

FORM OF ORDER AND TRANSMITTAL BY AGENCY HAVING SINGLE HEAD

State of Washington

DIVISION OF BANKING, DEPARTMENT OF GENERAL ADMINISTRATION

(agency name)

Administrative Order No. 48

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

do promulgate and adopt at Olympia, Washington (place)

the annexed rules relating to:

amending chapters 50-12 (banks and trust companies), 50-16 (small loan act rules), 50-20 (industrial loan companies), 50-24 (public records), 50-40 (satellite facilities), and 50-44 (schedule of fees for examinations) of the Washington Administrative Code.

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

This action is taken pursuant to Notice No. * filed with the code reviser on 10/20/82. Such rules shall take effect: *82-21-071 and 82-21-072

- [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 34.04.026 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): (see reverse side)

- [] (a) This rule is promulgated pursuant to RCW and is intended to administratively implement that statute.
[] (b) This rule is promulgated pursuant to RCW which directs that the

(agency) has authority to implement the provisions of

(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.

STATE OF WASHINGTON
APPROVED AND ADOPTED November 23 19 82
FILED

DEC 1 1982

By MICHAEL D. EDWARDS
Supervisor of Banking
Title

CODE REVISER'S OFFICE
WSR 82-24-074

NOTE:

¹RCW 34.04.026 provides:

(1) In addition to the provisions of RCW 34.04.025(1)(a)(i), every agency shall incorporate the most specific, but in no case omit all, of the following language alternatives when adopting or amending rules:

(a) The most specific reference shall be to a section of law which the rule is implementing, and shall be quoted as follows: "This rule is promulgated pursuant to RCW _____ and is intended to administratively implement that statute."

(b) The next specific reference, and one which shall be used only if paragraph (a) of this subsection is not applicable, shall be to that portion of an act which directs an agency to adopt rules and regulations as necessary to implement the act, and shall be quoted as follows: "This rule is promulgated pursuant to RCW _____ which directs that the (agency) has authority to implement the provisions of (name of act or RCW citation)."

(c) The least specific reference, and one which shall be used only if paragraphs (a) and (b) of this subsection are not applicable, is one which indicates that the rule is promulgated under the agency's broad rule-making authority — either in the agency enabling legislation or chapter 34.04 RCW, and shall be quoted as follows: "This rule is promulgated under the general rule-making authority of the (agency) as authorized in RCW _____."

(2) The code reviser is directed to develop a format for placing such specific language in each rule, and agencies shall then comply with the code reviser's direction, and shall include the same in the final rule.

(3) During the promulgation hearings process the public may question whether such rule should have a more specific reference, and the agency shall, pursuant to RCW 34.04.025(1)(b), give consideration to such requests."

(3) (b) -

As to Chapter 50-16 WAC, these rules are promulgated pursuant to RCW 31.08.230 which directs that the Division of Banking has authority to implement the provisions of Chapter 31.08 RCW.

As to Chapter 50-20 WAC, these rules are promulgated pursuant to RCW 31.04.150(2) which directs that the Division of Banking has authority to implement the provisions of Chapter 31.04 RCW.

As to Chapters 50-12, 50-40 and 50-44 WAC, these rules are promulgated pursuant to RCW 30.04.030 which directs that the Division of Banking has authority to implement the provisions of Chapter 30.04 RCW.

As to Chapter 50-24 WAC, these rules are promulgated pursuant to RCW 42.17.250 which directs that the Division of Banking has authority to implement the provisions of Chapter 31.04 RCW.

AMENDATORY SECTION (Amending Order 40 filed 3/23/79)

WAC 50-12-040 SCHEDULE OF FEES FOR BANKS, TRUST COMPANIES, STOCK SAVINGS BANKS, 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)~~ \$30.00 per (~~(man)~~) employee 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)~~ \$30.00 per (~~(man)~~) employee 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)~~ \$30.00 per (~~(man)~~) employee 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)~~ \$30.00 per (~~(man)~~) employee 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, consolidation or reorganizational 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)~~ \$30.00 per (~~(man)~~) employee 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)~~ \$30.00 per (~~(man)~~) employee 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) \$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)~~ \$30.00 per (~~(man)~~) employee hour devoted by the division of banking to processing and investigating the application) exceeds \$300.00, the applicant shall pay such excess when determined by the supervisor.

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

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

(11) \$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) \$300.00 for filing an application for approval of the supervisor for a bank, trust company, ~~((or))~~ mutual savings bank, or stock savings bank to provide a satellite facility or facilities which are to be used exclusively by its own customers. 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 \$300.00 for the first such satellite facility and \$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))~~ \$30.00 per ~~((man))~~ employee hour ~~((devoted by the division of banking to processing and investigating the application))~~ plus actual expenses) exceeds the filing fee, the applicant shall pay such excess when ascertained by the supervisor.

(14) \$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.))~~ \$1,000.00 for filing an application for approval of a network system of satellite facilities as defined in WAC 50-40-010(4). This fee shall be deemed to include the cost of processing the application and the cost of an attendant investigation, but if the actual cost of such processing and investigation (computed at \$30.00 per employee hour plus actual expenses) exceeds the filing fee, the applicant shall pay such excess when ascertained by the supervisor.

(16) \$100.00 for each application to modify a previously approved network system made in accordance with WAC 50-40-060(1) or (2). The fee for application to modify a previously modified supervisor at \$30.00 per employee hour plus actual expenses, with a minimum fee of \$100.00 per application.

(17) \$200.00 for issuing certificate of approval for capital notes.

Chapter 50-16 WAC

((SMALL-LOAN)) CONSUMER FINANCE ACT RULES

WAC

50-16-020	Record keeping--General.
50-16-025	Allocation of expenses to ((small-loan)) <u>consumer finance</u> business.
50-16-030	Books, files and accounting records required.
50-16-045	Loans.
50-16-055	Rebate of precomputed charges.
50-16-065	Statement to borrower--Receipt.
50-16-070	Advertising.
50-16-075	Restrictions on insurance.
50-16-095	Knowledge of the law and regulations.

AMENDATORY SECTION (Amending Rule 50-16-020, filed 12/20/63)

WAC 50-16-020 RECORD KEEPING--GENERAL. Each licensee shall install and maintain, in connection with the business done in each licensed office, such books, accounts and records as will lend themselves readily to inspection and audit by the supervisor of banking or his representatives, and shall maintain separate books and records pertaining to the business done under the provisions of the ((Small Loan)) Consumer Finance Act in the event any other type of business is conducted in the same office by the licensee.

AMENDATORY SECTION (Amending Rule 50-16-025, filed 12/20/63)

WAC 50-16-025 ALLOCATION OF EXPENSES TO ((SMALL-LOAN)) CONSUMER FINANCE BUSINESS. If any other business than that authorized under the ((Small-Loan)) Consumer Finance Act is conducted in the same office, the licensee shall fairly and equitably allocate all expenses for the purpose and with the result that the books relating to the licensee's business under the ((Small-Loan)) Consumer Finance Act will fairly reflect the expense of conducting such business.

AMENDATORY SECTION (Amending Order 40, filed 3/23/79)

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 in the order made showing the following information:

(i) Number of loan

(ii) Date of loan

(iii) Name of borrower

(iv) Amount of loan

(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) Rate at which charges are to be computed or the annual percentage rate (APR), if less than the maximum
- (e) Terms of repayment
- (f) Face amount of note
- (g) If charges are precomputed:
- (i) Principal amount of loan
- (ii) Total amount of charges
- (iii) Amount which may be collected as a default charge
- (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
- (i) Name and address of co-maker or endorser, if any
- (j) Date of maturity of loan
- (k) Amount of charge for life insurance
- (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. 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)) consumer finance office, 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)) Consumer Finance Act.

AMENDATORY SECTION (Amending Order 40, filed 3/23/79)

WAC 50-16-045 LOANS. (1) Numbering and filing. Each loan made shall have its proper account number and all instruments taken in connection with any loan must bear this account number. All such instruments and papers required by the ((Small-Loan)) Consumer Finance 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.

AMENDATORY SECTION (Amending Rule 50-16-055, filed 12/20/63)

WAC 50-16-055 REBATE OF PRECOMPUTED CHARGES. (1) General. When the loan is prepaid in full, a rebate of the precomputed charge must be made either by the method prescribed by the (~~Small-Loan~~) Consumer Finance Act in RCW 31.08.160(3)(b) or by recomputing charges on actual unpaid balances for the actual time outstanding.

(2) Prepayment before first installment date. If prepayment in full occurs before the first installment date the rebate must be made as of the exact day of prepayment. In addition to the standard rebate as of the first installment, an additional rebate of one-thirtieth of the portion of the precomputed charge applicable to a first installment period of one month shall be made for each day from the date of such prepayment to the first scheduled installment date. The full amount of the precomputed charges may be rebated and charges recomputed on the unpaid principal balance for the actual time such balance was outstanding.

(3) Prepayment after first installment date. When prepayment in full occurs on an installment date the rebate must be made as of that installment date. When an installment date precedes the prepayment date by fifteen days or less, the rebate shall be made as of such preceding installment date. When an installment date precedes the prepayment date by sixteen days or more, the rebate shall be made as of the first installment date following such prepayment (except during the first installment period.)

(4) Renewal, refinanced, judgment obtained before maturity. When the contract is renewed or refinanced before maturity, or judgment is obtained before maturity, the same rebate is required as for prepayment in full.

AMENDATORY SECTION (Amending Rule 50-16-065, filed 12/20/63)

WAC 50-16-065 STATEMENT TO BORROWER--RECEIPT. Every licensee shall:

(1) Deliver to the borrower at the time the loan is made, a statement of the loan as provided in RCW 31.08.170(1) of the (~~Small Loan~~) Consumer Finance Act and shall retain a copy of said statement which shall bear an acknowledgment by the borrower that he has received the original thereof.

(2) Procure a receipt from the borrower for the proceeds of the loan. (Statement of loan, acknowledgment by borrower and receipt for proceeds of loan, for convenience, may be incorporated in one instrument.)

(3) All of the above instruments shall be retained by the licensee for a period of not less than two years after recorded date of cancellation of the note.

AMENDATORY SECTION (Amending Order 40, filed 3/23/79)

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~~) Consumer Finance 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~~) Consumer Finance 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.

All form letters sent to former or present customers soliciting additional loans shall be considered advertising (~~([])~~). 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 Order 40, filed 3/23/79)

WAC 50-16-075 RESTRICTIONS ON INSURANCE. (1) No licensee shall write or sell insurance on the life of 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)~~) Consumer Finance Act, except as and to the extent authorized by RCW 31.08.175.

AMENDATORY SECTION (Amending Order 40, filed 3/23/79)

WAC 50-16-095 KNOWLEDGE OF THE LAW AND REGULATIONS. Each licensee shall be responsible for assuring that any person making loans on behalf of the licensee under the (~~(Small-Loan)~~) Consumer Finance Act shall have a sufficient understanding of the statutes and regulations applicable to its business so as to insure compliance with the (~~(Small-Loan)~~) Consumer Finance Act.

REPEALER

The following section of the Washington Administrative Code is repealed:

WAC 50-16-990 APPENDIX TO SMALL LOAN ACT RULES.

AMENDATORY SECTION (Amending Order 43 filed 9/9/80)

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)~~) provide insurance on the life and disability of one borrower (~~(, or the borrower)~~) and on the life of the spouse of the borrower if both are obligors, provided that such insurance coverage shall not exceed the approximate unpaid (~~(for the unpaid principal)~~) balance of the total amount repayable under the contract of indebtedness scheduled to be outstanding. The premium or cost for all such insurance when written pursuant to the Washington insurance code and regulations issued thereunder, shall not be deemed interest, charges or consideration in connection with the loan transaction and any gain or advantage to the lender arising out of the premium or cost of the insurance or from its sale shall not be a violation of any provision of chapter 31.04. The amount of the premium or cost of such insurance may be included in the original loan amount and may be paid from the proceeds of the loan.

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)~~) coverage shall be cancelled and a portion of the charge made for such insurance shall be rebated (~~(according to the method established under paragraph (5) of this section)~~) as provided by the Washington insurance code and regulations issued thereunder.

(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)~~) is 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."

Provided, however, that in the case of any loan originally scheduled to be repaid in sixty-one months or more which is secured by an investment certificate, the refund of the unearned portion of the interest shall be computed as follows: Interest shall be considered earned at the single nominal annual percentage rate which if applied to the unpaid amounts of principal outstanding from time to time would produce the same total of interest paid at maturity as originally contracted for, based upon the assumption that all payments were made on the loan according to the schedule of payments due on the certificate and calculations were made according to the actuarial method. Interest earned so calculated up to the scheduled due date nearest the date of prepayment shall be subtracted from the original amount of interest included in the note and the balance of such interest shall be refunded.

For purposes of this calculation only, the original principal amount of the loan shall be deemed to be the amount of

the total note less the interest deducted in advance. Actuarial method means the method of allocating payments made between principal and interest whereby a payment is applied first to the interest accumulated to date and the remainder then applied to the unpaid principal amount. In computing an actuarial refund, the lender may round the single annual percentage rate used to the nearest quarter of one percent.

In computing any required (~~rebate~~) refund, 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.

NEW SECTION

WAC 50-20-055 ALTERNATE INTEREST CHARGES. (1) An industrial loan company may contract for and receive charges on a loan of money at an annual percentage rate not in excess of the rate which would produce at the scheduled maturity date of the loan the same total of charges including interest, the two percent initial charge deducted in advance and monthly service charge, as would be received on a loan with an equal net cash advance secured by an installment investment certificate made pursuant to RCW 31.04.090 at the maximum rates permitted, all calculations being based upon the assumption that the loan and purchase of the investment certificate are paid in accordance with their terms.

In such case, charges shall be computed by applying the annual percentage rate to the unpaid balances of the cash advance of the loan outstanding for the time outstanding. Each payment shall be applied first to accumulated charges and the remainder of the payment applied to the unpaid balance of the cash advance until paid in full. Charges shall not be payable in advance nor compounded; however, if part or all of the consideration for a new loan contract is the unpaid balance of a prior loan, then the original cash advance payable under such new loan contract may include any unpaid charges which have accrued (the unpaid balance of the cash advance of a discounted loan shall be the balance due after giving effect to any required refund or credit of interest charged). For the purpose of computing charges on this alternative basis, the charges for each elapsed day shall be 1/365th of the annual rate. The term "net cash advance" as used herein means the "amount financed" disclosed to the borrower pursuant to the federal truth-in-lending act.

(2) The provisions of RCW 31.04.090 as they relate to investment certificates are not applicable to loans upon which interest is computed and charged on this basis.

AMENDATORY SECTION (Amending Order 40, filed 3/23/79)

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,~~) in the 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 ((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 50-24-040 OPERATIONS AND PROCEDURES. The primary purpose of the division of banking is the maintenance of a sound banking system and a sound consumer finance system, the prevention or irresponsible acts by members of the banking and financial system, and the insuring that these systems serve the needs and convenience of the public through the fostering of appropriate competition and operating efficiency. In order to accomplish this purpose, the division of banking's duties are divided into two major areas, i.e., examination and chartering.

The supervisor of banking ((is required by law)) has authority to examine the operations of all state banks, trust companies, mutual savings banks, ((small loan)) consumer finance companies, industrial loan companies ((and)), industrial development corporations, stock savings banks, alien banks, bank holding companies, and agricultural credit corporations. These duties are carried out through a full-time staff of field examiners employed by the division of banking. The examiners examine the books and records of an institution in order to detect any violations of the relevant statutes or regulations and to determine if good industry practices are being followed. After receipt of the examination reports, the supervisor communicates the results to the managing group of the institution examined and requires any violations of law or regulations to be corrected.

The other main function of the division of banking is action upon applications by various groups to establish a financial institution or to change an existing one. The following general pattern or procedure is followed in such decision making by the supervisor of banking. This pattern is used and applies to applications:

- (1) To incorporate new state chartered banks, mutual savings banks or trust companies;
- (2) To establish branches of existing banks, mutual savings banks or trust companies;
- (3) Applications for agricultural credit corporations;
- (4) Applications for stock savings banks;
- (5) Applications for satellite (ATM) network systems;
- (6) Applications for trust powers to be conferred upon the existing banks or trust companies;
- ((4)) (7) Applications to establish subsidiary corporations;
- ((5)) (8) Merger applications;
- ((6)) (9) Applications to move the main office or branch;
- ((7)) (10) Applications for licenses for ((small loan)) consumer finance companies or additional branches thereof;
- ((8)) (11) Applications for charter of industrial loan companies or additional branches thereof; and
- ((9)) (12) Applications for industrial development corporations. An application is filed accompanied by the filing fee set by statute or regulation. After the application has been fully documented and supported by all required schedules, statements, etc., an ((examiner)) investigator is assigned to

make the field investigation or survey. Upon completion of the field investigation and after analysis of all of the factors generally considered as required by pertinent statutes, the assigned (~~(examiner)~~) investigator submits his written report including his summary and recommendations. Based upon the findings of the (~~(examiner)~~) investigator and his recommendations, the supervisor of banking will then either approve or deny the application.

Operations are channeled and actions determined, and the public may obtain information, submit requests, or obtain copies of public records from the above listed office of the supervisor of banking in Olympia. In general, the public may obtain information, make submittals or requests, or obtain copies of division of banking decisions as follows:

I. For state chartered banks, trust companies, mutual savings banks, (~~(and)~~) stock savings banks, industrial development corporations, agricultural credit corporations, and satellite (ATM) network systems, or branches thereof:

(a) Chartering - supervisor of banking or (~~(assistant)~~) deputy supervisor of banking;

(b) Investigations, staff studies, research and instruction manuals - (~~(special)~~) assistant supervisor, deputy supervisor, or supervisor of banking.

(c) Examinations - chief bank examiner, assistant supervisor, or deputy supervisor;

(d) General inquiries - office receptionist or any of above named officials.

II. Consumer Finance:

(a) Chartering industrial loan companies - supervisor or (~~(assistant)~~) deputy supervisor of banking;

(b) Licensing (~~(small loan)~~) consumer finance companies - supervisor or (~~(assistant)~~) deputy supervisor of banking;

(c) Investigations and examinations of both, either of above officials;

(d) General inquiries - (~~(assistant)~~) deputy supervisor, supervisor of banking and chief examiner consumer finance.

General inquiries or requests to inspect public records may be made in person, as indicated above, or in writing addressed to the supervisor of banking, Olympia. Applications for permission to organize a new state bank, trust company, or mutual savings bank or for the chartering of a stock savings bank, or an industrial loan company, or for licensing of a (~~(small loan)~~) consumer finance company, may be applied for in writing. However, as a matter of general procedure, it has been found desirable and is recommended that interested groups visit the office of the supervisor for a round-table discussion of requirements, forms to be filled out, fees payable to the supervisor of banking and the secretary of state, plus a general discussion of the primary market area the applicant wishes to serve and of the economic resources of that area together with a brief review of existing financial institutions already in that area.

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

WAC 50-24-110 REVIEW OF DENIALS OF PUBLIC RECORDS REQUESTS.

(1) Any person who objects to the denial of a request for a public record may petition for prompt review of such decision by tendering a written request for review. The written request shall specifically refer to the written statement by the public records officer or other staff member which constituted or accompanied the denial.

(2) Immediately after receiving a written request for review of a decision denying a public record, the public records officer or other staff member denying the request shall refer it to the supervisor of banking (~~(of the division of banking)~~). The supervisor of banking shall immediately consider the matter and either affirm or reverse such denial. In any case, the request shall be returned with a final decision, within two business days following the original denial.

(3) Administrative remedies shall not be considered exhausted until the division of banking has returned the petition with a decision or until the close of the second business day following denial of inspection, whichever occurs first.

AMENDATORY SECTION (Amending Order 40, filed 3/23/79)

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 40, filed 3/23/79)

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.

AMENDATORY SECTION (Amending Order 27 filed 6/3/74)

WAC 50-40-010 DEFINITIONS. (~~(As used in these regulations, the phrase "provide satellite facility(ies)" shall mean to establish a satellite facility or share a satellite facility with other financial institutions.))~~ As used in these regulations:

(1) "Supervisor" means supervisor of banking appointed

pursuant to RCW 43.19.020.

(2) "Satellite facilities" within the meaning of chapter 30.43 RCW include, without limitation, both "on-line" and "off-line" cash dispensing or automated teller facilities which are not on the premises of the financial institution whose customers use these facilities. Such facilities constitute "satellite facilities" irrespective of whether they are owned by the financial institution or by others.

(3) "Switch" means an electronic or paper-based switching system, pursuant to which transactions in a network system of satellite facilities are effected, routed and processed.

(4) "Network system" means one or more satellite facilities the use of which is shared on a contractual basis among more than one participating financial institution and which are identified with a common trademark or trade name.

(5) "Sponsor" means the owner or operator of a network system.

AMENDATORY SECTION (Amending Order 27 filed 6/3/74)

WAC 50-40-020 APPLICATION. ((The)) Application for approval to provide a satellite facility ((shall be filed with the supervisor at his office in Olympia. The application shall be submitted in duplicate on a form furnished by the division of banking.)) or facilities which are to be used exclusively by the customers of one state-chartered bank, trust company, stock savings bank, or mutual savings bank shall be submitted in accordance with this section. The application shall be filed with the supervisor's office in Olympia on the form set forth in WAC 50-40-990 and must include the minimum fee required by WAC 50-12-040(13). ((A separate application must be made for each satellite facility.))

The applicant shall submit the following information with the application form:

(1) Types of transactions to be conducted.

((2) Names of other financial institutions expected to share in use of the facility.))

((3) Arrangements for sharing costs in connection with its installation and operation, including estimates of actual cost to applicant.))

((4)) (2) Details as to ownership and operation of the facility or facilities.

(3) If requested by the supervisor to aid the determination of whether the public convenience will be served by the proposed satellite facility or facilities, an analysis of the trade area to be served by the proposed facility or facilities. Included within this analysis shall be a study of the number of customers of the applicant living, working and/or shopping in the trade area to be served by the proposed satellite facility or facilities and the likelihood of those customers using the facility.

AMENDATORY SECTION (Amending Order 27 filed 6/3/74)

WAC 50-40-040 ADOPTION OF FORM. The division of banking hereby adopts for use of all persons requesting approval to provide a satellite facility or facilities which are to be used exclusively by the customers of one state-chartered bank, trust

company, stock savings bank, or mutual savings bank, the form attached hereto as Appendix I [WAC 50-40-990], entitled "Application to Provide Satellite Facility."

NEW SECTION

WAC 50-40-060 MODIFICATION OF APPROVED NETWORK SYSTEMS.

(1) A previously approved network system which desires to add satellite facilities shall submit in writing to the supervisor the exact location of each proposed additional satellite facility, including the street address, city and state. If a satellite facility is to be located in a retail store, institution, office building or other type of merchant or business establishment, indicate the name and type of establishment. If a satellite facility is to be located in a shopping center, state the name of the shopping center.

(2) A previously approved network system which desires to add participating financial institutions shall, either separately or in conjunction with the financial institution, submit to the supervisor the name and head office address of each such financial institution. For each such additional financial institution which is a state-chartered bank, trust company, stock savings bank or mutual savings bank, a copy of a resolution of the governing body of such institution authorizing participation in the network system shall also be submitted.

If the proposed additional financial institutions do not have offices in this state, evidence of the type required under WAC 50-40-050(6) shall be submitted to the supervisor for the jurisdiction in which such institution is organized, unless such information has previously been submitted for such jurisdiction.

(3) A previously approved network system which proposes to modify its system so that the information previously submitted to the supervisor will no longer accurately describe such system, shall submit in writing to the supervisor such information necessary to describe accurately such system as modified.

NEW SECTION

WAC 50-40-070 APPROVAL--DISAPPROVAL--REQUEST FOR HEARING.

The supervisor shall notify the applicant and, in the case of a network system, all participating state-chartered banks, trust companies, stock savings banks and mutual savings banks, of the approval of the satellite facilities or network system or modification thereto. If the supervisor disapproves the application, reasons for such disapproval shall be set forth in the written notice of disapproval. The applicant may request a hearing before the supervisor by submitting a written request therefor within twenty days of the date of the supervisor's notice of disapproval. Such hearing and all further proceedings shall be governed by the provisions of chapter 34.04 RCW.

AMENDATORY SECTION (Amending Order 27 filed 6/3/74)

WAC 50-40-990 APPENDIX I--FORM--APPLICATION TO PROVIDE SATELLITE FACILITY.

APPENDIX I
FORM--APPLICATION TO PROVIDE
SATELLITE FACILITY
(NOT TO BE CONSTRUED TO BE THE
ESTABLISHMENT OF A BRANCH.)

To the Supervisor of Banking:

(Bank, Trust Company, Stock Savings Bank, or Mutual Savings Bank, hereinafter referred to as the Applicant) _____, _____ (City) _____, Washington hereby initiates application for approval to provide satellite facilities at _____ (Include street designation or approximate location in terms of nearest intersection) _____, _____ (City or Town, indicate direction if outside city limits) _____, _____ (County), Washington.

The location of the proposed satellite facility would be _____ miles distant from the main office and _____ miles distant from the nearest branch _____ (Name) _____ of the Applicant.

We enclose a verified copy of a resolution adopted _____ (Date) by the Board of Directors or Board of Trustees of the Applicant, duly authorizing the undersigned to make this application, and obligate the Applicant for necessary costs. Also enclosed is a check ((for \$100)) to apply upon the ((statutory)) costs of investigation. If the cost of investigation to be made exceeds the minimum ((of \$100)) required by WAC 50-12-040(13), the Applicant will pay such excess in accordance with ((WAC 50-40-030)) that section.

We also enclose the supporting data required by WAC 50-40-020 ((and WAC 50-40-030)).

SUBSCRIBED AT _____, Washington this _____ day of _____, 19 _____.

(Please type name and position under signature)

REPEALER

The following section of the Washington Administrative Code is repealed:

WAC 50-40-030 PUBLIC CONVENIENCE.

AMENDATORY SECTION (Amending Order 45 filed 12/31/81)

WAC 50-44-010 COLLECTION OF EXAMINATION COSTS--COLLECTION METHOD. The requirement of RCW 30.04.070 that the supervisor collect from each bank, mutual savings bank, stock savings bank, trust company, or industrial loan company, the estimated cost of ((his)) examinations, shall be met in accordance with the procedures established in this chapter. Costs shall be recouped by the following methods: Semi-annual asset charges, a charge for each branch office in operation, and an hourly charge for the number of hours spent by division personnel in specialized

examinations. In addition, a special assessment will be made over the next two years to provide working capital for the banking examination fund.

AMENDATORY SECTION (Amending Order 45 filed 12/31/81)

WAC 50-44-020 SEMI-ANNUAL ASSET CHARGE--ASSESSMENT. A semi-annual charge for assets will be computed upon the asset value reflected in the most recent report of condition. The rate of such charge shall be as set forth in the following schedules:

(1) Commercial banks.

If the bank's total assets are: The assessment is:

Over	But not Over	This Amount	Plus	Of Excess Over
Million	Million			Million
0	1	\$ 500	.0000850	0
1	10	1,000	.0000850	1
10	100	1,000	.0000800	1
100	300	1,000	.0000600	1
300	500	1,000	.0000575	1
500	700	1,000	.0000538	1
700	900	1,000	.0000525	1
900	1,000	1,000	.0000500	1
1,000	---	1,000	.0000450	1

(2) Alien banks.

If the bank's total assets are: The assessment is:

Over	But not Over	This Amount	Plus	Of Excess Over
Million	Million			Million
0	200	\$1,000	.0000625	1
200	300	1,000	.0000600	1
300	500	1,000	.0000575	1
500	700	1,000	.0000550	1
700	1,000	1,000	.0000500	1
1,000	---	1,000	.0000450	1

(3) Mutual savings banks and stock savings banks.

If the bank's total assets are: The assessment is:

Over	But not Over	This Amount	Plus	Of Excess Over
Million	Million			Million
0	100	((\$1,000)) \$3,000	(-.0000500)	((1))
100	200	\$1,000	.0000225	1
200	500	1,000	.0000200	1
500	1,000	1,000	.0000175	1
1,000	3,000	1,000	.00001625	1
3,000	---	1,000	.0000150	1

(4) Industrial loan companies.

If the total assets on a consolidated basis are:

The assessment is:

Over	But not Over	This Amount	Plus	Of Excess Over
Million	Million			Million
0	1	\$ 250	((-.000080))	((0))
1	---	250	.000075	1

The supervisor's office shall forward by first-class mail a notice to each respective financial institution showing the total amount of the asset charge due. The notices shall be mailed during the months of February and August, commencing in February 1982. The asset charge must be received by the office of the supervisor of banking within thirty days from the time the supervisor's notice is mailed. An additional two hundred dollar penalty shall be assessed if the amount is not paid within the time specified.