

Senate Bill 210

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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 **as introduced**.

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

1
2 Relating to banking institutions; amending ORS 707.380 and 708A.290.

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

4 **SECTION 1.** ORS 707.380 is amended to read:

5 707.380. (1) The board of directors of an institution or Oregon stock savings bank may, at any
6 regular meeting, declare a dividend, but, **except as provided in subsection (2) of this section**, the
7 amount of the dividend shall not be greater than its unreserved retained earnings, deducting there-
8 from, to the extent not already charged against earnings or reflected in a reserve, the following:

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

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

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

14 **(2) Notwithstanding subsection (1) of this section, an institution or Oregon stock savings**
15 **bank may, by resolution of its board of directors and with the prior approval of the director,**
16 **pay a dividend in an amount greater than the amount provided in subsection (1) of this sec-**
17 **tion. The director may approve payment of such a dividend only if the director determines**
18 **that the payment of the dividend would not result in the remaining stockholders' equity of**
19 **the institution or Oregon stock savings bank being inadequate for the safe and sound oper-**
20 **ation of the institution or Oregon stock savings bank.**

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

22 708A.290. As used in ORS 708A.290 to 708A.375, the term "capital," when referring to an Oregon
23 commercial bank, means tier 1 and tier 2 capital, [*as defined under the federal risk-based capital*
24 *guidelines of the appropriate federal banking agency and issued under 12 U.S.C. 1813, plus the balance*
25 *of allowance for loan and lease losses excluded from tier 2 capital. The amounts described in this*
26 *section shall be determined from the most recent consolidated report of condition and income filed un-*
27 *der 12 U.S.C. 1817(a)(3).] **as applicable and as reported in the bank's Consolidated Report of***
28 **Condition and Income (Call Report) filed under 12 U.S.C. 1817(a)(3), as of the quarter-end**
29 **preceding the quarter in which a loan or other obligation is approved, plus the balance of the**

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 **Allowance for Loan and Lease Losses or Adjusted Allowance for Credit Losses as of the same**
2 **quarter-end not included in tier 2 capital.**

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