

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. 62

(1) I, L.O. Malmberg, Acting Supervisor, director of the Division of Banking

do promulgate and adopt at Olympia, Washington (place)

the annexed rules relating to:

banks and trust companies amending WAC 50-12-050 concerning loans made to officers, amending WAC 50-12-040, WAC 50-48-020, and WAC 50-44-030 concerning fees charged by the supervisor, amending WAC 50-24-100 concerning public records, creating two new sections WAC 50-12-100 concerning leases of bank premises and WAC 50-12-110 concerning limits on investment securities and repealing WAC 50-12-010 concerning minimum reserve requirements.

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

This action is taken pursuant to Notice No. WSR 85-19-045 and WSR 85-16-110 filed with the code reviser on 9/13/85 & 8/7/85. These rules shall take effect:

- [X] thirty days after they are filed with the code reviser 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 this 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 the emergency is:

These 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:

[X] (a) This rule is promulgated pursuant to RCW 30.12.060 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 the agency has complied with the provisions of the Open Public Meetings Act (chapter 42.30 RCW), the Administrative Procedure Act (chapter 34.04 RCW) and the State Register Act (chapter 34.08 RCW) in the adoption of these rules.

(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 September 13 19 85

FILED

SEP 13 1985

By L.O. MALMBERG, Acting Supervisor
Division of Banking

Title

[Form CR-7: Rev. 7/23/82]

CODE REVISER'S OFFICE

WSR 85-19-052

AMENDATORY SECTION (Amending Order 58, filed 1/13/84)

WAC 50-12-050 LIMITING LOANS TO OFFICERS. ((With the specific prior approval 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, 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 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 greater of \$25,000.00 or three percent of the bank's capital, surplus, and undivided profits. In no case shall the extension of credit to an officer under this paragraph exceed the aggregate amount of \$400,000.00, or the total liability to the bank by the officer exceed the limit prescribed by RCW 30.04.110, whichever is less.)

(1) A bank or trust company may make the following loans to any of its officers:

(a) A loan secured by a first lien on a dwelling if at the time the loan is made:

(i) The dwelling secured is expected to be both owned by the officer and used by him as his residence after the loan is made; and

(ii) No other such loan made by the bank or trust company to the officer under the authority of (a) of this subsection is outstanding;

(b) A loan to finance the education of an officers' children; and

(c) Any other secured or unsecured loan including a line of credit which, at the time the loan is made, is not in excess of the greater of \$25,000 or 2.5% of capital and unimpaired surplus as defined in RCW 30.12.060(2), but in no event for an amount greater than \$100,000.

(2) A bank or trust company shall not make a loan under subsection (1) of this section to an officer which, at the time the loan is made, exceeds the greater of \$25,000 or 5% of capital and unimpaired surplus as defined in RCW 30.12.060(2) unless a resolution authorizing a loan for a greater amount is adopted by a vote of a majority of the board of directors of the bank or trust company prior to the making of such loan, and the vote and resolution is entered in the corporate minutes.

(3) In no case shall the total liability of an officer to a bank or trust company under subsection (1) of this section exceed either \$500,000, unless approved in advance for a greater amount by a majority of the board of directors prior to the making of any loan in excess of this amount, or the limit prescribed by RCW 30.04.110, whichever is less. When computing the total outstanding liability of an officer of a bank or trust company belonging to an affiliated group of two or more corporations, all loans to the officer from the affiliated corporations shall be aggregated, including but not limited to loans from:

(a) The bank or trust company's parent bank holding company; or

(b) Any other corporation held by the bank or trust company's parent bank holding company; or

(c) A subsidiary of the bank or trust company; or

(d) A subsidiary of any other corporation if such corporation is held by the bank or trust company's parent bank holding company.

(4) Any loan to an officer of a bank that does not require specific prior approval by a majority of the board of directors by resolution or otherwise pursuant to subsections (2) and (3) of this section shall be promptly reported to the board of directors and duly reflected in the minutes of the next regular board meeting.

(5) For purposes of this section, the words "loan" and "loans" shall mean all extensions of credit by the bank or trust company

including but not limited to the purchase, discount, or acquisition,  
as security or otherwise, of any debt or obligation of any officer  
owed to any other person.

AMENDATORY SECTION (Amending Order 48, filed 12/1/82)

WAC 50-12-040 SCHEDULE OF FEES FOR BANKS, TRUST COMPANIES, STOCK SAVINGS BANKS, MUTUAL SAVINGS BANKS, AND ALIEN BANKS. (1) Except as provided by subsection (2) of this section, the supervisor shall collect in advance the following fees:

~~((1))~~ (a) \$2,000.00 for ~~((filing))~~ each application for a certificate of authority and attendant investigation for a new bank or trust company or for conversion to a state-chartered institution. ~~((If the cost therefor (computed on the basis of \$30.00 per 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))~~ (b) \$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 \$30.00 per 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))~~ (c) \$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))~~ (d) \$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 \$30.00 per 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))~~ (e) \$500.00 for filing an application for a certificate conferring trust powers and attendant investigation. ~~((If the cost therefor (computed on the basis of \$30.00 per 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))~~ (f) \$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 \$30.00 per 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))~~ (g) \$300.00 for filing an application for a certificate of appropriate adjunct and attendant investigation. ~~((If the cost therefor (computed on the basis of \$30.00 per 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))~~ (h) \$300.00 for filing application to relocate main office or branch and attendant investigation. ~~((If the cost therefor (computed on the basis of \$30.00 per 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))~~ (i) \$100.00 for issuing each branch certificate for branch resulting from merger.

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

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

~~((12))~~ (l) \$100.00 for issuing any other certificate.

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

~~((43))~~ (n) \$300.00 for filing an application for approval of the supervisor for a bank, trust company, mutual savings bank, or stock savings bank to provide a satellite facility or facilities which are to be used ~~((exclusively))~~ by its own customers or customers of another bank. 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 \$30.00 per employee hour plus actual expenses) exceeds the filing fee, the applicant shall pay such excess when ascertained by the supervisor.~~

~~((44))~~ (o) \$100.00 for the issuance of a certificate of approval to provide a satellite facility.

~~((45))~~ (p) \$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.~~

~~((46))~~ (q) \$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.~~

~~((47))~~ ~~(\$200.00)~~ (r) \$300.00 for issuing certificate of approval for capital notes.

(s) \$5,000.00 for each application by an out-of-state bank holding company for acquisition and control of more than five percent of the shares of voting stock or substantially all of the assets of a bank, trust company, national banking association, or bank holding company, the principal operations of which are conducted within this state.

(t) \$500.00 for each application for a certificate of authority and attendant investigation of a phantom or interim bank created to acquire all of the capital stock of a bank or trust company.

(u) \$500.00 for each application to purchase or sell a branch. In the event such application provides for the sale or purchase of more than one branch, the fee shall be \$500.00 per branch.

(v) Hourly charges for services plus actual expenses for voluntary or involuntary liquidation of a bank or trust company pursuant to chapter 30.44 RCW or for acting as conservator of a bank or trust company pursuant to chapter 30.46 RCW.

(w) \$2,000.00 for each application for conversion from a mutual savings bank to a stock savings bank.

(2) If the cost of any of the services rendered under subsection (1) of this section is determined by the supervisor to differ significantly from the fees prescribed for those services in that section, the bank, trust company, or applicant shall pay such cost computed at \$40.00 per employee hour expended plus actual expenses incurred.

AMENDATORY SECTION (Amending Order 56, filed 10/3/83)

WAC 50-48-020 JOINT APPLICATION. An application for approval of such acquisition shall be submitted jointly by the acquiring bank holding company and the domestic institution or bank holding company to be acquired. The application need not be in any particular format, but must set forth all the information required under these regulations (~~(and must be accompanied by an application fee in the amount of five thousand dollars)~~). The application shall include a copy of the agreement setting forth the plan of merger or acquisition, including certified copies of the resolutions of the respective boards of directors of parties to the agreement approving same. The application shall also include a statement authorizing any federal or state regulatory agency to make available to the supervisor any and all information which such agency may have relating to the applicants or any of their subsidiaries.

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

WAC 50-44-030 ADDITIONAL FEES AND CHARGES--SPECIAL EXAMINATIONS--BRANCH OFFICES. Each bank, mutual savings bank, trust company, or industrial loan company shall pay to the supervisor the following fees:

(1) For special examinations and reviews as determined by the supervisor, (~~thirty~~) forty dollars per hour; (Special examinations are for the express purpose of examining unusual conditions or circumstances, including extensions of regular examinations wherein conditions may warrant extension of time required in the examination beyond normal allotted time);

(2) For electronic data processing examination, trust examination, or other examination requiring specialized expertise, (~~thirty~~) forty dollars per hour;

(3) For each bank branch in operation at the time of any periodic examination, seventy-five dollars;

(4) For each industrial loan company branch in operation at the time of any periodic examination, one hundred fifty dollars.

The supervisor shall submit a statement for the foregoing charges following the completion of any applicable examination, and the charges shall be paid not later than thirty days after submission of such statement.

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

WAC 50-24-100 EXEMPTIONS. (1) The division of banking reserves the right to determine that a public record requested in accordance with the procedures outline in WAC 50-24-080 is exempt under the provisions of section 31, chapter 1, Laws of 1973.

(2) RCW (~~43-19-060 and 43-19-070~~) 30.04.075 provides as the general rule that all information received by the supervisor and his office from any bank or trust company or mutual savings bank is confidential and may not be disclosed to any person other than certain other government officials, on penalty of forfeiture of office and punishment as a gross misdemeanor.

(3) In addition, pursuant to (~~section 26, chapter 1, laws of 1973~~) RCW 42.17.260, the division of banking reserves the right to delete identifying details when it makes available or publishes any public record, in any cases when there is reason to believe that disclosure of such details would be an invasion of personal privacy protected by chapter 1, Laws of 1973. The public records officer will fully justify such deletion in writing.

(4) All denials of requests for public records will be accompanied by a written statement specifying the reason for the denial, including a statement of the specific exemption authorizing the withholding of the record and a brief explanation of how the exemption applies to the record withheld.



NEW SECTION

WAC 50-12-100 LEASING BANK PREMISES--LIMITATIONS. A bank or trust company may lease part of the premises in which it conducts its day-to-day business pursuant to RCW 30.04.210 to persons engaged in nonbanking or nontrust business activities subject to the following limitations:

(1) No director, officer, or employee of such bank or trust company may have any direct or indirect financial interest in the lessee's business activities conducted on the premises leased;

(2) No bank or trust company may receive commissions or other revenues from the lessee other than periodic rental payments received under terms that are usual and customary in leasing space used for similar commercial purposes as determined by the supervisor;

(3) No lessee may have access to security areas of the bank or trust company's premises, nor may a lessee conduct business activities on a bank or trust company's premises other than during regular banking hours;

(4) No director, officer, or employee of a bank or trust company may be employed by, or serve in any fiduciary capacity for a corporation or other person leasing the premises of such bank or trust company for such business activities;

(5) No bank or trust company may exercise managerial control over the lessee's business activities or assume, guarantee, or otherwise become obligated for the lessee's debts or legal obligations;

(6) No bank or trust company may advertise a lessee's business activities conducted on such bank or trust company's premises as a service provided by the bank or trust company, or otherwise represent that the lessee's business activities are not independently owned and operated;

(7) No bank or trust company may use tying arrangements involving the sale of a lessee's goods or services offered on such bank or trust company's premises or in any other way require purchase of a lessee's goods or services as a condition for granting credit or performing services.

(8) For purposes of this section, the term "bank or trust company" means any person or corporation operating under the provisions of Title 30 RCW directly or indirectly affiliated with the lessor.

NEW SECTION

WAC 50-12-110 INVESTMENT SECURITIES--LIMIT ON HOLDINGS. No bank or trust company may purchase or hold obligations of a single obligor in excess of the limits prescribed by RCW 30.04.110, nor purchase or hold any obligation not authorized by Title 30 RCW, except for the following:

(1) Obligations of the United States;

(2) Obligations issued, insured, or guaranteed by a department or agency of the United States, including obligations of such departments or agencies representing an interest in a loan or pool of loans, if such obligation commits the full faith and credit of the United States to its repayment;

(3) General obligations of a state or political subdivision of a state including but not limited to obligations of a county, city, town, municipal corporation, or any publicly-owned entity that is an instrumentality of a state or municipal corporation;

(4) Obligations of any state or political subdivision of a state if a state or political subdivision of a state having general powers of taxation has unconditionally promised to make sufficient funds available for full repayment of the obligation.

REPEALER

The following section of the Washington Administrative Code is repealed:

WAC 50-12-010 MINIMUM RESERVE REQUIREMENTS FOR STATE BANKS AND TRUST COMPANIES--COMPUTATIONS.