

A-Engrossed
House Bill 2614

Ordered by the Senate June 8
Including Senate Amendments dated June 8

Sponsored by Representative SCHAUFLEER (at the request of Oregon Bankers Association) (Presession filed.)

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure.

Removes requirement that institution reduce book value of real estate that institution holds under certain provision of law by certain amount each year. **Requires that institution at all times value and record such real estate in accordance with generally accepted accounting principles.**

Reduces amount of time by which financial institution must sell or exchange real estate acquired in satisfaction of debts owed or purchased at execution sale or under judgment.

Declares emergency, effective on passage.

A BILL FOR AN ACT

1
2 Relating to banking; creating new provisions; amending ORS 708A.195 and 708A.590; and declaring
3 an emergency.

4 **Be It Enacted by the People of the State of Oregon:**

5 **SECTION 1.** ORS 708A.590 is amended to read:

6 708A.590. (1) An institution that owns or holds any real estate other than as permitted in the
7 Bank Act shall immediately charge the book value of **the** real estate to profit and loss or otherwise
8 remove the real estate from *[its]* **the institution's** books.

9 **(2) An institution shall at all times value and record on the institution's books and re-**
10 **records, in accordance with generally accepted accounting principles, real estate that the in-**
11 **stitution owns or holds in accordance with ORS 708A.175 (3) or (4).**

12 *[(2) All real estate owned or held by an institution in accordance with ORS 708A.175 (3) or (4)*
13 *shall be reduced in book value by not less than five percent of its original book value per year com-*
14 *mencing the year title is vested and continuing until the earlier of the year the real estate is disposed*
15 *of or the expiration of the period such real estate may be owned or held under ORS 708A.195. Upon*
16 *the expiration of the period such real estate may be owned or held under ORS 708A.195, the remaining*
17 *book value shall be charged off.]*

18 **SECTION 2.** ORS 708A.195 is amended to read:

19 708A.195. (1) An institution shall promptly dispose of *[all]* real and personal property that the
20 institution is not authorized to own or hold under the Bank Act.

21 (2) *[All]* Real estate acquired by an institution pursuant to ORS 708A.175 (3) and (4) shall be sold
22 or exchanged for other real estate within *[15]* **10** years after title has vested in *[it]* **the real**
23 **estate**, unless *[the time is extended by]* the Director of the Department of Consumer and Business
24 Services **extends the time**. Title *[is deemed vested]* **vests** for purposes of this section on the date
25 the institution is first entitled to receive a deed to the real estate. **An institution may not ex-**

NOTE: Matter in **boldfaced** type in an amended section is new; matter *[italic and bracketed]* is existing law to be omitted.
New sections are in **boldfaced** type.

1 **change** real estate [*may not be exchanged*] for other real estate without the **director's** prior written
2 consent [*of the director*]. An institution may hold real estate taken in exchange for other real estate
3 for [*such*] a period of time [*as*] **that** the director [*may fix*] **fixes**, not to exceed [*15*] **10** years from
4 the date of the exchange.

5 (3) [*All personal property acquired by*] An institution **shall promptly dispose of personal**
6 **property the institution acquires under ORS 708A.175 (3).** [*pursuant to ORS 708A.175 (3) shall*
7 *be promptly disposed of.*]

8 **SECTION 3.** (1) **The amendments to ORS 708A.590 by section 1 of this 2011 Act apply to**
9 **real estate that an institution acquires before, on or after the effective date of this 2011 Act.**

10 (2) **The amendments to ORS 708A.195 (2) by section 2 of this 2011 Act apply to real estate**
11 **that an institution takes in exchange for other real estate on or after the effective date of**
12 **this 2011 Act.**

13 **SECTION 4.** **This 2011 Act being necessary for the immediate preservation of the public**
14 **peace, health and safety, an emergency is declared to exist, and this 2011 Act takes effect**
15 **on its passage.**