Repealed by 1975 c.582 §152]

722.476 Powers of conservator. (1) A conservator may take immediate possession and control of the property and affairs of an association and act to protect the interest of the members, account holders and other creditors and stockholders. A conservator has all the rights, powers and privileges of the officers, the board of directors and the members of the association, including the power to liquidate and dissolve the association. A conservator has the power and authority provided by this chapter and such other power and authority as may be expressed in the order of the court.

(2) The directors and officers shall remain in office and the employees shall remain in their respective positions, but the conservator may remove any officer or employee, if the order of removal of an officer is approved in writing by the director.

(3) While an association is in the charge of a conservator, the association shall continue to take payments in accordance with the terms and conditions of contracts. The conservator, in the discretion of the conservator, may permit account holders to withdraw their accounts from the association pursuant to the provisions of this chapter or under and subject to such rules as the director may prescribe. A conservator may accept savings accounts and additions to savings accounts, but any such amounts received by the conservator shall be segregated if the director so orders in writing. If so ordered, such amounts shall not be subject to offset and shall not be used to liquidate any indebtedness of the association existing at the time the conservator was appointed for it or any subsequent indebtedness incurred for the purposes of liquidating any such indebtedness. All expenses of the association during a conservatorship shall be paid by the association. [1975 c.582 §132]

722.478 Acquiring possession of contents of safety deposit vaults, safes and boxes. (1) The director may, after the director has taken possession of the property and business of a domestic or foreign savings association under ORS 722.474 to 722.484, apply to the circuit court of the county in which the conservatorship proceedings are pending, for an order directing the director to cause any safe, safety vault or safety deposit box held anywhere by such association to be thereafter opened and the contents listed. A safe, vault or box shall be opened in the presence of:

(a) The director or an examiner;

(b) A notary public not an officer of or in the employ of such association or of the savings and loan office; and

(c) An officer of the association, if available.

(2) One signed copy of the list of the contents of the safe, vault or box shall be delivered to the director; a second signed copy shall be retained by the notary public; and a third signed copy shall be delivered to the officer of the association.

(3) The contents shall be enclosed in a container distinctly marked by the notary public and delivered to the director. The container shall be kept by the director in the custody of the director and control for use in the administration of the affairs of the savings association, as provided by law. The contents shall be held subject to the payment of any rent that may be unpaid for the use of such safe, vault or box, also any expenses incurred in opening thereof, and also reasonable compensation for the safekeeping of the contents after their removal from the safe, vault or box. [Formerly 722.785]

722.480 [Amended by 1961 c.398 §34; 1971 c.757 §14; repealed by 1975 c.582 §152]

722.482 Contest of conservatorship appointment by association officers. A di-

rector or officer of an association in office at the time of the initiation of a proceeding under ORS 722.474 may contest the proceeding and shall be reimbursed for reasonable expenses and attorney fees by the association or from its assets. A court having such a proceeding before it shall allow and order paid reasonable expenses and attorney fees for such directors and officers. [1975 c.582 §134]

722.484 Correction of alleged wrongdoings by unimpaired association. A conservator shall not be appointed, or private property seized under this chapter, when any association is not in an impaired condition as defined in ORS 722.474 if the alleged wrongdoing can be otherwise corrected as provided by this chapter or by other law. [1975 c.582 §135; 1985 c.762 §75]

722.485 [Repealed by 1975 c.582 §152]

722.490 [Amended by 1971 c.757 §15; repealed by 1975 c.582 §152]

722.495 [Amended by 1967 c.335 §59; repealed by 1975 c.582 §152]

722.497 [1971 c.757 §17; 1975 c.582 §93; renumbered 722.306]

722.498 [1973 c.288 §5 (enacted in lieu of 722.499); repealed by 1975 c.582 §152]

722.499 [1971 c.104 §2; repealed by 1973 c.288 §4 (722.498 enacted in lieu of 722.499)]

FOREIGN ASSOCIATIONS

722.502 Certificate of authority required to transact business in Oregon. A foreign association shall not transact savings and loan business in this state unless it receives from the director a certificate of authority to do so. [1975 c.582 §136; 1981 c.472 §23]

722.504 Application for certificate of authority. A foreign association may apply to the director for a certificate of authority to transact business in this state. With such application it also shall pay the proper filing fee and file:

(1) A copy of its articles of incorporation and bylaws certified as a true copy by the public officer or association officer having custody of the original articles or bylaws;

(2) Evidence satisfactory to the director that its savings accounts are insured by the Federal Savings and Loan Insurance Corporation or other insurer as required by ORS 722.048;

(3) A designation of the community in which the principal office within this state shall be located; and

(4) Other information the director may require. [1975 c.582 §137; 1981 c.472 §24]

722.505 [Repealed by 1975 c.582 §152]

722.506 Issuance of certificate to foreign association. (1) The director shall issue a certificate of authority to the association to conduct savings and loan business in this state when:

(a) A foreign association has complied with ORS 722.504;

(b) The director has examined and investigated according to the procedures set forth in ORS 722.024 (1) to (4), whether the application of the association should be granted; and

(c) The director has verified the financial status of the association by examination of its assets and its records for the purpose of ascertaining whether they meet the requirements of this chapter.

(2) Notwithstanding subsection (1) of this section, the director shall not issue the certificate under subsection (1) of this section unless:

(a) The director is satisfied that the association is in sound financial condition, and that it is conducting its business, and will conduct its business in this state in a manner consistent with the laws of this state;

(b) The director regards the association as safe, reliable and entitled to public confidence;

(c) The association pays the proper annual fee; and

(d) The director finds that the appropriate standards for approval of the application set forth in ORS 722.026 are satisfied.

(3) The certificate of authority continues in effect unless revoked as authorized by ORS 722.516. [Formerly 722.835; 1981 c.472 §25]

722.508 Law applicable to contracts. Any contract made by a foreign savings association with any person who is residing in or a foreign corporation authorized to do business in this state, shall be considered an Oregon contract, and shall be construed according to the laws of this state. [Formerly 722.845]

722.510 [Amended by 1961 c.398 §35; repealed by 1965 c.226 §7]

722.512 Applicability of Business Corporation Act. Except as otherwise provided by ORS 722.502 to 722.516, a foreign association shall comply with the provisions of ORS 57.655 to 57.745 (1985 Replacement Part) governing the admission of foreign corporations to transact business in this state. [1975 c.582 §140; 1987 c.197 §22]

722.514 Prohibition against operation of certain foreign associations; exception; prohibition against savings and loan business by entity based in foreign country. (1) Except as provided in subsection (2) of this section, when the laws, regulations or administrative actions of any other state or any territory of the United States prohibit or unfairly impede an Oregon savings associ-

ation from transacting business in the state or territory, then the savings associations of the other state or territory are prohibited from transacting business in this state, including but not limited to the establishment of new branch facilities.

(2) Subsection (1) of this section shall not govern the transaction of a savings and loan business in this state by an association of another state or territory if ORS 722.072 authorizes the transaction.

(3) Associations or comparable corporation or business entities headquartered in a foreign country are prohibited from transacting a savings and loan business in this state. [1975 c.582 §141; 1981 c.472 §26; 1985 c.798 §5]

722.515 [Amended by 1961 c.398 §36; repealed by 1965 c.226 §7]

722.516 Revocation of certificate of authority. In the manner specified for issuance of an order under ORS 722.464, the director may revoke a certificate of authority of a foreign association if:

(1) The association fails to conduct its business in this state in a manner consistent with the laws of this state;

(2) The affairs of the association are in an unsafe condition;

(3) The association refuses to permit examination of the financial condition of the association by the director; or

(4) The association fails to pay the proper annual fee. [1975 c.582 §142; 1987 c.215 §5]

722.520 [Amended by 1961 c.398 §37; repealed by 1965 c.226 §7]

722.525 [Amended by 1961 c.398 §38; repealed by 1965 c.226 §7]

722.530 [Amended by 1961 c.398 §39; repealed by 1965 c.226 §7]

722.535 [Amended by 1961 c.398 §40; 1965 c.226 §6; repealed by 1975 c.582 §152]

722.540 [Repealed by 1959 c.227 §32]

722.545 [Amended by 1961 c.398 §41; repealed by 1975 c.582 §152]

722.550 [Repealed by 1975 c.582 §152]

722.555 [Amended by 1961 c.398 §42; repealed by 1975 c.582 §152]

722.560 [Amended by 1961 c.398 §43; repealed by 1975 c.582 §152]

722.565 [Amended by 1961 c.398 §44; repealed by 1975 c.582 §152]

722.570 [Repealed by 1975 c.582 §152]

722.575 [Amended by 1961 c.398 §45; repealed by 1975 c.582 §152]

722.580 [Repealed by 1975 c.582 §152]

722.585 [Repealed by 1975 c.582 §152]

722.590 [Amended by 1961 c.398 §46; repealed by 1975 c.582 §152]

722.595 [Amended by 1961 c.398 §47; repealed by 1975 c.582 §152]

722.600 [Repealed by 1975 c 582 §152]

FEES AND CHARGES

722.602 Filing fees; charges for examinations. (1) The director shall charge and collect fees for filing:

(a) An application for a certificate of incorporation, $500 payable by the incorporators.

(b) An application for approval to establish a branch facility, $200, or to change the location of the principal office or a branch facility, $100.

(c) Proposed amendments to bylaws or articles of incorporation for approval, $50.

(d) An application by a foreign association for a certificate of authority, $500.

(e) An application for approval of a merger, consolidation, exchange of shares or sale of assets, $500 payable by the associations involved.

(f) An application for approval of a dissolution, $500.

(g) An application by a domestic association for approval of a conversion, $500.

(h) An application by a foreign or federal association or a savings bank for approval of a conversion, $500.

(2) No part of a fee paid under subsection (1) of this section shall be refunded if the application is denied or approval is refused.

(3) The director may by rule establish charges to be collected from associations for examinations conducted under ORS 722.438. [1975 c.582 §143; 1983 c.717 §37]

722.604 [1975 c.582 §144; repealed by 1985 c.762 §196; 1985 c.786 §69]

722.605 [Amended by 1961 c.398 §48; repealed by 1975 c.582 §152]

722.606 Annual fees paid by savings associations. (1) Each savings association shall pay to the director each year the fee determined by reference to the schedule adopted by the director under ORS 705.620. The fee shall be paid by the date set by the director in the rule establishing the schedule.

(2) In addition to any fee collected under this section, whenever the director devotes any extra attention to the affairs of a savings association, either upon determination by the director or upon request of the savings association, the fee for the extra service shall be the actual cost thereof. [1985 c.762 §76; 1987 c.171 §5; 1987 c.373 §61]

722.610 [Amended by 1961 c.398 §49; repealed by 1975 c.582 §152]

722.615 [Repealed by 1975 c.582 §152]

722.620 [Repealed by 1975 c.582 §152]

722.625 [Amended by 1961 c.398 §50; repealed by 1975 c.582 §152]

722.630 [Amended by 1961 c.398 §51; repealed by 1975 c.582 §152]

722.635 [Amended by 1961 c.398 §52; 1971 c.743 §420; repealed by 1975 c.582 §152]

722.640 [Amended by 1971 c.743 §421; repealed by 1975 c.582 §152]

722.645 [Amended by 1961 c.398 §53; repealed by 1975 c.582 §152]

722.650 [Amended by 1973 c.368 §8; repealed by 1975 c.582 §152]

MISCELLANEOUS

722.652 Effect of laws on existing associations. (1) Savings associations formed or existing on January 1, 1976, shall not be impaired by the enactment of the Savings Association Act, by any change in the requirements for the formation of associations or by any amendment or repeal of the laws under which they were formed or created. Except as otherwise expressly provided, the Savings Association Act shall not affect any liability or penalty incurred under the provisions of such laws prior to repeal.

(2) All obligations of an existing savings association contracted prior to January 1, 1976, are enforceable by the association. Any liability, penalty, demand, claim and right of action against such an association may be enforced against it as fully and completely as it might have been enforced prior to January 1, 1976.

(3) Proceedings commenced pursuant to statutes repealed by section 152, chapter 582, Oregon Laws 1975, shall be terminated, completed or enforced pursuant to the provisions of such statutes which for such purpose shall remain in full force and effect as to such proceedings. [1975 c.582 §145]

722.654 Reserve fund associations redesignated stock associations. A reserve fund association formed under the laws of this state and existing on January 1, 1976, shall be known as a stock association after January 1, 1976. After January 1, 1976:

(1) All reserve fund stock of such an association shall be known as capital stock and shall be considered part of the stated capital of such an association.

(2) All persons owning reserve fund shares of such an association shall be considered stockholders of such an association. [1975 c.582 §146]

722.656 Certain outstanding shares, share accounts and investment certificates considered savings accounts. After January 1, 1976, any shares, share accounts, passbook accounts, certificates and investment certificates (except reserve fund stock) that an association subject to the Savings Association Act has issued and which is outstanding on January 1, 1976, shall be considered a savings account as defined by ORS 722.004; and the holder thereof shall have all the rights and privileges appertaining to the holder of a savings account under the Savings Association Act as well as any valid contractual or other legal rights in respect thereto preserved by ORS 722.652; except that any such outstanding share or share account which is not entitled to dividends shall not by virtue of any provision of the Savings Association Act become so entitled. [1975 c.582 §147; 1985 c.762 §77]

722.658 Limitation on personal liability for good faith acts or omissions. A person may not be held personally liable for an act done or omitted by the person in good faith and in compliance with a rule or order of the director under this chapter regardless of whether the rule or order is later amended, rescinded or determined to be invalid by judicial or other authority. [1987 c.445 §2]

722.670 [1965 c.226 §2; repealed by 1975 c.582 §152]

722.675 [1965 c.226 §1; repealed by 1975 c.582 §152]

722.680 [1965 c.226 §3; 1971 c.734 §32; repealed by 1975 c.582 §152]

722.685 [1965 c.226 §4; repealed by 1975 c.582 §152]

722.705 [Amended by 1961 c.398 §54; repealed by 1967 c.234 §13]

722.710 [Amended by 1961 c.398 §55; repealed by 1975 c.582 §152]

722.715 [Amended by 1961 c.398 §56; repealed by 1975 c.582 §152]

722.720 [Repealed by 1975 c.582 §152]

722.725 [Amended by 1961 c.398 §57; 1967 c.234 §3; repealed by 1975 c.582 §152]

722.730 [Repealed by 1975 c.582 §152]

722.735 [Repealed by 1975 c.582 §152]

722.740 [Amended by 1957 c.670 §34; 1961 c.398 §58; repealed by 1975 c.582 §152]

722.745 [Repealed by 1975 c.582 §152]

722.750 [Repealed by 1975 c.582 §152]

722.755 [Amended by 1961 c.398 §59; repealed by 1975 c.582 §152]

722.760 [Amended by 1961 c.398 §60; repealed by 1975 c.582 §152]

722.765 [Repealed by 1975 c.582 §152]

722.770 [Repealed by 1975 c.582 §152]

722.775 [Repealed by 1975 c.582 §152]

722.780 [Repealed by 1975 c.582 §152]

722.785 [Amended by 1975 c.582 §133; renumbered 722.478]

722.790 [Repealed by 1975 c.582 §152]

722.795 [Repealed by 1975 c.582 §152]

722.805 [Amended by 1961 c.398 §61; 1963 c.288 §12; repealed by 1975 c.582 §152]

722.810 [Repealed by 1975 c.582 §152]

722.815 [Amended by 1961 c.398 §62; 1963 c.288 §13; 1971 c.743 §422; repealed by 1975 c.582 §152]

722.820 [Repealed by 1975 c.582 §152]

722.825 [Amended by 1961 c.398 §63; repealed by 1975 c.582 §152]

722.830 [Amended by 1961 c.398 §64; 1963 c.288 §14; repealed by 1975 c.582 §152]

722.835 [Amended by 1975 c.582 §138; renumbered 722.506]

722.840 [Amended by 1963 c.288 §15; repealed by 1975 c.582 §152]

722.845 [Amended by 1975 c.582 §139; renumbered 722.508]

722.850 [Amended by 1961 c.398 §65; repealed by 1975 c.582 §152]

722.855 [Amended by 1969 c.138 §11; repealed by 1975 c.582 §152]

722.860 [Amended by 1961 c.398 §66; repealed by 1975 c.582 §152]

722.990 [Amended by 1963 c.288 §16; 1971 c.743 §423; repealed by 1975 c.582 §152]