

D R A F T

SUMMARY

Provides that certain banking institutions may pay dividend in amount greater than previous statutory maximum amount if such payment is approved by Director of Department of Consumer and Business Services.

Modifies definition of “capital” for purposes of loan and other obligation limits.

A BILL FOR AN ACT

Relating to banking institutions; amending ORS 707.380 and 708A.290.

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

SECTION 1. ORS 707.380 is amended to read:

707.380. (1) The board of directors of an institution or Oregon stock savings bank may, at any regular meeting, declare a dividend, but, **except as provided in subsection (2) of this section**, the amount of the dividend shall not be greater than its unreserved retained earnings, deducting therefrom, to the extent not already charged against earnings or reflected in a reserve, the following:

[(1)] (a) All bad debts, which are debts on which interest is past due and unpaid for at least six months, unless the debt is fully secured and in the process of collection.

[(2)] (b) All other assets charged off as required by the Director of the Department of Consumer and Business Services or a state or federal examiner.

[(3)] (c) All accrued expenses, interest and taxes of the institution or Oregon stock savings bank.

(2) Notwithstanding subsection (1) of this section, an institution or

1 **Oregon stock savings bank may, by resolution of its board of directors**
2 **and with the prior approval of the director, pay a dividend in an**
3 **amount greater than the amount provided in subsection (1) of this**
4 **section. The director may approve payment of such a dividend only if**
5 **the director determines that the payment of the dividend would not**
6 **result in the remaining stockholders' equity of the institution or**
7 **Oregon stock savings bank being inadequate for the safe and sound**
8 **operation of the institution or Oregon stock savings bank.**

9 **SECTION 2.** ORS 708A.290 is amended to read:

10 708A.290. As used in ORS 708A.290 to 708A.375, the term "capital," when
11 referring to an Oregon commercial bank, means tier 1 and tier 2 capital, [*as*
12 *defined under the federal risk-based capital guidelines of the appropriate fed-*
13 *eral banking agency and issued under 12 U.S.C. 1813, plus the balance of al-*
14 *lowance for loan and lease losses excluded from tier 2 capital. The amounts*
15 *described in this section shall be determined from the most recent consolidated*
16 *report of condition and income filed under 12 U.S.C. 1817(a)(3).] **as applicable**
17 **and as reported in the bank's Consolidated Report of Condition and**
18 **Income (Call Report) filed under 12 U.S.C. 1817(a)(3), as of the**
19 **quarter-end preceding the quarter in which a loan or other obligation**
20 **is approved, plus the balance of the Allowance for Loan and Lease**
21 **Losses or Adjusted Allowance for Credit Losses as of the same**
22 **quarter-end not included in tier 2 capital.***