

FORM OF ORDER AND TRANSMITTAL BY AGENCY HAVING SINGLE HEAD

State of Washington

DEPARTMENT OF GENERAL ADMINISTRATION, Division of Banking

(agency name)

Administrative Order No. 40

(1) I. MICHAEL D. EDWARDS, Supervisor of Banking, Director of

do promulgate and adopt at Olympia, Washington (place)

the annexed rules relating to: regulation of banks, small loan companies, industrial loan companies, and public records maintained by the supervisor of banking. A copy of proposed amendments is attached. However, changes may be made prior to the adoption of the rules.

(2) ALTERNATIVE A. Use only for Adoption of Permanent Rules.

January 3, 1979

This action is taken pursuant to Notice No. WSR 79-01-095 filed with the code reviser on January 3, 1979. Such rules shall take effect:

- [X] pursuant to RCW 34.04.040(2).
[] at a later date, such date being

(2) ALTERNATIVE B. Use only for Adoption of Emergency Rules.

I. find that an emergency exists and that the foregoing order is necessary for the preservation of the public health, safety, or general welfare and that observance of the requirements of notice and opportunity to present views on the proposed action would be contrary to public interest. A statement of the facts constituting such emergency is:

Such rules are therefore adopted as emergency rules to take effect upon filing with the code reviser.

(3) Pursuant to the requirements of RCW 34.04. (1977 c 19 § 2) that "every agency shall incorporate the most specific, but in no case omit all, of the following language alternatives when adopting or amending rules" (fill in statement (a), (b), or (c) as appropriate):

- [X] (a) This rule is promulgated pursuant to RCW 30.08.095 w/respect to WAC 50-12-040, 30.12.060 w/respect to WAC 50-12-050; RCW 42.17.250 and is intended to administratively implement that statute. w/respect to WAC 50-24-030, 50-24-120 & WAC 50-24-140.
[X] (b) This rule is promulgated pursuant to RCW 31.08.230 w/respect to WAC 50-16-060, WAC 50-16-070, WAC 50-16-075, WAC 50-16-080, WAC 50-16-095, WAC 50-16-100; RCW 31.04.150(2) w/respect to WAC 50-20-010 & WAC 50-20-050, which directs that the Department of General Administration, Division of Banking, has authority to implement the provisions of RCW 31.08.230 w/respect to WAC 50-16-030, WAC 50-16-035, & WAC 50-16-045

(name of act or RCW citation)

- [] (c) This rule is promulgated under the general rule making authority of the

(agency)

as authorized in RCW

(4) The undersigned hereby declares that he has complied with the provisions of the Open Public Meetings Act (chapter 42.30 RCW), the Administrative Procedure Act (chapter 34.04 RCW) or the Higher Education Administrative Procedure Act (chapter 28B.19 RCW), as appropriate, and the State Register Act (chapter 34.08 RCW).

(5) This order after being first recorded in the order register of this agency is herewith transmitted to the Code Reviser for filing pursuant to chapter 34.04 RCW and chapter 1-12 WAC.

APPROVED AND ADOPTED February 14 1979

STATE OF WASHINGTON FILED

MAR 23 1979

By Michael D. Edwards MICHAEL D. EDWARDS Supervisor of Banking

Title

[Form CR-7: Effective 12/1/77]

CODE REVISER'S OFFICE WSR 79-01-042

SUMMARY OF THE RULES:

(a) WAC 50-12-040. Establishes a schedule of fees charged by the supervisor for various actions by his office with respect to state chartered banks.

(b) WAC 50-12-050. Establishes limitations of the nature and amounts of loans which may be made by a state chartered bank to an officer of such a bank.

(c) WAC 50-16-030. Establishes requirements as to the kinds of records which must be maintained by licensed small loan companies, and the information which must be maintained in such records.

(d) WAC 50-16-035. Establishes a requirement that licensed small loan companies file with the supervisor copies of all forms currently used by them.

(e) WAC 50-16-045. Establishes a requirement that small loan licensees assign an account number to all accounts.

(f) WAC 50-16-060. Establishes a procedure under which licensed small loan companies can comply with the Federal Equal Credit Opportunity Act without violating RCW 31.08.160(4).

(g) WAC 50-16-070. Establishes requirements imposed upon the advertising activities of licensed small loan companies including a requirement that copies of all advertisements used be maintained and available for inspection by the supervisor.

(h) WAC 50-16-075. Prohibits a licensed small loan company from selling insurance if such insurance is a condition of the granting of a loan, and restricts the circumstances under which such insurance may be a condition of the granting of a loan.

(i) WAC 50-16-080. Requires that any licensed small loan company which sells insurance to a borrower provide a copy of the policy to such borrower, and maintain a specimen copy of any master or blanket policy at each office.

(j) WAC 50-16-095. Imposes a requirement upon each licensed small loan company to assure that any persons making loans on behalf of such licensee has a sufficient understanding of the applicable statutes and regulations so as to assure compliance with the Small Loan Act.

(k) WAC 50-16-100. Imposes a requirement that licensed small loan companies post their operating hours at the entrance to each office.

(l) WAC 50-20-010. Establishes requirements as to books and records which must be maintained by industrial loan companies, including a newly imposed requirement that such records include a monthly trial balance.

(m) WAC 50-20-050. Places restrictions as to charges which may be imposed by industrial loan companies, including a newly adopted provision for pro-rating of interest in those cases where the entire loan is prepaid prior to the first installment date.

(n) WAC 50-24-030. Describes the central and field organization of the Division of Banking, Department of General Administration, including the addresses of both offices.

(o) WAC 50-24-120. Identifies location where public records maintained by the supervisor of banking are available for inspection during regular office hours.

(p) WAC 50-24-140. Identifies the officer to whom communications should be made in connection with public records maintained by the supervisor of banking.

AGENCY PERSONNEL RESPONSIBLE FOR THE
DRAFTING, IMPLEMENTATION AND ENFORCEMENT
OF THE RULES:

- (a) Michael D. Edwards, Supervisor of Banking
219 General Administration Building
(206) 753-6520 (SCAN) 234-6520
- (b) L. O. Malmberg, Deputy Supervisor of Banking
219 General Administration Building
(206) 753-6520 (SCAN) 234-6520

PROPONENTS AND OPPONENTS TO THE RULE:

These rules were proposed by the Division of Banking, based upon comments and recommendations received from persons in the affected industries. A number of persons appeared at the hearing, and submitted written comments prior thereto. Generally, these comments were addressed to one or another minor aspect of one or more proposed amendments, and there was no opposition to the rules as adopted.

AGENCY'S COMMENTS: None

Submitted in accordance with RCW 34.04.045 this 23rd day of March, 1979.

DEPARTMENT OF GENERAL ADMINISTRATION
DIVISION OF BANKING
MICHAEL D. EDWARDS, SUPERVISOR

Michael D. Edwards

AMENDATORY SECTION (Amending Order 32, filed 10/2/75)

WAC 50-12-040 SCHEDULE OF FEES FOR BANKS, TRUST COMPANIES, MUTUAL SAVINGS BANKS, AND ALIEN BANKS. The supervisor shall collect in advance the following fees: (1) \$2,000.00 for filing application for a certificate of authority and attendant investigation for a new bank or trust company. If the cost therefor (computed on the basis of \$20.00 per man hour devoted by the division of banking to processing and investigating the application) exceeds \$2,000.00, the applicant shall pay such excess when ascertained by the supervisor.

(2) \$1,500.00 for filing an application for certificate authorizing an alien bank to establish and operate an office in the State of Washington and attendant investigation. If the cost therefor (computed on the basis of \$20.00 per man hour devoted by the division of banking to processing and investigating the application) exceeds \$1,500.00, the applicant shall pay such excess when ascertained by the supervisor.

(3) \$500.00 for filing an application for certificate authorizing an alien bank to establish and operate a bureau in the State of Washington. If the cost therefor (computed on the basis indicated in (1) and (2) above) exceeds \$500.00, the applicant shall pay such excess when ascertained by the supervisor.

(4) \$500.00 for filing an application for a certificate of authority for a branch and attendant investigation. If the cost therefor (computed on the basis of \$20.00 per man hour devoted by the division of banking to processing and investigating the application) exceeds \$500.00, the applicant shall pay such excess when ascertained by the supervisor.

(5) \$500.00 for filing an application for a certificate conferring trust powers and attendant investigation. If the cost therefor (computed on the basis of \$20.00 per man hour devoted by the division of banking to processing and investigating the application) exceeds \$500.00, the applicant shall pay such excess when ascertained by the supervisor.

(6) \$2,000.00 for filing merger agreement and attendant investigation. If three or more banks are involved, then the fee for each is \$1,000.00. If the cost therefor (computed on the basis of \$20.00 per man hour devoted by the division of banking to processing and investigating the application) exceeds the specified fee, the applicant surviving bank shall pay such excess when ascertained by the supervisor.

(7) \$300.00 for filing an application for a certificate of appropriate adjunct and attendant investigation. If the cost therefor (computed on the basis of \$20.00 per man hour devoted by the division of banking to processing and investigating the application) exceeds \$300.00, the applicant shall pay such excess when ascertained by the supervisor.

(8) ((~~\$100.00~~)) \$300.00 for filing application to relocate main office or branch and attendant investigation. If the cost therefor (computed on the basis of \$20.00 per man hour devoted by the division of banking to processing and investigating the application) exceeds ((~~\$100.00~~)) \$300.00, the applicant shall pay such excess when determined by the supervisor.

(9) ((~~\$25.00~~)) \$100.00 for issuing each branch certificate for branch resulting from merger.

(10) ((~~\$25.00~~)) \$100.00 for filing articles of incorporation, or amendments thereof, or other certificates required to be filed with the supervisor.

(11) ((~~\$25.00~~)) \$100.00 for issuing a certificate of increase or decrease of capital stock or issuing a certificate of authority.

(12) Fifty cents per page for furnishing copies of papers filed with the supervisor.

(13) ((~~\$100.00~~)) \$300.00 for filing an application for approval of the supervisor for a bank, trust company or mutual savings bank to provide a satellite facility. In the event the application is for approval of the supervisor to provide more than one such satellite facility, the filing fee on such a multiple application is ((~~\$100.00~~)) \$300.00 for the first such satellite facility and ((~~\$50.00~~)) \$100.00

for each additional satellite facility. This fee shall be deemed to include the cost of processing the application and the cost of an attendant investigation, but if the cost therefor (computed at \$20.00 per man hour devoted by the division of banking to processing and investigating the application) exceeds the filing fee, the applicant shall pay such excess when ascertained by the supervisor.

(14) (~~(\$25.00)~~) \$100.00 for the issuance of a certificate of approval to provide a satellite facility.

(15) \$200.00 for issuing certificate of approval for capital notes.

AMENDATORY SECTION (Amending Order 31, filed 10/2/75)

WAC 50-12-050 LIMITING LOANS TO OFFICERS. If approved by resolution of its board of directors as required by law, a bank may make the following loans to any of its officers:

(1) A loan, not exceeding (~~(\$40,000.00)~~) \$60,000.00 to any of its officers if, at the time the loan is made:

(a) It is secured by a first lien on a dwelling which is expected, after the making of the loan, to be owned by the officer and used by him as his residence; and

(b) No other loan made by the bank to the officer under authority of this subparagraph is outstanding;

(2) In addition to (1) above, a bank may make extensions of credit to any officer of a bank, not exceeding the aggregate amount of (~~(\$40,000.00)~~) \$20,000.00 outstanding at any one time, to finance the education of the children of the officer; and

(3) A bank, in addition to loans made pursuant to subparagraphs (1) and (2) above, may make extensions of credit to its officers not exceeding the aggregate amount of (~~(\$5,000.00)~~) \$10,000.00 outstanding at any one time (~~(?);~~): PROVIDED (~~(?);~~) That total liability to the bank of such officer does not exceed the limit prescribed in RCW 30.04.110.

AMENDATORY SECTION (Amending Rule 50-16-030, filed 12/20/63)

WAC 50-16-030 BOOKS, FILES AND ACCOUNTING RECORDS REQUIRED. At least the following books, files and accounting records shall be maintained:

(1) Loan register. (a) Every loan shall be recorded in the loan register, which shall be kept currently ~~((posted))~~ in ~~((consecutive numerical))~~ the order made showing the following information:

- ~~((a))~~ (i) Number of loan
- ~~((b))~~ (ii) Date of loan
- ~~((c))~~ (iii) Name of borrower
- ~~((d))~~ (iv) Amount of loan
- ~~((e)-Brief-description-of-security))~~

(b) As an alternative method for maintaining records, the licensee may maintain a copy of the disclosure statement in a separate binder, and in chronological order.

(2) Borrowers' individual account cards or looseleaf ledgers. A separate account record shall be maintained for each loan made to any one borrower. Each such account record shall provide space for the proper recording of the following information:

- (a) Loan register number of loan
- (b) Date of loan
- (c) Name and address of borrower
- (d) ~~((Brief--description--of--security,--if--any))~~ Rate at which charges are to be computed or the annual percentage rate (APR), if less than the maximum

~~((Rate-or-rates-at-which-charges-are-to-be-computed,--if-less than-maximum))~~ Terms of repayment

~~((Terms-of-repayment))~~ Face amount of note

~~((Face-amount-of-note~~

~~((h))~~ If charges are precomputed:

(i) ~~((Total))~~ Principal amount of ~~((such-charges))~~ loan

(ii) ~~((Amount-which-may-be-collected-as-a-default-charge))~~ Total amount of charges

(iii) Amount which may be collected as a default charge

~~((i))~~ (h) Payments received showing:

(i) Date of payment

(ii) Amount paid on principal or amount paid on note when charges have been precomputed

(iii) Remaining principal balance or remaining face amount of note when charges have been precomputed

(iv) Amount paid on charges, except when charges are precomputed

(v) Date to which charges are paid, except when charges are precomputed

(vi) The amount of default and/or deferment charges collected

~~((j))~~ (i) Name and address of co-maker or endorser, if any

~~((k))~~ (j) Date of maturity of loan

~~((l))~~ (k) Amount of charge for life insurance

~~((m))~~ (l) When a note has been reduced to judgment, the face of the account record must show the following:

(i) Date of judgment

(ii) Amount of judgment

(iii) Court costs

Thereafter, all payments received must be applied on the judgment and properly identified.

(3) Cash book. Acceptable records showing all cash receipts and disbursements.

(4) Alphabetical record of makers, endorsers, co-makers, sureties. Cards or other records of makers, endorsers, co-makers or sureties, showing liability thereof on all loans.

(5) General ledger. ~~((A))~~ The general ledger, which shall be posted at least once as of the close of business on a fixed date (preferably the last business day) of each month, and a trial balance taken therefrom. When the general ledger for the office is maintained elsewhere, a copy of the monthly trial balance shall be forwarded to the small loan office, ~~((or,--in-lieu-of-forwarding-said-copy,--a-report entitled,--"Monthly--verification-of-loans-and-contracts,--signed-by-a~~

responsible individual, shall be prepared from the general ledger;)) showing the following information as of the end of each month:

- (a) Total number and amount of precomputed loans
- (b) Reserve for unearned precomputed charges
- (c) Total number and amount of nonprecomputed loans
- (d) Total number and amount of contracts outstanding
- (e) Total number and amount of all other loans, being loans not made under the Small Loan Act.

((The copy of the monthly trial balance, or the monthly report prepared in lieu thereof, shall be forwarded to the small loan office to arrive not later than twenty days after the month end:

{6} loan files: Adequate files of all papers required by the Small Loan Act or the rules and regulations in connection with all loans:))

AMENDATORY SECTION (Amending Rule 50-16-035, filed 12/20/63)

WAC 50-16-035 FORMS. Copies of all forms of applications, notes, statements to borrowers, receipts, mortgages, security agreements and/or chattel assignments, and other documents which are ((to be in general use)) currently used by the licensee and which relate to loan transactions, shall be filed with the supervisor.

AMENDATORY SECTION (Amending Rule 50-16-045, filed 12/20/63)

WAC 50-16-045 LOANS. (1) Numbering and filing. Each loan made shall have its proper ((consecutive)) account number and all instruments taken in connection with any loan must bear ((the respective loan)) this account number. All such instruments and papers required by the Small Loan Act to be retained by the licensee shall be filed so as to be readily available for inspection at any time, and shall be retained for a period of two years after date of final entry.

(2) Payment schedule. All loan contracts shall provide for substantially equal payments, and such payments shall be due not less frequently than once in each month. If agreed by the parties to the loan contract the due date of the first installment may be not more than fifteen days more than one month from date of loan. A month shall be that period of time from any date in a month to a corresponding date in the next month and if there is no corresponding date, then to the last day of the next month.

((3) Limitation on term of loan: No licensee shall make loans for a period in excess of twenty-five and one-half months:))

AMENDATORY SECTION (Amending Rule 50-16-060, filed 12/20/63)

WAC 50-16-060 SPLITTING LOANS PROHIBITED. ((Splitting loans with resulting higher rate of charge is prohibited:)) A licensee who makes loans to both members of a marital community individually in compliance with the provisions of the Federal Equal Credit Opportunity Act shall not be deemed to have violated RCW 31.08.160(4). If separate loans are made for the purpose of obtaining a higher rate of charge, then the making of such loans shall be deemed a violation. For the purpose of RCW 31.08.160(4), and this rule, "Licensee" shall include two or more licensees who are, directly or indirectly owned or controlled by the same group or have common management.

AMENDATORY SECTION (Amending Rule 50-16-070, filed 12/20/63)

WAC 50-16-070 ADVERTISING. (1) General. No licensee in any of its advertising or upon any of its forms, instruments or stationary shall use any phrase or expression referring to its authority or supervision by the state, or any department thereof, or the supervisor of banking, except the following: "Licensed under the Washington Small Loan Act" or "Under state regulation," or both: PROVIDED, That when either such phrase is employed, it shall be used in conjunction only with the business of making small loans under the Small Loan Act.

(2) Misleading advertising. All advertising, printed or spoken, shall be truthful in statement and implication and shall not be of such a nature as may reasonably be construed to be misleading or deceptive. In determining whether any particular advertising matter violates the provisions or intent of RCW 31.08.150, the supervisor will give consideration to general arrangement of copy and to whether, from statements made, the inference or impression may reasonably be drawn that such statements or representations are inaccurate, deceptive or misleading. It shall be considered misleading:

(a) To use phrases such as "lowest costs," "lowest rates," "quickest service," "legal rates," "no red tape," "easy payments," "repayment in easy installments."

(b) To advertise "new reduced rates" or "a new type of service" or any such similar comparative expression unless such statement is in fact accurate with respect to the business of the licensee so advertising and unless such advertisement clearly indicates that such new plan refers specifically to a change in the particular licensee's plan of operation, and which change must be of more than minor importance with respect to the business of the licensee. Any such advertisement shall not be used for a period longer than sixty days after such plan has been put into effect.

(3) Blind loan advertisements. Licensees shall not use blind loan advertisements such as using only telephone numbers or newspaper box addresses. Every advertisement shall clearly indicate the identity of the licensee.

(4) Disclosure of extension charge. Licensees shall not advertise that in the event of sickness or disability or other contingency, payment will be extended without also stating that charges continue during the period of extension, if such is the fact.

(5) Distribution of handbills. No licensee shall distribute, or cause to be distributed, handbills or similar advertising matter except in the office of the licensee or through the mails.

(6) Credit cards--Letters of credit. No licensee shall solicit business by means of "credit cards," "letters of credit," or other similar devices which indicate that a holder has an established credit standing with a licensee unless such holder has made a bona fide application to the licensee and credit has actually been established.

(7) Inducements prohibited. No licensee shall, by any representation or device, either directly or indirectly, offer to any persons anything of value by means of which they will be encouraged to become borrowers or for recommending, referring, or inducing applicants to apply for or secure loans from any such licensee.

Note: The distribution of articles of trivial value for general good will advertising, in the ordinary course of business, will not be deemed to be in violation of this prohibition.

(8) Charges and payments specified. When examples or tables of periodic payments under a flat payment plan are advertised, they shall include all charges to the borrower as well as principal. If principal payments only are advertised, a clear statement of the rate of charge or the total amount of charge shall be included. In all such advertising the total number and frequency of payments must be specified. No advertising shall include average repayments or average cost of a loan.

(9) Retention of advertising copy. Each licensee shall retain for a period of one year from date of use, with date of use indicated

thereon, information disclosing the medium through which any advertisement was disseminated, identical copies of all advertising material published, distributed, broadcast or televised, available for inspection by the supervisor at any time.

~~((10)-Form-letters-deemed-advertising:)~~ All form letters sent to former or present customers soliciting additional loans shall be considered advertising ~~((and-copies-of--all--such--material--shall--be-retained--for-inspection-by-the-supervisor-at-any-time))~~ If the advertisement relates to a specific office maintained by the licensee, the material must be maintained in that office. If the advertisement relates to the licensee's business generally and does not relate to a particular office, the material need be maintained only in one office in this state designated by the licensee.

AMENDATORY SECTION (Amending Rule 50-16-075, filed 12/20/63)

WAC 50-16-075 RESTRICTIONS ON INSURANCE. (1) No licensee shall write or sell insurance on the life of ~~((a))~~ any borrowers where such insurance is a condition to the granting of a loan.

(2) No insurance shall be required in connection with any loan made under the Small Loan Act, except as and to the extent authorized by RCW 31.08.175.

AMENDATORY SECTION (Amending Rule 50-16-080, filed 12/20/63)

WAC 50-16-080 DELIVERY OF POLICY OR EVIDENCE TO BORROWER--MASTER POLICY REQUIRED. (1) If ~~((a))~~ any borrowers procure ~~((s))~~ any insurance by or through a licensee, the licensee shall cause to be delivered to the borrowers within thirty days from date of loan a copy of the policy, certificate, or other evidence thereof which may be incorporated in the statement required by RCW 31.08.170.

(2) Each licensee shall maintain at each licensed office a specimen copy of any master or blanket policy in lieu of which a certificate or other evidence thereof has been delivered to borrowers under the provisions of RCW 31.08.175(3).

AMENDATORY SECTION (Amending Rule 50-16-095, filed 12/20/63)

WAC 50-16-095 KNOWLEDGE OF THE LAW AND REGULATIONS. ~~((Each person who is to make loans under the Small Loan Act shall be familiar with the law and the rules and regulations relating to the business. No office shall be in charge of any person who does not have a thorough understanding of the provisions of the Small Loan Act and of these rules and regulations))~~ Each licensee shall be responsible for assuring that any person making loans on behalf of the licensee under the Small Loan Act shall have a sufficient understanding of the statutes and regulations applicable to its business so as to insure compliance with the Small Loan Act.

AMENDATORY SECTION (Amending Rule 50-16-100, filed 12/20/63)

WAC 50-16-100 HOURS OF BUSINESS. The place of business designated in the license shall be open during customary hours to receive payments from borrowers, and such hours shall be posted ~~((on))~~ at the ~~((office-door))~~ entrance to the office.

AMENDATORY SECTION (Amending Order 5, filed 12/4/69)

WAC 50-20-010 BOOKS AND RECORDS. (1) The company shall maintain a borrower's individual account card file, income and expense accounts, and have a general ledger readily available, and such other books and records including a monthly trial balance as will enable the supervisor to determine whether such company is complying with the provisions of this act and with the rules and regulations of the Supervisor with the result that these books and accounts will fairly reflect the condition of the company independent of other business conducted in the office.

(2) For a period of not less than two years after the making of the final entry upon its books with respect to any such transaction the company shall preserve the records of original and final entry upon all loans made and upon all transactions pertinent to the sale and issuance of investment certificates.

(3) If the company operates branches, there shall be kept in each branch office such books, accounts and records as will enable the Supervisor to determine whether such company is complying with the provisions of this act and with the rules and regulations of the Supervisor.

(4) The original application for a loan and all original papers relating thereto, including the note, any instrument held as collateral security, security agreement, salary assignment, etc., shall be available for inspection by the Supervisor, or any duly authorized representative. All real estate mortgage loans shall be supported by an appraisal from a qualified appraiser, disclosing all pertinent information, including a detailed schedule of all prior liens.

(5) No licensee shall take any instruments in which blanks are not filled in completely before the proceeds of the loan are delivered.

(6) Fees collected in advance to be subsequently disbursed by the company for recording and releasing collateral instruments or for other similar purposes shall be credited to a suspense account supported by a detailed record of the borrower's name and the respective amount of such fees.

AMENDATORY SECTION (Amending Order 5, filed 12/4/69)

WAC 50-20-050 RESTRICTIONS AS TO CHARGES. (1) No company shall charge the borrower for notarial fees.

(2) No industrial loan company shall require the purchasing of property insurance from the company or any employee, affiliate, or associate of the company or from any agent, broker, or insurance company designated by the company as a condition precedent to the making of a loan nor shall any company decline existing insurance which meets or exceeds the standards set forth in this section.

A company may insure the life of one borrower, but only one of them, if there are two or more obligors, for the unpaid principal balance scheduled to be outstanding.

If the loan contract is prepaid in full by cash, a new loan, renewal, refinancing, or otherwise, a portion of the credit life and/or accident and health insurance charge shall be rebated according to the method established under paragraph (5) of this section.

(3) No company shall make any charge for the filing, recording or releasing of mortgages or other instruments or for transferring title certificates to automobiles unless such charges are or are in fact to be paid out by the company to the proper officials for such filing, recording, transferring or releasing thereof.

(4) In the event a company makes a new loan where any part of the proceeds are used to pay the amount due it on an existing loan within four months from date of the existing loan, no charge for investigation fee shall be permitted.

(5) Any note which is prepaid in full by cash, a new loan, refinancing, or otherwise before the final due date, the unearned portion of the interest shall be refunded using the sum of the digits method commonly known as the "Rule of 78's". In computing any required rebate, any prepayment made on or before the fifteenth day following the scheduled payment date on the investment certificate shall be deemed to have been made on the payment date preceding such prepayment. In the case of prepayment prior to the first installment date, the company may retain an amount not to exceed 1/30 of the first month's interest charge for each date between the origination date of the loan and the actual date of prepayment.

AMENDATORY SECTION (Amending Order 14, filed 5/1/73)

WAC 50-24-030 DESCRIPTION OF CENTRAL AND FIELD ORGANIZATION OF DIVISION OF BANKING. ((~~+~~)) DIVISION OF BANKING. The division of banking is an administrative, supervisory, licensing and chartering agency. The administrative office of the division of banking and its staff is located at Room 111B, General Administration Building, Olympia, Washington. In addition to this office of record, a field office, for the convenience of the field examiners for the preparation of their reports of examination and other official duties, is maintained in ((~~Suite-605-Lowman-Building,-407-Cherry-Street~~)) 1015 Second Avenue, Seattle, Washington 98104. The Seattle office is not a depository for public records and none are available at that office for public inspection or copying.

AMENDATORY SECTION (Amending Order 14, filed 5/1/73)

WAC 50-24-120 PROTECTION OF PUBLIC RECORDS. ((~~+~~)) Public records shall be available for public inspection during regular office hours as provided for by regulation at the office of the supervisor of banking, Room ((~~+~~)) 219, General Administration Building, Olympia. No person shall be allowed to remove any records made available to him for inspection from the place designated for inspection by the public records officer. If copies are desired the person so desiring them shall inform the public records officer who shall then either have the copies made or make the copying facilities of the division of banking available for copying.

AMENDATORY SECTION (Amending Order 14, filed 5/1/73)

WAC 50-24-140 INFORMATION GENERALLY--ADDRESS. All communications with the division of banking including but not limited to the submission of materials pertaining to its operations and/or the administration or enforcement of chapter 1, Laws of 1973 and these rules, requests for copies of the division of banking's decisions and other matters, shall be addressed as follows: Division of Banking, Records Officer, Room ((~~+~~)) 219, General Administration Building, State Capitol, Olympia, Washington 98504.

STATEMENT OF IMPLEMENTATION AND PURPOSE

STATE OF WASHINGTON
DEPARTMENT OF GENERAL ADMINISTRATION
DIVISION OF BANKING

STATEMENT OF IMPLEMENTATION AND PURPOSE FOR RULES
ADOPTED IN ORDER NO. 40

TITLE: A. Name of Agency: Office of the Supervisor of Banking

B. Purpose of Rules: (1) WAC 50-12-040 to establish fee schedules; (2) WAC 50-12-050 to establish limitation on amount of loans to officers by state chartered banks; (3) WAC 50-16-030 to establish requirement as to books and records to be maintained by licensed small loan companies; (4) WAC 50-16-035 to establish a requirement that copies of forms used in small loan transactions be filed with the supervisor; (5) WAC 50-16-045 to clarify the requirement as to numbering of accounts maintained by licensed small loan companies; (6) WAC 50-16-060 to clarify necessary requirements of small loan licensees under the Federal Equal Credit Opportunity Act; (7) WAC 50-16-070 to clarify requirements imposed with respect to advertising by licensed small loan companies; (8) WAC 50-16-075 to clarify the rule prohibiting a small loan licensee from writing or selling insurance where the granting of a loan by that licensee is conditioned upon such insurance; (9) WAC 50-16-080 to clarify the rule requiring small loan licensees to provide a copy of the insurance policy to any borrower who has acquired insurance by or through such a licensee; (10) WAC 50-16-095 to clarify the responsibility of small loan licensees for assuring compliance with the Small Loan Act; (11) WAC 50-16-100 to clarify the requirement that the office hours of small loan licensees be posted; (12) WAC 50-20-010 to clarify the rule establishing record-keeping requirements for industrial loan companies; (13) WAC 50-20-050 to establish the rule for pro-ration of interest in the case of prepayment prior to the first installment date; (14) WAC 50-24-030 to reflect the relocation of the supervisor's offices in Olympia and Seattle; and (15) WAC 50-24-120 to reflect the change in location of the supervisor's Olympia office; and (16) WAC 50-24-140 to reflect the relocation of the supervisor's Olympia office.

C. Statutory Authority for Rules: (1) WAC 50-12-040 pursuant to RCW 30.08.095; (2) WAC 50-12-050 pursuant to RCW 30.12.060; (3) WAC 50-16-030 pursuant to RCW 31.08.230; (4) WAC 50-16-035 pursuant to RCW 31.08.230; (5) WAC 50-16-045 pursuant to RCW 31.08.230; (6) WAC 50-16-060 pursuant to RCW 31.08.230; (7) WAC 50-16-070 pursuant to RCW 31.08.230; (8) WAC 50-16-075 pursuant to RCW 31.08.230; (9) WAC 50-16-080 pursuant to RCW 31.08.230; (10) WAC 50-16-095 pursuant to RCW 31.08.230; (11) WAC 50-16-100 pursuant to RCW 31.08.230; (12) WAC 50-20-010 pursuant to RCW 31.04.150(2); (13) WAC 50-20-050 pursuant to RCW 31.04.150(2); (14) WAC 50-24-030 pursuant to RCW 42.17.250; (15) WAC 50-24-120 pursuant to RCW 42.17.250; and (16) WAC 50-24-140 pursuant to RCW 42.17.250.