
SENATE BILL 6135

State of Washington

63rd Legislature

2014 Regular Session

By Senators Benton, Mullet, Hatfield, Hobbs, and Fain; by request of Department of Financial Institutions

Read first time 01/16/14. Referred to Committee on Financial Institutions, Housing & Insurance.

1 AN ACT Relating to the modernization, clarification,
2 reorganization, and amendment of the laws respecting the charter and
3 regulation of Washington state nondepository trust companies, fiduciary
4 activities and trust business of state commercial banks, alien banks,
5 state savings banks, and state savings associations, and fiduciary
6 activities and trust business of other trust institutions and persons
7 engaging in trust business in this state; amending RCW 30.04.010,
8 30.04.020, 30.04.025, 30.04.030, 30.04.050, 30.04.060, 30.04.070,
9 30.04.075, 30.04.111, 30.04.120, 30.04.127, 30.04.129, 30.04.140,
10 30.04.212, 30.04.214, 30.04.215, 30.04.220, 30.04.225, 30.04.230,
11 30.04.232, 30.04.240, 30.04.260, 30.04.285, 30.04.330, 30.04.375,
12 30.04.380, 30.04.390, 30.04.400, 30.04.405, 30.04.410, 30.04.450,
13 30.04.455, 30.04.460, 30.04.465, 30.04.470, 30.04.475, 30.04.500,
14 30.04.505, 30.04.510, 30.04.515, 30.04.555, 30.04.560, 30.04.570,
15 30.08.020, 30.08.025, 30.08.030, 30.08.055, 30.08.060, 30.08.070,
16 30.08.080, 30.08.081, 30.08.084, 30.08.086, 30.08.087, 30.08.140,
17 30.08.140, 30.08.150, 30.08.180, 30.12.020, 30.12.025, 30.12.030,
18 30.12.040, 30.12.0401, 30.12.042, 30.12.044, 30.12.047, 30.12.060,
19 30.12.070, 30.12.090, 30.12.100, 30.12.110, 30.12.180, 30.12.190,
20 30.12.205, 30.12.220, 30.12.240, 30.16.010, 30.20.005, 30.20.025,
21 30.20.060, 30.20.090, 30.22.041, 30.22.120, 30.22.130, 30.22.190,

1 30.22.220, 30.32.010, 30.32.020, 30.32.030, 30.32.040, 30.36.010,
2 30.36.020, 30.36.030, 30.36.040, 30.38.010, 30.38.030, 30.38.070,
3 30.42.020, 30.42.060, 30.42.070, 30.42.090, 30.42.105, 30.42.115,
4 30.42.120, 30.42.130, 30.42.155, 30.42.280, 30.42.310, 30.42.340,
5 30.44.010, 30.44.020, 30.44.030, 30.44.040, 30.44.050, 30.44.100,
6 30.44.110, 30.44.120, 30.44.150, 30.44.160, 30.44.170, 30.44.180,
7 30.44.190, 30.44.200, 30.44.210, 30.44.220, 30.44.230, 30.44.240,
8 30.44.250, 30.44.270, 30.44.280, 30.46.010, 30.46.020, 30.46.030,
9 30.46.040, 30.46.050, 30.46.060, 30.46.070, 30.46.080, 30.46.090,
10 30.49.020, 30.49.070, 30.49.125, 30.56.050, 30.56.060, 32.08.210, and
11 33.12.010; amending 2013 c 76 s 33 (uncodified); reenacting and
12 amending RCW 30.04.125, 30.04.130, 30.04.180, 30.04.210, 30.08.010,
13 30.08.082, 30.08.090, 30.08.092, 30.08.190, 30.12.010, and 30.22.040;
14 adding a new section to chapter 32.04 RCW; adding a new section to
15 chapter 33.04 RCW; adding new titles to the Revised Code of Washington
16 to be codified as Title 30A and 30B RCW; creating new sections;
17 recodifying RCW 30.04.010, 30.04.020, 30.04.025, 30.04.030, 30.04.045,
18 30.04.050, 30.04.060, 30.04.070, 30.04.075, 30.04.111, 30.04.112,
19 30.04.120, 30.04.125, 30.04.127, 30.04.129, 30.04.130, 30.04.140,
20 30.04.180, 30.04.210, 30.04.212, 30.04.214, 30.04.215, 30.04.217,
21 30.04.220, 30.04.225, 30.04.230, 30.04.232, 30.04.238, 30.04.240,
22 30.04.260, 30.04.280, 30.04.285, 30.04.295, 30.04.300, 30.04.330,
23 30.04.375, 30.04.380, 30.04.390, 30.04.395, 30.04.400, 30.04.405,
24 30.04.410, 30.04.450, 30.04.455, 30.04.460, 30.04.465, 30.04.470,
25 30.04.475, 30.04.500, 30.04.505, 30.04.510, 30.04.515, 30.04.550,
26 30.04.555, 30.04.560, 30.04.565, 30.04.570, 30.04.575, 30.04.600,
27 30.04.605, 30.04.610, 30.04.650, 30.04.901, 30.08.010, 30.08.020,
28 30.08.025, 30.08.030, 30.08.040, 30.08.050, 30.08.055, 30.08.060,
29 30.08.070, 30.08.080, 30.08.081, 30.08.082, 30.08.083, 30.08.084,
30 30.08.086, 30.08.087, 30.08.088, 30.08.090, 30.08.092, 30.08.140,
31 30.08.150, 30.08.160, 30.08.170, 30.08.180, 30.08.190, 30.12.010,
32 30.12.020, 30.12.025, 30.12.030, 30.12.040, 30.12.0401, 30.12.042,
33 30.12.044, 30.12.045, 30.12.046, 30.12.047, 30.12.060, 30.12.070,
34 30.12.090, 30.12.100, 30.12.110, 30.12.115, 30.12.120, 30.12.130,
35 30.12.180, 30.12.190, 30.12.205, 30.12.220, 30.12.230, 30.12.240,
36 30.16.010, 30.20.005, 30.20.025, 30.20.060, 30.20.090, 30.22.010,
37 30.22.020, 30.22.030, 30.22.040, 30.22.041, 30.22.050, 30.22.060,
38 30.22.070, 30.22.080, 30.22.090, 30.22.100, 30.22.110, 30.22.120,

1 30.22.130, 30.22.140, 30.22.150, 30.22.160, 30.22.170, 30.22.180,
2 30.22.190, 30.22.200, 30.22.210, 30.22.220, 30.22.230, 30.22.240,
3 30.22.245, 30.22.250, 30.22.260, 30.22.900, 30.22.901, 30.22.902,
4 30.24.080, 30.32.010, 30.32.020, 30.32.030, 30.32.040, 30.36.010,
5 30.36.020, 30.36.030, 30.36.040, 30.36.050, 30.38.005, 30.38.010,
6 30.38.015, 30.38.020, 30.38.030, 30.38.040, 30.38.050, 30.38.060,
7 30.38.070, 30.38.080, 30.38.900, 30.42.010, 30.42.020, 30.42.030,
8 30.42.040, 30.42.050, 30.42.060, 30.42.070, 30.42.080, 30.42.090,
9 30.42.100, 30.42.105, 30.42.115, 30.42.120, 30.42.130, 30.42.140,
10 30.42.145, 30.42.150, 30.42.155, 30.42.160, 30.42.170, 30.42.180,
11 30.42.190, 30.42.200, 30.42.210, 30.42.220, 30.42.230, 30.42.240,
12 30.42.250, 30.42.260, 30.42.270, 30.42.280, 30.42.290, 30.42.300,
13 30.42.310, 30.42.320, 30.42.330, 30.42.340, 30.42.900, 30.43.005,
14 30.44.010, 30.44.020, 30.44.030, 30.44.040, 30.44.050, 30.44.060,
15 30.44.070, 30.44.080, 30.44.090, 30.44.100, 30.44.110, 30.44.120,
16 30.44.130, 30.44.140, 30.44.150, 30.44.160, 30.44.170, 30.44.180,
17 30.44.190, 30.44.200, 30.44.210, 30.44.220, 30.44.230, 30.44.240,
18 30.44.250, 30.44.260, 30.44.270, 30.44.280, 30.46.010, 30.46.020,
19 30.46.030, 30.46.040, 30.46.050, 30.46.060, 30.46.070, 30.46.080,
20 30.46.090, 30.46.100, 30.49.010, 30.49.020, 30.49.030, 30.49.040,
21 30.49.050, 30.49.060, 30.49.070, 30.49.080, 30.49.090, 30.49.100,
22 30.49.110, 30.49.120, 30.49.125, 30.49.130, 30.56.010, 30.56.020,
23 30.56.030, 30.56.040, 30.56.050, 30.56.060, 30.56.070, 30.56.080,
24 30.56.090, 30.56.100, 30.60.010, 30.60.020, 30.60.030, 30.60.900,
25 30.60.901, 30.98.010, 30.98.020, 30.98.030, 30.98.040, 30.98.050, and
26 30.98.060; repealing RCW 30.08.155, 30.53.010, 30.53.020, 30.53.030,
27 30.53.040, 30.53.050, 30.53.060, 30.53.070, and 30.53.080; prescribing
28 penalties; providing an effective date; providing a contingent
29 effective date; and providing a contingent expiration date.

30 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

31 NEW SECTION. **Sec. 1.** FINDINGS AND PURPOSE. The legislature
32 declares that:

33 (1) Banking institutions and trust companies provide essential and
34 valuable fiduciary management services to consumers, businesses, and
35 nonprofit organizations in the state of Washington;

1 (2) There is a critical public need to encourage and promote the
2 revitalization and growth of the state's financial sector and realize
3 its potential as an alternative global financial services hub;

4 (3) The fulfillment of this potential can best be achieved by
5 taking measures to:

6 (a) Clarify prudential standards of professional fiduciary
7 management to provide assurances to state, national, and international
8 owners and managers of wealth;

9 (b) Promote flexibility in the management of asset portfolios to
10 respond to ever changing global conditions; and

11 (c) Provide certainty and clear expectations for owners of wealth,
12 asset managers, and their respective advisors;

13 (4) Banking institutions and nondepository trust companies in the
14 state of Washington will be better prepared to continue providing
15 professional fiduciary management services effectively if laws of the
16 state's banking institutions and nondepository trust companies are
17 modernized, clarified, reorganized and, with respect to some
18 situations, amended;

19 (5) There is a need for improved services and reduced costs for
20 trust institution clients and customers and other consumers in this
21 state through modernization of state law to clarify and thereby promote
22 the delegation by trust institutions of fiduciary functions to
23 qualified third-party professionals, to authorize clients to designate
24 any trust institution to act for them, and to protect the public from
25 excessive fees or undisclosed conflicts of interest of trust
26 institutions and their affiliates;

27 (6) Properly capitalized and professionally managed trusts and
28 trust companies serving only family members and their affiliated
29 entities, which operate privately and do not hold themselves out to,
30 nor provide services to, the general public, should continue to operate
31 without the necessity of being chartered or regulated by the department
32 of financial institutions;

33 (7) The authority of the department of financial institutions needs
34 to be clarified, preserved, and assured as the primary instrument of
35 assuring the safety and soundness of banking institutions and
36 nondepository trust companies acting as fiduciaries and engaging in
37 trust business in this state;

1 (8) Nondepository trust companies should continue to act as
2 fiduciaries and otherwise engage in trust business in this state, so
3 long as they are properly capitalized, competently managed by persons
4 of integrity, and supervised by the department of financial
5 institutions so as to ensure that such trust companies are operated in
6 compliance with law, in a safe and sound manner, and in a manner which
7 protects trust settlors, trust beneficiaries, and the general public in
8 this state; and

9 (9) The creation of a comprehensive trust institutions act serves
10 the convenience and advantage of Washington state trust settlors and
11 trust beneficiaries, and the state's general public, and preserves and
12 maintains the fairness of competition and parity between Washington
13 state-chartered banking institutions and trust companies, and federally
14 chartered and out-of-state state-chartered banking institutions and
15 trust companies.

16 NEW SECTION. **Sec. 2.** NEW TITLE. Sections 101 through 261 of this
17 act constitute a new title in the Revised Code of Washington to be
18 codified as Title 30A RCW.

19 NEW SECTION. **Sec. 3.** NEW TITLE. Sections 301 through 406 of this
20 act constitute a new title in the Revised Code of Washington to be
21 codified as Title 30B RCW.

22 NEW SECTION. **Sec. 4.** RECODIFICATION. RCW 30.04.010, 30.04.020,
23 30.04.025, 30.04.030, 30.04.045, 30.04.050, 30.04.060, 30.04.070,
24 30.04.075, 30.04.111, 30.04.112, 30.04.120, 30.04.125, 30.04.127,
25 30.04.129, 30.04.130, 30.04.140, 30.04.180, 30.04.210, 30.04.212,
26 30.04.214, 30.04.215, 30.04.217, 30.04.220, 30.04.225, 30.04.230,
27 30.04.232, 30.04.238, 30.04.240, 30.04.260, 30.04.280, 30.04.285,
28 30.04.295, 30.04.300, 30.04.330, 30.04.375, 30.04.380, 30.04.390,
29 30.04.395, 30.04.400, 30.04.405, 30.04.410, 30.04.450, 30.04.455,
30 30.04.460, 30.04.465, 30.04.470, 30.04.475, 30.04.500, 30.04.505,
31 30.04.510, 30.04.515, 30.04.550, 30.04.555, 30.04.560, 30.04.565,
32 30.04.570, 30.04.575, 30.04.600, 30.04.605, 30.04.610, 30.04.650,
33 30.04.901, 30.08.010, 30.08.020, 30.08.025, 30.08.030, 30.08.040,
34 30.08.050, 30.08.055, 30.08.060, 30.08.070, 30.08.080, 30.08.081,
35 30.08.082, 30.08.083, 30.08.084, 30.08.086, 30.08.087, 30.08.088,

1 30.08.090, 30.08.092, 30.08.140, 30.08.150, 30.08.160, 30.08.170,
2 30.08.180, 30.08.190, 30.12.010, 30.12.020, 30.12.025, 30.12.030,
3 30.12.040, 30.12.0401, 30.12.042, 30.12.044, 30.12.045, 30.12.046,
4 30.12.047, 30.12.060, 30.12.070, 30.12.090, 30.12.100, 30.12.110,
5 30.12.115, 30.12.120, 30.12.130, 30.12.180, 30.12.190, 30.12.205,
6 30.12.220, 30.12.230, 30.12.240, 30.16.010, 30.20.005, 30.20.025,
7 30.20.060, 30.20.090, 30.22.010, 30.22.020, 30.22.030, 30.22.040,
8 30.22.041, 30.22.050, 30.22.060, 30.22.070, 30.22.080, 30.22.090,
9 30.22.100, 30.22.110, 30.22.120, 30.22.130, 30.22.140, 30.22.150,
10 30.22.160, 30.22.170, 30.22.180, 30.22.190, 30.22.200, 30.22.210,
11 30.22.220, 30.22.230, 30.22.240, 30.22.245, 30.22.250, 30.22.260,
12 30.22.900, 30.22.901, 30.22.902, 30.24.080, 30.32.010, 30.32.020,
13 30.32.030, 30.32.040, 30.36.010, 30.36.020, 30.36.030, 30.36.040,
14 30.36.050, 30.38.005, 30.38.010, 30.38.015, 30.38.020, 30.38.030,
15 30.38.040, 30.38.050, 30.38.060, 30.38.070, 30.38.080, 30.38.900,
16 30.42.010, 30.42.020, 30.42.030, 30.42.040, 30.42.050, 30.42.060,
17 30.42.070, 30.42.080, 30.42.090, 30.42.100, 30.42.105, 30.42.115,
18 30.42.120, 30.42.130, 30.42.140, 30.42.145, 30.42.150, 30.42.155,
19 30.42.160, 30.42.170, 30.42.180, 30.42.190, 30.42.200, 30.42.210,
20 30.42.220, 30.42.230, 30.42.240, 30.42.250, 30.42.260, 30.42.270,
21 30.42.280, 30.42.290, 30.42.300, 30.42.310, 30.42.320, 30.42.330,
22 30.42.340, 30.42.900, 30.43.005, 30.44.010, 30.44.020, 30.44.030,
23 30.44.040, 30.44.050, 30.44.060, 30.44.070, 30.44.080, 30.44.090,
24 30.44.100, 30.44.110, 30.44.120, 30.44.130, 30.44.140, 30.44.150,
25 30.44.160, 30.44.170, 30.44.180, 30.44.190, 30.44.200, 30.44.210,
26 30.44.220, 30.44.230, 30.44.240, 30.44.250, 30.44.260, 30.44.270,
27 30.44.280, 30.46.010, 30.46.020, 30.46.030, 30.46.040, 30.46.050,
28 30.46.060, 30.46.070, 30.46.080, 30.46.090, 30.46.100, 30.49.010,
29 30.49.020, 30.49.030, 30.49.040, 30.49.050, 30.49.060, 30.49.070,
30 30.49.080, 30.49.090, 30.49.100, 30.49.110, 30.49.120, 30.49.125,
31 30.49.130, 30.56.010, 30.56.020, 30.56.030, 30.56.040, 30.56.050,
32 30.56.060, 30.56.070, 30.56.080, 30.56.090, 30.56.100, 30.60.010,
33 30.60.020, 30.60.030, 30.60.900, 30.60.901, 30.98.010, 30.98.020,
34 30.98.030, 30.98.040, 30.98.050, and 30.98.060 are each recodified as
35 sections in Title 30A RCW (the new title created under section 2 of
36 this act).

1 NEW SECTION. **Sec. 5.** EFFECTIVE DATE. This act takes effect
2 January 5, 2015. The director of financial institutions may
3 immediately take such steps as are necessary to ensure that this act is
4 implemented on its effective date.

5 NEW SECTION. **Sec. 101.** This title may be known and cited as the
6 Washington commercial bank act.

7 **Sec. 102.** RCW 30.04.010 and 2013 c 76 s 1 are each amended to read
8 as follows:

9 Unless the context clearly requires otherwise, the definitions in
10 this section apply throughout this title.

11 (1) "Adequately capitalized," "critically undercapitalized,"
12 "significantly undercapitalized," "undercapitalized," and "well-
13 capitalized," respectively, have meanings consistent with the
14 definitions these same terms have under the prompt corrective action
15 provisions of the federal deposit insurance act, 12 U.S.C. Sec. 1831o,
16 and applicable enabling rules of the federal deposit insurance
17 corporation.

18 (2) "Bank," unless a different meaning appears from the context,
19 means any corporation organized under the laws of this state engaged in
20 banking, other than a trust company, savings association, or a mutual
21 savings bank.

22 (3) "Bank holding company" means a bank holding company under
23 authority of the federal bank holding company act.

24 (4) "Banking" includes the soliciting, receiving or accepting of
25 money or its equivalent on deposit as a regular business.

26 (5) "Branch" means any established office of deposit, domestic or
27 otherwise, maintained by any bank (~~(or trust company)~~) other than its
28 head office. "Branch" does not mean a machine permitting customers to
29 leave funds in storage or communicate with bank employees who are not
30 located at the site of the machine, unless employees of the bank at the
31 site of the machine take deposits on a regular basis. An office or
32 facility of an entity other than the bank shall not be deemed to be
33 established by the bank, regardless of any affiliation, accommodation
34 arrangement, or other relationship between the other entity and the
35 bank.

1 (6) "Corporation," in reference to a bank authorized under this
2 title, means either a corporation operating as a bank authorized under
3 this title or a limited liability company operating as a bank under
4 this title pursuant to the requirements of RCW 30.08.025 (as recodified
5 by this act).

6 (7) "Department" means the Washington state department of financial
7 institutions.

8 ~~((+7))~~ (8) "Director" means the director of the department.

9 ~~((+8))~~ (9) "Financial holding company" means a financial services
10 holding company under authority of the federal bank holding company
11 act.

12 ~~((+9))~~ (10) "Foreign bank" and "foreign banker" includes:

13 (a) Every corporation not organized under the laws of the territory
14 or state of Washington doing a banking business, except a national
15 bank;

16 (b) Every unincorporated company, partnership or association of two
17 or more individuals organized under the laws of another state or
18 country, doing a banking business;

19 (c) Every other unincorporated company, partnership or association
20 of two or more individuals, doing a banking business, if the members
21 thereof owning a majority interest therein or entitled to more than
22 one-half of the net assets thereof are not residents of this state; or

23 (d) Every nonresident of this state doing a banking business in his
24 or her own name and right only.

25 ~~((+10))~~ (11) "Holding company" means a bank holding company or
26 financial holding company of a bank organized under chapter 30.08 RCW
27 (as recodified by this act) or converted to a state bank under chapter
28 30.49 RCW(~~, or a holding company of a trust company authorized to do~~
29 ~~business under this title)~~) (as recodified by this act).

30 ~~((+11))~~ (12) "Law firm" means a partnership, professional limited
31 liability corporation, professional limited liability partnership, or
32 similar entity whose partners, members, or shareholders are exclusively
33 attorneys-at-law.

34 ~~((+12))~~ (13) "Person" means an individual or an entity including,
35 but not limited to, a sole proprietorship, firm, association, general
36 partnership or joint venture, limited liability company, limited
37 liability partnership, trust, or corporation, or the plural thereof,
38 whether resident, nonresident, citizen, or not.

1 (~~(13)~~) (14) The term "trust business," in relation to a bank,
2 shall include the business of doing any or all of the things specified
3 in (~~RCW 30.08.150 (2), (3), (4), (5), (6), (7), (8), (9), (10) and~~
4 ~~(11)~~) section 329(1) (b) through (k) of this act, together with any
5 other activity authorized for a state trust company by the director
6 pursuant to section 329(1)(q) of this act that the director designates
7 as trust business.

8 (~~(14)~~) (15) "Trust company," unless a different meaning appears
9 from the context, means any corporation or limited liability company,
10 other than a bank, savings bank, or savings association, organized and
11 chartered as a trust company under (~~this title~~) Title 30B RCW (the
12 new title created under section 3 of this act) for the purpose of
13 engaging in trust business.

14 **Sec. 103.** RCW 30.04.020 and 2010 c 88 s 4 are each amended to read
15 as follows:

16 (1) The name of every bank shall contain the word "bank" and the
17 name of every trust company shall contain the word "trust," or the word
18 "bank." Except as provided in RCW 33.08.030 or as otherwise authorized
19 by this section or approved by the director, only a national bank,
20 federal savings bank, a bank or trust company (~~authorized by this~~
21 ~~title~~), savings bank under Title 32 RCW, bank holding company or
22 financial holding company, a holding company authorized by this title
23 or Title 32 RCW, or a foreign or alien corporation or other legal
24 person authorized by this title to do so, shall:

25 (a) Use as a part of his (~~for her~~) or her or its name or other
26 business designation, as a prominent syllable within a word comprising
27 all or a portion of its name or other business designation, or in any
28 manner as if connected with his (~~for her~~) or her or its business or
29 place of business any of the following words or the plural thereof, to
30 wit: "bank," "banking," "banker," "bancorporation," "bancorp," or
31 "trust," or any foreign language designations thereof, including, by
32 way of example, "banco" or "banque."

33 (b) Use any sign, logo, or marketing message, in any media, or use
34 any letterhead, billhead, note, receipt, certificate, blank, form, or
35 any written, printed, electronic or internet-based instrument or
36 material representation whatsoever, directly or indirectly indicating
37 that the business of such person is that of a bank or trust company.

1 (2) A foreign corporation or other foreign domiciled legal person,
2 whose name contains the words "bank," "banker," "banking,"
3 "bancorporation," "bancorp," or "trust," or the foreign language
4 equivalent thereof, or whose articles of incorporation empower it to
5 engage in banking or to engage in a trust business, may not engage in
6 banking or in a trust business in this state unless the corporation or
7 other legal person (a) is expressly authorized to do so under this
8 title, under federal law, or by the director, and (b) complies with all
9 applicable requirements of Washington state law regarding foreign
10 corporations and other foreign legal persons. If an activity would not
11 constitute "transacting business" within the meaning of RCW
12 23B.15.010(1) or chapter 23B.18 RCW, then the activity shall not
13 constitute banking or engaging in a trust business. Nothing in this
14 subsection shall prevent operations by an alien bank in compliance with
15 chapter 30.42 RCW (as recodified by this act).

16 (3) This section shall not prevent a lender approved by the United
17 States secretary of housing and urban development for participation in
18 any mortgage insurance program under the National Housing Act from
19 using the words "mortgage banker" or "mortgage banking" in the conduct
20 of its business, but only if both words are used together in either of
21 the forms which appear in quotations in this sentence.

22 (4) Any individual or legal person, or director, officer(~~(+)~~), or
23 manager of such legal person, who knowingly violates any provision of
24 this section shall be guilty of a gross misdemeanor.

25 **Sec. 104.** RCW 30.04.025 and 2003 c 24 s 3 are each amended to read
26 as follows:

27 Notwithstanding any restrictions, limitations, requirements, or
28 other provisions of law, a financial institution, as defined in RCW
29 30.22.040(~~(+12)~~) (8) (as recodified by this act), may charge, take,
30 receive, or reserve interest, discount or other points, finance
31 charges, or other similar charges on any loan or other extension of
32 credit, at a rate or amount that is equal to, or less than, the maximum
33 rate or amount of interest, discount or other points, finance charges,
34 or other similar charges that national banks located in any other state
35 or states may charge, take, receive, or reserve, under 12 U.S.C. Sec.
36 85, on loans or other extensions of credit to residents of this state.
37 However, this section does not authorize any subsidiary of a bank, of

1 a (~~trust company, of a mutual~~) savings bank, of a savings and loan
2 association, or of a credit union to charge, take, receive, or reserve
3 interest, discount or other points, finance charges, or other similar
4 charges on any loan or other extension of credit, unless the subsidiary
5 is itself a bank, (~~trust company, mutual~~) savings bank, savings and
6 loan association, or credit union.

7 **Sec. 105.** RCW 30.04.030 and 2010 c 88 s 5 are each amended to read
8 as follows:

9 (1) The director shall have power to adopt uniform rules in
10 accordance with the administrative procedure act, chapter 34.05 RCW, to
11 govern examinations and reports of banks, trust companies, and holding
12 companies and the form in which they shall report their assets,
13 liabilities, and reserves, charge off bad debts and otherwise keep
14 their records and accounts, and otherwise to govern the administration
15 of this title. (~~The director shall mail a copy of the rules to each
16 bank and trust company at its principal place of business.~~)

17 (2) The director shall have the power, and broad administrative
18 discretion, to administer and interpret the provisions of this title to
19 facilitate the delivery of financial services to the citizens of the
20 state of Washington by the banks, trust companies(~~(+)~~), and holding
21 companies subject to this title.

22 **Sec. 106.** RCW 30.04.050 and 2010 c 88 s 6 are each amended to read
23 as follows:

24 (1) Each bank (~~and trust company,~~) and (~~their~~) its directors,
25 officers, employees, and agents, shall comply with:

26 (a) This title (~~and chapter 11.100 RCW~~) and Title 30B RCW (the
27 new title created under section 3 of this act) as applicable to each of
28 them;

29 (b) The rules adopted by the department with respect to banks and
30 trust companies;

31 (c) Any lawful direction or order of the director;

32 (d) Any lawful supervisory agreement with the director; and

33 (e) The applicable statutes, rules(~~(+)~~), and regulations
34 administered by the board of governors of the federal reserve system,
35 the federal deposit insurance corporation, or their successor agencies,
36 with respect to banks or trust companies.

1 (2) Each holding company, and its directors, officers, employees,
2 and agents, shall comply with:

3 (a) The provisions of this title that are applicable to each of
4 them;

5 (b) The rules adopted by the department with respect to holding
6 companies;

7 (c) Any lawful direction or order of the director;

8 (d) Any lawful supervisory agreement with the director; and

9 (e) The applicable statutes, rules, and regulations administered by
10 the board of governors of the federal reserve system, or its successor
11 agency, with respect to holding companies, the violation of which would
12 result in an unsafe and unsound practice or material violation of law
13 with respect to the subsidiary bank (~~((or trust company))~~) of the holding
14 company.

15 (3) The violation of any supervisory agreement, direction, order,
16 statute, rule(~~((+))~~), or regulation referenced in this section, in
17 addition to any other penalty provided in this title, shall, at the
18 option of the director, subject the offender to a penalty of up to ten
19 thousand dollars for each offense, payable upon issuance of any order
20 or directive of the director, which may be recovered by the attorney
21 general in a civil action in the name of the department.

22 **Sec. 107.** RCW 30.04.060 and 2010 c 88 s 7 are each amended to read
23 as follows:

24 (1) The director, assistant director, program manager, or an
25 examiner shall visit each bank (~~((and each trust company))~~) at least once
26 every eighteen months, and oftener if necessary, or as otherwise
27 required by the rules and interpretations of applicable federal banking
28 examination authorities, for the purpose of making a full investigation
29 into the condition of such corporation, and for that purpose they are
30 hereby empowered to administer oaths and to examine under oath any
31 director, officer, employee, or agent of such corporation.

32 (2) The director may make such other full or partial examinations
33 as deemed necessary and may examine any bank holding company that owns
34 any portion of a bank (~~((or trust company))~~) chartered by the state of
35 Washington and obtain reports of condition for any bank holding company
36 that owns any portion of a bank (~~((or trust company))~~) chartered by the
37 state of Washington.

1 (3) The director may visit and examine into the affairs of any
2 nonpublicly held corporation in which the bank(~~(, trust company,)~~) or
3 bank holding company has an investment or any publicly held corporation
4 the capital stock of which is controlled by the bank(~~(, trust
5 company,)~~) or bank holding company; may appraise and revalue such
6 corporations' investments and securities; and shall have full access to
7 all the books, records, papers, securities, correspondence, bank
8 accounts, and other papers of such corporations for such purposes.

9 (4) The director may, in his or her discretion, accept in lieu of
10 the examinations required in this section the examinations conducted at
11 the direction of the federal reserve board or the federal deposit
12 insurance corporation.

13 (5) Any willful false swearing in any examination is perjury in the
14 second degree.

15 (6) The director may enter into cooperative and reciprocal
16 agreements with the bank regulatory authorities of the United States,
17 any state, the District of Columbia, or any trust territory of the
18 United States for the periodic examination of domestic bank holding
19 companies owning banking institutions in other states, the District of
20 Columbia, or trust territories, and subsidiaries of such domestic bank
21 holding companies, or of out-of-state bank holding companies owning a
22 bank (~~(or trust company)~~) the principal operations of which are
23 conducted in this state. The director may accept reports of
24 examination and other records from such authorities in lieu of
25 conducting his or her own examinations. The director may enter into
26 joint actions with other regulatory bodies having concurrent
27 jurisdiction or may enter into such actions independently to carry out
28 his or her responsibilities under this title and assure compliance with
29 the laws of this state.

30 (7) Copies from the records, books, and accounts of a bank(~~(, trust
31 company,)~~) or holding company shall be competent evidence in all cases,
32 equal with originals thereof, if there is annexed to such copies an
33 affidavit taken before a notary public or clerk of a court under seal,
34 stating that the affiant is the officer of the bank(~~(, trust company,)~~)
35 or holding company having charge of the original records, and that the
36 copy is true and correct and is full so far as the same relates to the
37 subject matter therein mentioned.

1 **Sec. 108.** RCW 30.04.070 and 2013 c 76 s 2 are each amended to read
2 as follows:

3 (1) In order to cover the costs of the operation of the
4 department's division of banks and to establish and maintain a
5 reasonable reserve for the division of banks, the department may charge
6 and collect the costs of examination, filing and other service fees,
7 and semiannual charges for recoupment of nondirect expenses related to
8 the examination of financial institutions regulated by the department,
9 as provided for in this section.

10 (2) The director shall collect from each bank, savings bank, trust
11 company, savings association, holding company under this title, holding
12 company under Title 32 RCW, business development company under chapter
13 31.24 RCW, agricultural lender under chapter 31.35 RCW, and small
14 business lender under chapter 31.40 RCW:

15 (a) For each examination of its condition the estimated actual cost
16 of such examination; and

17 (b) For services in relation to required filings, applications,
18 requests for waiver, investigations, approvals, determinations,
19 certifications, agreements, actions, directives, and orders made by or
20 to the director.

21 (3) In addition to collecting the estimated actual cost of
22 examination and other fees authorized by subsection (2) of this
23 section, the director may collect a semiannual charge for recoupment of
24 nondirect expenses related to the examination of a bank (~~or trust~~
25 ~~company~~) under this title, a trust company, a savings bank under Title
26 32 RCW, and a savings association under Title 33 RCW, based upon the
27 assets of the bank, savings bank, or savings association, or assets
28 under management of the trust company, which shall be computed upon the
29 asset value reflected in the institution's most recent report of
30 condition. The rate must be the same for banks, savings banks, and
31 savings associations, and there may be a separate rate for trust
32 companies that must be the same for all trust companies.

33 (4) Every bank or trust company, savings bank, savings association,
34 holding company, business development company, state agricultural
35 lender, or state small business lender shall also pay to the secretary
36 of state for filing any instrument the same fees as are required of
37 general corporations for filing corresponding instruments, and also the
38 same license fees as are required of general corporations.

1 (5) The director shall establish, set, and adjust by rule the
2 amount of all fees and charges authorized by subsections (2) and (3) of
3 this section.

4 **Sec. 109.** RCW 30.04.075 and 2010 c 88 s 9 are each amended to read
5 as follows:

6 (1) All examination reports and all information obtained by the
7 director and the director's staff in conducting examinations of banks,
8 trust companies, or alien banks, and information obtained by the
9 director and the director's staff from other state or federal bank
10 regulatory authorities with whom the director has entered into
11 agreements pursuant to RCW 30.04.060(~~((+2))~~) (6) (as recodified by this
12 act), and information obtained by the director and the director's staff
13 relating to examination and supervision of bank holding companies
14 owning a bank in this state or subsidiaries of such holding companies,
15 is confidential and privileged information and shall not be made public
16 or otherwise disclosed to any person, firm, corporation, agency,
17 association, governmental body, or other entity.

18 (2) Subsection (1) of this section notwithstanding, the director
19 may furnish all or any part of examination reports, work papers,
20 supervisory agreements or directives, orders, or other information
21 obtained in the conduct of an examination or investigation prepared by
22 the director's office to:

23 (a) Federal agencies empowered to examine state banks, trust
24 companies, or alien banks;

25 (b) Bank regulatory authorities with whom the director has entered
26 into agreements pursuant to RCW 30.04.060(~~((+2))~~) (6) (as recodified by
27 this act), and other bank regulatory authorities who are the primary
28 regulatory authority or insurer of accounts for a bank holding company
29 owning a bank, trust company, or national banking association the
30 principal operations of which are conducted in this state or a
31 subsidiary of such holding company; provided that the director shall
32 first find that the reports of examination to be furnished shall
33 receive protection from disclosure comparable to that accorded by this
34 section;

35 (c) Officials empowered to investigate criminal charges subject to
36 legal process, valid search warrant, or subpoena. If the director
37 furnishes any examination report to officials empowered to investigate

1 criminal charges, the director may only furnish that part of the report
2 which is necessary and pertinent to the investigation, and the director
3 may do this only after notifying the affected bank, trust company, or
4 alien bank and any customer of the bank, trust company, or alien bank
5 who is named in that part of the examination or report ordered to be
6 furnished unless the officials requesting the report first obtain a
7 waiver of the notice requirement from a court of competent jurisdiction
8 for good cause;

9 (d) The examined bank, trust company, or alien bank, or holding
10 company thereof;

11 (e) The attorney general in his or her role as legal advisor to the
12 director;

13 (f) Liquidating agents of a distressed bank, trust company, or
14 alien bank;

15 (g) A person or organization officially connected with the bank as
16 officer, director, attorney, auditor, or independent attorney or
17 independent auditor;

18 (h) The Washington public deposit protection commission as provided
19 by RCW 39.58.105;

20 (i) Organizations insuring or guaranteeing the shares of, or
21 deposits in, the bank or trust company; or

22 (j) Other persons as the director may determine necessary to
23 protect the public interest and confidence.

24 (3) All examination reports, work papers, supervisory agreements or
25 directives, orders, and other information obtained in the conduct of an
26 examination or investigation furnished under subsections (2) and (4) of
27 this section shall remain the property of the department of financial
28 institutions, and be confidential and no person, agency, or authority
29 to whom reports are furnished or any officer, director, or employee
30 thereof shall disclose or make public any of the reports or any
31 information contained therein except in published statistical material
32 that does not disclose the affairs of any individual or corporation:
33 PROVIDED, That nothing herein shall prevent the use in a criminal
34 prosecution of reports furnished under subsection (2) of this section.

35 (4) The examination report made by the department of financial
36 institutions is designed for use in the supervision of the bank, trust
37 company, or alien bank. The report shall remain the property of the
38 director and will be furnished to the bank, trust company, or alien

1 bank solely for its confidential use. Under no circumstances shall the
2 bank, trust company, or alien bank or any of its directors, officers,
3 or employees disclose or make public in any manner the report or any
4 portion thereof, to any person or organization not connected with the
5 bank as officer, director, employee, attorney, auditor, or candidate
6 for executive office with the bank. The bank may also, after execution
7 of an agreement not to disclose information in the report, disclose the
8 report or relevant portions thereof to a party proposing to acquire or
9 merge with the bank.

10 (5) Examination reports and information obtained by the director
11 and the director's staff in conducting examinations, or obtained from
12 other state and federal bank regulatory authorities with whom the
13 director has entered into agreements pursuant to RCW 30.04.060(~~((2))~~)
14 (6) (as recodified by this act), or relating to examination and
15 supervision of bank holding companies owning a bank, trust company, or
16 national banking association the principal operations of which are
17 conducted in this state or a subsidiary of such holding company, or
18 information obtained as a result of applications or investigations
19 pursuant to RCW 30.04.230 (as recodified by this act), shall not be
20 subject to public disclosure under chapter 42.56 RCW.

21 (6) In any civil action in which the reports are sought to be
22 discovered or used as evidence, any party may, upon notice to the
23 director, petition the court for an in camera review of the report.
24 The court may permit discovery and introduction of only those portions
25 of the report which are relevant and otherwise unobtainable by the
26 requesting party. This subsection shall not apply to an action brought
27 or defended by the director.

28 (7) This section shall not apply to investigation reports prepared
29 by the director and the director's staff concerning an application for
30 a new bank or trust company or an application for a branch of a bank,
31 trust company, or alien bank: PROVIDED, That the director may adopt
32 rules making confidential portions of the reports if in the director's
33 opinion the public disclosure of the portions of the report would
34 impair the ability to obtain the information which the director
35 considers necessary to fully evaluate the application.

36 (8) Notwithstanding any other provision of this section or other
37 applicable law, a bank, trust company, alien bank, or holding company

1 is not in violation of this section on account of its compliance with
2 required reporting to the federal securities and exchange commission,
3 including the disclosure of any order of the director.

4 (9) Every person who violates any provision of this section shall
5 be guilty of a gross misdemeanor.

6 **Sec. 110.** RCW 30.04.111 and 2013 c 76 s 3 are each amended to read
7 as follows:

8 (1) The total loans and extensions of credit by a bank (~~(or trust~~
9 ~~company)~~) to a person outstanding at any one time shall not exceed
10 twenty percent of the capital and surplus of such bank (~~(or trust~~
11 ~~company)~~). A loan or extension of credit made by a bank (~~(or trust~~
12 ~~company)~~) does not violate this section if the loan or extension of
13 credit would qualify for an exception to the lending limit for a
14 national bank under rules adopted by the United States office of the
15 comptroller of the currency, or successor federal agency with authority
16 over national banks and federal savings associations.

17 (2) For the purposes of this section, the terms "borrower,"
18 "capital and surplus," "derivative transaction," "loans and extensions
19 of credit," and "person" shall have the same meaning as those terms are
20 defined in section 32.2 of Title 12 of the United States code of
21 federal regulations, 12 C.F.R. Sec. 32.2, except that "loans and
22 extensions of credit" also includes repurchase agreements, reverse
23 repurchase agreements, securities lending transactions, or securities
24 borrowing transactions between a bank and a borrower if the federal
25 deposit insurance corporation requires such treatment for a state
26 insured bank or the board of governors of the federal reserve system
27 requires such treatment for member state banks.

28 (3) The director may prescribe rules to administer and carry out
29 the purposes of this section, including without limitation rules (a) to
30 define or further define terms used in this section, (b) to establish
31 limits or requirements other than those specified in this section for
32 particular classes or categories of loans and extensions of credit, (c)
33 to determine when a loan putatively made to a person shall, for
34 purposes of this section, be attributed to another person, (d) to set
35 standards for computation of time in relation to determining limits on
36 loans and extensions of credit, and (e) to implement and incorporate
37 other changes in limits on loans and extensions of credit necessary to

1 conform to federal statute and rule required or otherwise authorized by
2 this section. In adopting the rules, the director shall be guided by
3 rulings of the United States comptroller of the currency, or successor
4 federal banking regulator, that govern limits on loans and extensions
5 of credit applicable to national banks and federal savings
6 associations. In lieu of the adoption by the department of a rule
7 applicable to specific types of transactions, a bank, unless otherwise
8 approved by the director, shall conform to all applicable rulings of
9 the comptroller of the currency, or successor federal banking
10 regulator, which (i) relate to national banks and federal savings
11 associations, (ii) govern such specific types of transactions or
12 circumstances, and (iii) are consistent with this section and the
13 department's adopted rules.

14 (4)(a) A loan or extension of credit that was within the limit on
15 loans and extensions of credit when made is not a violation but will be
16 treated as nonconforming if the loan or extension of credit is no
17 longer in conformity with the bank's (~~or trust company's~~) limit on
18 loans and extensions of credit because:

19 (i) The bank's (~~or trust company's~~) capital has declined,
20 borrowers have subsequently merged or formed a common enterprise,
21 lenders have merged, or the limit on loans and extensions of credit or
22 capital rules have changed; or

23 (ii) Collateral securing the loan or extension of credit, in order
24 to satisfy the requirements of an exception to the limit, has declined
25 in value.

26 (b) A bank (~~or trust company~~) shall make reasonable efforts to
27 bring a loan or extension of credit that is nonconforming under (a)(i)
28 of this subsection into conformity with the bank's (~~or trust
29 company's~~) limit on loans and extensions of credit unless to do so
30 would be inconsistent with safe and sound banking practices.

31 (c) A bank (~~or trust company~~) must bring a loan or extension of
32 credit that is nonconforming under (a)(ii) of this subsection into
33 conformity with the bank's limit on loans and extensions of credit
34 within thirty calendar days, except when judicial proceedings,
35 regulatory actions, or other extraordinary circumstances beyond the
36 bank's (~~or trust company's~~) control prevent the bank or trust company
37 from taking action.

1 (d) Notwithstanding any provision of this subsection (4), the
2 director may by rule or interpretation prescribe standards for
3 treatment of nonconforming extensions of credit that are derivatives
4 transactions, repurchase agreements, reverse repurchase agreements,
5 securities lending transactions, or securities borrowing transactions,
6 and may, if required for state insured banks or member state banks,
7 rely upon rules or interpretations of the federal deposit insurance
8 corporation or the board of governors of the federal reserve system, as
9 applicable.

10 (5) Notwithstanding any provision of this section to the contrary,
11 in the event that a bank's capital declines sufficiently to seriously
12 impair the bank's ability to effectively operate in its marketplace or
13 serve the needs of its customers or the community in which it is
14 located, the director may, upon written application and in the exercise
15 of the director's discretion, grant the bank temporary permission to
16 fund loans and extensions of credit in excess of the bank's limit on
17 loans and extensions of credit under this section. In the exercise of
18 discretion, the director may further specify conditions for granting
19 such emergency exception and may limit emergency lending authority
20 under this section to particular types or classes of loans and
21 extensions of credit.

22 (6) Notwithstanding any provision of this section to the contrary,
23 the director, in the exercise of discretion, may grant an exception to
24 the limit on loans and extensions of credit otherwise required by this
25 section, based on extenuating facts and circumstances. In deciding
26 whether to grant an exception under this subsection, the director shall
27 consider:

28 (a) The proposed transaction for which the exception is sought;

29 (b) How the requested exception would affect the capital adequacy
30 and safety and soundness of the requesting bank if the exception is not
31 granted or, if the exception is granted, if the proposed borrower
32 should ultimately default;

33 (c) How the requested exception would affect the loan portfolio
34 diversification of the requesting bank;

35 (d) The competency of management to handle the proposed transaction
36 and any resulting safety and soundness issues;

37 (e) The marketability and value of the proposed collateral; and

1 (f) The extenuating facts and circumstances that warrant an
2 exception in light of the purpose of limit on loans and extensions of
3 credit set forth in this section.

4 **Sec. 111.** RCW 30.04.120 and 1994 c 92 s 13 are each amended to
5 read as follows:

6 The shares of stock of every bank (~~(and trust company)~~) shall be
7 deemed personal property. No such corporation shall hereafter make any
8 loan or discount on the security of its own capital stock, nor be the
9 purchaser or holder of any such shares, unless such security or
10 purchase shall be necessary to prevent loss upon a debt previously
11 contracted in good faith; in which case the stocks so purchased or
12 acquired shall be sold at public or private sale, or otherwise disposed
13 of, within six months from the time of its purchase or acquisition.
14 Except as hereinafter provided or otherwise permitted by law, nothing
15 herein contained shall authorize the purchase by any such bank (~~(or~~
16 ~~trust company)~~) for its own account of any shares of stock of any
17 corporation, except a federal reserve bank of which such corporation
18 shall become a member, and then only to the extent required by such
19 federal reserve bank: PROVIDED, That any bank (~~(or trust company)~~) may
20 purchase, acquire and hold shares of stock in any other corporation
21 which shares have been previously pledged as security to any loan or
22 discount made in good faith and such purchase shall be necessary to
23 prevent loss upon a debt previously contracted in good faith and stock
24 so purchased or acquired shall be sold at public or private sale or
25 otherwise disposed of within two years from the time of its purchase or
26 acquisition. Any time limit imposed in this section may be extended by
27 the director upon cause shown. Banks (~~(and trust companies)~~) are
28 authorized to make loans on the security of the capital stock of a bank
29 (~~(or trust company)~~) other than the lending corporation.

30 **Sec. 112.** RCW 30.04.125 and 1994 c 256 s 33 and 1994 c 92 s 14 are
31 each reenacted and amended to read as follows:

32 Unless otherwise prohibited by law, any state bank (~~(or trust~~
33 ~~company)~~) may invest in the capital stock of corporations organized to
34 conduct the following businesses:

35 (1) A safe deposit business: PROVIDED, That the amount of

1 investment does not exceed fifteen percent of its capital stock and
2 surplus, without the approval of the director;

3 (2) A corporation holding the premises of the bank or its branches:
4 PROVIDED, That without the approval of the director, the investment of
5 such stock shall not exceed, together with all loans made to the
6 corporation by the bank, a sum equal to the amount permitted to be
7 invested in the premises by RCW 30.04.210 (as recodified by this act);

8 (3) Stock in a small business investment company licensed and
9 regulated by the United States as authorized by the small business act,
10 Public Law 85-536, 72 Statutes at Large 384, in an amount not to exceed
11 five percent of its capital and surplus without the approval of the
12 director;

13 (4) Capital stock of a banking service corporation or corporations.
14 The total amount that a bank may invest in the shares of such
15 corporation may not exceed ten percent of its capital and surplus
16 without the approval of the director. A bank service corporation may
17 not engage in any activity other than those permitted by the bank
18 service corporation act, 12 U.S.C. Sec. 1861, et seq., as subsequently
19 amended and in effect on December 31, 1993. The performance of any
20 service, and any records maintained by any such corporation for a bank,
21 shall be subject to regulation and examination by the director and
22 appropriate federal agencies to the same extent as if the services or
23 records were being performed or maintained by the bank on its own
24 premises;

25 (5) Capital stock of a federal reserve bank to the extent required
26 by such federal reserve bank;

27 (6) A corporation engaging in business activities that have been
28 determined by the board of governors of the federal reserve system or
29 by the United States congress to be closely related to the business of
30 banking, as of December 31, 1993;

31 (7) A governmentally sponsored corporation engaged in secondary
32 marketing of loans and the stock of which must be owned in order to
33 participate in its marketing activities;

34 (8) A corporation in which all of the voting stock is owned by the
35 bank and that engages exclusively in nondeposit-taking activities that
36 are authorized to be engaged in by the bank or trust company;

37 (9) A bank (~~or trust company~~) may purchase for its own account
38 shares of stock of a bank or a holding company that owns or controls a

1 bank if the stock of the bank or company is owned exclusively, except
2 to the extent directly qualifying shares are required by law, by
3 depository institutions and the bank or company and all subsidiaries
4 thereof are engaged exclusively in providing services for other
5 depository institutions and their officers, directors, and employees.
6 In no event may the total amount of such stock held by a bank (~~or~~
7 ~~trust company~~) in any bank or bank holding company exceed at any time
8 ten percent of its capital stock and paid-in and unimpaired surplus,
9 and in no event may the purchase of such stock result in a bank (~~or~~
10 ~~trust company~~) acquiring more than twenty-five percent of any class of
11 voting securities of such bank or company. Such a bank or bank holding
12 company shall be called a "banker's bank."

13 **Sec. 113.** RCW 30.04.127 and 2010 c 88 s 11 are each amended to
14 read as follows:

15 (1) A bank (~~or trust company~~), alone or in conjunction with other
16 entities, may form, incorporate, or invest in corporations or other
17 entities, whether or not such other corporation or entity is related to
18 the bank's (~~or trust company's~~) business. The aggregate amount of
19 funds invested, or used in the formation of corporations or other
20 entities under this section shall not exceed ten percent of the assets
21 or fifty percent of the net worth, whichever is less, of the bank (~~or~~
22 ~~trust company~~). For purposes of this subsection, "net worth" means
23 the aggregate of capital, surplus, undivided profits, and all capital
24 notes and debentures which are subordinate to the interest of
25 depositors.

26 (2) A bank (~~or trust company~~) may engage in an activity permitted
27 under this section only with the prior authorization of the director
28 and subject to such requirements, restrictions, or other conditions as
29 the director may adopt by rule, order, directive, standard, policy,
30 memorandum(~~+~~), or other written communication with regard to the
31 activity. In approving or denying a proposed activity, the director
32 shall consider the financial and management strength of the
33 institution, the convenience and needs of the public, and whether the
34 proposed activity should be conducted through a subsidiary or affiliate
35 of the bank. The director may not authorize under this section and no
36 bank (~~or trust company~~) may act as an insurance or travel agent
37 unless otherwise authorized by state statute.

1 **Sec. 114.** RCW 30.04.129 and 1985 c 301 s 2 are each amended to
2 read as follows:

3 Any bank (~~((or trust company))~~) may invest in obligations issued or
4 guaranteed by any multilateral development bank in which the United
5 States government formally participates. Such investment in any one
6 multilateral development bank shall not exceed five percent of the
7 bank's (~~((or trust company's))~~) paid-in capital and surplus.

8 **Sec. 115.** RCW 30.04.130 and 1994 c 256 s 34 and 1994 c 92 s 16 are
9 each reenacted and amended to read as follows:

10 Based on examinations directed pursuant to RCW 30.04.060 (as
11 recodified by this act) or other appropriate information, all assets or
12 portion thereof that the director may have required a bank (~~((or trust~~
13 ~~company))~~ to charge off shall be charged off. No bank (~~((or trust~~
14 ~~company))~~ shall enter or at any time carry on its books any of its
15 assets or liabilities at a valuation contrary to generally accepted
16 accounting principles.

17 **Sec. 116.** RCW 30.04.140 and 2011 c 336 s 744 are each amended to
18 read as follows:

19 No bank (~~((or trust company))~~) shall pledge or hypothecate any of its
20 securities or assets to any depositor, except that it may qualify as
21 depository for United States deposits, or other public funds, or funds
22 held in trust and deposited by any public officer by virtue of his or
23 her office, or as a depository for the money of estates under the
24 statutes of the United States pertaining to bankruptcy or funds
25 deposited by a trustee or receiver in bankruptcy appointed by any court
26 of the United States or any referee thereof, or funds held by the
27 United States or the state of Washington, or any officer thereof in
28 trust, or for funds of corporations owned or controlled by the United
29 States, and may give such security for such deposits as are required by
30 law or by the officer making the same; and it may give security to its
31 trust department for deposits with itself which represent trust funds
32 invested in savings accounts or which represent fiduciary funds
33 awaiting investment or distribution.

34 **Sec. 117.** RCW 30.04.180 and 1994 c 256 s 35 and 1994 c 92 s 17 are
35 each reenacted and amended to read as follows:

1 No bank (~~or trust company~~) shall declare or pay any dividend to
2 an amount greater than its retained earnings, without approval from the
3 director. The director shall in his or her discretion have the power
4 to require any bank (~~or trust company~~) to suspend the payment of any
5 and all dividends until all requirements that may have been made by the
6 director shall have been complied with; and upon such notice to suspend
7 dividends no bank (~~or trust company~~) shall thereafter declare or pay
8 any dividends until such notice has been rescinded in writing. A
9 dividend is payable in cash, property, or capital stock, but the
10 restrictions on the payment of a dividend (other than restrictions
11 imposed by the director pursuant to his or her authority to require the
12 suspension of the payment of any or all dividends) do not apply to a
13 dividend payable by the bank (~~or trust company~~) solely in its own
14 capital stock. For purposes of this section, "retained earnings" shall
15 be determined by generally accepted accounting principles.

16 **Sec. 118.** RCW 30.04.210 and 1994 c 256 s 36 and 1994 c 92 s 18 are
17 each reenacted and amended to read as follows:

18 A bank (~~or trust company~~) may purchase, hold, and convey real
19 estate for the following purposes:

20 (1) Such as shall be necessary for the convenient transaction of
21 its business, including with its banking offices other space in the
22 same building to rent as a source of income: PROVIDED, That any bank
23 (~~or trust company~~) shall not invest for such purposes more than the
24 greater of: (a) Fifty percent of its capital, surplus, and undivided
25 profits; or (b) one hundred twenty-five percent of its capital stock
26 without the approval of the director.

27 (2) Such as shall be purchased or conveyed to it in satisfaction,
28 or on account of, debts previously contracted in the course of its
29 business.

30 (3) Such as it shall purchase at sale under judgments, decrees,
31 liens, or mortgage foreclosures, from debts owed to it.

32 (4) Such as a trust company receives in trust or acquires pursuant
33 to the terms or authority of any trust.

34 (5) Such as it may take title to or for the purpose of investing in
35 real estate conditional sales contracts.

36 (6) Such as shall be purchased, held, or conveyed in accordance

1 with RCW 30.04.212 (as recodified by this act) granting banks the power
2 to invest directly or indirectly in unimproved or improved real estate.

3 **Sec. 119.** RCW 30.04.212 and 1994 c 92 s 19 are each amended to
4 read as follows:

5 (1) In addition to the powers granted under RCW 30.04.210 (as
6 recodified by this act) and subject to the limitations and restrictions
7 contained in this section and in RCW 30.60.010 and 30.60.020 (as
8 recodified by this act), a bank:

9 (a) May acquire any interest in unimproved or improved real
10 property;

11 (b) May construct, alter, and manage improvements of any
12 description on real estate in which it holds a substantial equity
13 interest.

14 (2) The powers granted under subsection (1) of this section do not
15 include, and a bank may not:

16 (a) Manage any real property in which the bank does not own a
17 substantial equity interest;

18 (b) Engage in activities of selling, leasing, or otherwise dealing
19 in real property as an agent or broker; or

20 (c) Acquire any equity interest in any one to four-family dwelling
21 that is used as a principal residence by the owner of the dwelling;
22 however, this shall not prohibit a bank from making loans secured by
23 such dwelling where all or part of the bank's anticipated compensation
24 results from the appreciation and sale of such dwelling.

25 (3) The aggregate amount of funds invested under this section shall
26 not exceed two percent of a bank's capital, surplus, and undivided
27 profits. Such percentage amount shall be increased based upon the most
28 recent community reinvestment rating assigned to a bank by the director
29 in accordance with RCW 30.60.010 (as recodified by this act), as
30 follows:

31 (a) Excellent performance: Increase to 10%

32 (b) Good performance: Increase to 8%

33 (c) Satisfactory performance: Increase to 6%

34 (d) Inadequate performance: Increase to 3%

35 (e) Poor performance: No increase

36 (4) For purposes of this section only, each bank will be deemed to
37 have been assigned a community reinvestment rating of "1" for the

1 period beginning with January 1, 1986, and ending December 31, 1986.
2 Thereafter, each bank will be assigned an annual rating in accordance
3 with RCW 30.60.010 (as recodified by this act), which rating shall
4 remain in effect for the next succeeding year and until the director
5 has conducted a new investigation and assigned a new rating for the
6 next succeeding year, the process repeating on an annual basis.

7 (5) No bank may at any time be required to dispose of any
8 investment made in accordance with this section due to the fact that
9 the bank is not then authorized to acquire such investment, if such
10 investment was lawfully acquired by the bank at the time of
11 acquisition.

12 (6) The director shall limit the amount that may be invested in a
13 single project or investment and may adopt any rule necessary to the
14 safe and sound exercise of powers granted by this section.

15 **Sec. 120.** RCW 30.04.214 and 1985 c 329 s 6 are each amended to
16 read as follows:

17 (1) An amount equal to ten percent of the aggregate amount invested
18 in real estate in accordance with RCW 30.04.212 (as recodified by this
19 act) shall be placed in qualifying community investments as defined in
20 subsection (2) of this section.

21 (2) "Qualifying community investment" means any direct or indirect
22 investment or extension of credit made by a bank in projects or
23 programs designed to develop or redevelop areas in which persons with
24 low or moderate incomes reside, designed to meet the credit needs of
25 such low or moderate-income areas, or that primarily benefits low and
26 moderate-income residents of such areas. The term includes, but is not
27 limited to, any of the following within the state of Washington:

28 (a) Investments in governmentally insured, guaranteed, subsidized,
29 or otherwise sponsored programs for housing, small farms, or businesses
30 that address the needs of the low and moderate-income areas.

31 (b) Investments in residential mortgage loans, home improvements
32 loans, housing rehabilitation loans, and small business or small farm
33 loans originated in low and moderate-income areas, or the purchase of
34 such loans originated in low and moderate-income areas.

35 (c) Investments for the preservation or revitalization of urban or
36 rural communities in low and moderate-income areas.

1 The term does not include personal installment loans, loans made to
2 purchase, or loans secured by an automobile.

3 (3) A qualifying community investment made by an entity that wholly
4 owns a bank, is wholly owned by a bank, or is wholly owned by an entity
5 that wholly owns the bank is deemed to have been made by a bank to
6 satisfy the requirements of subsection (1) of this section.

7 **Sec. 121.** RCW 30.04.215 and 2013 c 76 s 4 are each amended to read
8 as follows:

9 (1) Notwithstanding any other provisions of law, in addition to all
10 powers enumerated by this title, and those necessarily implied
11 therefrom, a bank (~~(or trust company)~~) may engage in other business
12 activities that have been determined by the board of governors of the
13 federal reserve system or by the United States Congress to be closely
14 related to the business of banking, as of July 28, 2013.

15 (2) A bank (~~(or trust company)~~) that desires to perform an activity
16 that is not expressly authorized by subsection (1) of this section
17 shall first apply to the director for authorization to conduct such
18 activity. Within thirty days of the receipt of this application, the
19 director shall determine whether the activity is closely related to the
20 business of banking, whether the public convenience and advantage will
21 be promoted, whether the activity is apt to create an unsafe and
22 unsound practice by the bank (~~(or trust company)~~) and whether the
23 applicant is capable of performing such an activity. If the director
24 finds the activity to be closely related to the business of banking and
25 the bank (~~(or trust company)~~) is otherwise qualified, he or she shall
26 immediately inform the applicant that the activity is authorized. If
27 the director determines that such activity is not closely related to
28 the business of banking or that the bank (~~(or trust company)~~) is not
29 otherwise qualified, he or she shall promptly inform the applicant in
30 writing. The applicant shall have the right to appeal from an
31 unfavorable determination in accordance with the procedures of the
32 Administrative Procedure Act, chapter 34.05 RCW. In determining
33 whether a particular activity is closely related to the business of
34 banking, the director shall be guided by the rulings of the board of
35 governors of the federal reserve system and the comptroller of the
36 currency in making determinations in connection with the powers

1 exercisable by bank holding companies, and the activities performed by
2 other commercial banks or their holding companies.

3 (3) Notwithstanding any restrictions, limitations, and requirements
4 of law, in addition to all powers, express or implied, that a bank has
5 under the laws of this state, a bank shall have the powers and
6 authorities conferred as of July 28, 1985, or as of any subsequent date
7 not later than July 28, 2013, upon any federally chartered bank doing
8 business in this state. A bank may exercise the powers and authorities
9 conferred on a federally chartered bank after July 28, 2013, only if
10 the director finds that the exercise of such powers and authorities:

11 (a) Serves the convenience and advantage of depositors, borrowers,
12 or the general public; and

13 (b) Maintains the fairness of competition and parity between state-
14 chartered banks and federally chartered banks.

15 (4) Notwithstanding any other provisions of law, a bank has the
16 powers and authorities that an out-of-state state bank operating a
17 branch in Washington has if the director finds that the exercise of
18 such powers and authorities serves the convenience and advantage of
19 depositors and borrowers, or the general public, and maintains the
20 fairness of competition and parity between state-chartered banks and
21 out-of-state state banks.

22 (5) As used in this section, "powers and authorities" include
23 without limitation powers and authorities in corporate governance and
24 operational matters.

25 (6) The restrictions, limitations, and requirements applicable to
26 specific powers and authorities of federally chartered banks and out-
27 of-state state banks, as applicable, shall apply to banks exercising
28 those powers and authorities permitted under this section but only
29 insofar as the restrictions, limitations, and requirements relate to
30 exercising the powers and authorities granted banks solely under this
31 section.

32 (7) The director may require a bank to provide notice to the
33 director prior to implementation of a plan to develop, improve, or
34 continue holding real estate, including capitalized and operating
35 leases, acquired through any means in full or partial satisfaction of
36 a debt previously contracted, under circumstances which a national bank
37 would be required to provide notice to the comptroller of the currency
38 prior to implementation of such a plan. The director may adopt rules

1 or issue orders, directives, standards, policies, memoranda, or other
2 official communications to specify guidance with regard to the exercise
3 of the powers and authorities to expend such funds as are needed to
4 enable a bank (~~(or trust company)~~) to recover its total investment to
5 the fullest extent authorized for a national bank under the national
6 bank act, 12 U.S.C. Sec. 29.

7 (8) Any activity which may be performed by a bank (~~(or trust~~
8 ~~company)~~), except the taking of deposits, may be performed by (a) a
9 corporation or (b) another entity approved by the director, which in
10 either case is owned in whole or in part by the bank (~~(or trust~~
11 ~~company)~~).

12 **Sec. 122.** RCW 30.04.220 and 1994 c 92 s 21 are each amended to
13 read as follows:

14 Every corporation, which on March 10, 1917, was actually and
15 publicly engaged in banking or trust business in this state in full
16 compliance with the laws hereof, which were in force immediately prior
17 to March 10, 1917, may, if it otherwise complies with the provisions of
18 this title, continue its said business, subject to the terms and
19 regulations hereof and without amending its articles of incorporation,
20 although its name and the amount of its capital stock, the number or
21 length of terms of its directors or the form of its articles of
22 incorporation do not comply with the requirements of this title:
23 PROVIDED,

24 (1) That any such bank, which was by the director lawfully
25 permitted to operate, although its capital stock was not fully paid in,
26 shall pay in the balance of its capital stock at such times and in such
27 amounts as the director may require;

28 (2) That, except with written permission of the director, any bank
29 (~~(or trust company)~~) which shall amend its articles of incorporation
30 must in such event comply with all the requirements of this title.

31 **Sec. 123.** RCW 30.04.225 and 1986 c 279 s 11 are each amended to
32 read as follows:

33 In the absence of an express prohibition in its articles of
34 incorporation, the making of contributions or gifts for the public
35 welfare, or for charitable, scientific, or educational purposes by a

1 state bank (~~or trust company~~) is within its powers and shall be
2 deemed to inure to the benefit of the bank.

3 **Sec. 124.** RCW 30.04.230 and 2005 c 274 s 252 are each amended to
4 read as follows:

5 (1) A corporation or association organized under the laws of this
6 state or licensed to transact business in the state may acquire any or
7 all shares of stock of any bank(~~, trust company,~~) or national banking
8 association. Nothing in this section shall be construed to prohibit
9 the merger, consolidation, or reorganization of a bank (~~or trust~~
10 ~~company~~) in accordance with this title.

11 (2) Unless the terms of this section or RCW 30.04.232 (as
12 recodified by this act) are complied with, an out-of-state bank holding
13 company shall not acquire more than five percent of the shares of the
14 voting stock or all or substantially all of the assets of a bank(~~,~~
15 ~~trust company,~~) or national banking association the principal
16 operations of which are conducted within this state.

17 (3) As used in this section a "bank holding company" means a
18 company that is a bank holding company as defined by the Bank Holding
19 Company Act of 1956, as amended (12 U.S.C. Sec. 1841 et seq.). An
20 "out-of-state bank holding company" is a bank holding company that
21 principally conducts its operations outside this state, as measured by
22 total deposits held or controlled by its bank subsidiaries on the date
23 on which it became a holding company. A "domestic bank holding
24 company" is a bank holding company that principally conducts its
25 operations within this state, as measured by total deposits held or
26 controlled by its bank subsidiaries on the date on which it became a
27 bank holding company.

28 (4) Any such acquisition referred to under subsection (2) of this
29 section by an out-of-state bank holding company requires the express
30 written approval of the director. Approval shall not be granted unless
31 and until the following conditions are met:

32 (a) An out-of-state bank holding company desiring to make an
33 acquisition referred to under subsection (2) of this section and the
34 bank, (~~trust company,~~) national banking association, or domestic bank
35 holding company parent thereof, if any, proposed to be acquired shall
36 file an application in writing with the director. The director shall
37 by rule establish the fee schedule to be collected from the applicant

1 in connection with the application. The fee shall not exceed the cost
2 of processing the application. The application shall contain such
3 information as the director may prescribe by rule as necessary or
4 appropriate for the purpose of making a determination under this
5 section. The application and supporting information and all
6 examination reports and information obtained by the director and the
7 director's staff in conducting its investigation shall be confidential
8 and privileged and not subject to public disclosure under chapter 42.56
9 RCW. The application and information may be disclosed to federal bank
10 regulatory agencies and to officials empowered to investigate criminal
11 charges, subject to legal process, valid search warrant, or subpoena.
12 In any civil action in which such application or information is sought
13 to be discovered or used as evidence, any party may, upon notice to the
14 director and other parties, petition for an in camera review. The
15 court may permit discovery and introduction of only those portions that
16 are relevant and otherwise unobtainable by the requesting party. The
17 application and information shall be discoverable in any judicial
18 action challenging the approval of an acquisition by the director as
19 arbitrary and capricious or unlawful.

20 (b) The director shall find that:

21 (i) The bank(~~(, trust company,)~~) or national banking association
22 that is proposed to be acquired or the domestic bank holding company
23 controlling such bank(~~(, trust company,)~~) or national banking
24 association is in such a liquidity or financial condition as to be in
25 danger of closing, failing, or insolvency. In making any such
26 determination the director shall be guided by the criteria developed by
27 the federal regulatory agencies with respect to emergency acquisitions
28 under the provisions of 12 U.S.C. Sec. 1828(c);

29 (ii) There is no state bank(~~(, trust company,)~~) or national banking
30 association doing business in the state of Washington or domestic bank
31 holding company with sufficient resources willing to acquire the entire
32 bank(~~(, trust company,)~~) or national banking association on at least as
33 favorable terms as the out-of-state bank holding company is willing to
34 acquire it;

35 (iii) The applicant out-of-state bank holding company has provided
36 all information and documents requested by the director in relation to
37 the application; and

1 (iv) The applicant out-of-state bank holding company has
2 demonstrated an acceptable record of meeting the credit needs of its
3 entire community, including low and moderate income neighborhoods,
4 consistent with the safe and sound operation of such institution.

5 (c) The director shall consider:

6 (i) The financial institution structure of this state; and

7 (ii) The convenience and needs of the public of this state.

8 (5) Nothing in this section may be construed to prohibit, limit,
9 restrict, or subject to further regulation the ownership by a bank of
10 the stock of a bank service corporation or a banker's bank.

11 **Sec. 125.** RCW 30.04.232 and 1996 c 2 s 3 are each amended to read
12 as follows:

13 (1) In addition to an acquisition pursuant to RCW 30.04.230 (as
14 recodified by this act), an out-of-state bank holding company may
15 acquire more than five percent of the voting stock or all or
16 substantially all of the assets of a bank(~~(, trust company,)~~) or
17 national banking association, the principal operations of which are
18 conducted within this state, if the bank(~~(, trust company,)~~) or
19 national banking association or its predecessor, the voting stock of
20 which is to be acquired, shall have been conducting business for a
21 period of not less than five years.

22 (2) The director, consistent with 12 U.S.C. Sec. 1842(d)(2)(D), may
23 approve an acquisition if the standard on which the approval is based
24 does not discriminate against out-of-state banks, out-of-state bank
25 holding companies, or subsidiaries of those banks or holding companies.

26 (3) As used in this section, the terms "bank holding company,"
27 "domestic bank holding company," and "out-of-state bank holding
28 company" shall have the meanings provided in RCW 30.04.230 (as
29 recodified by this act).

30 **Sec. 126.** RCW 30.04.240 and 2013 c 76 s 6 are each amended to read
31 as follows:

32 (1) A person authorized under this title or Title 30B RCW (the new
33 title created under section 3 of this act) to engage in a trust
34 business shall maintain in its office a trust department in which it
35 shall keep books and accounts of its trust business, separate and apart
36 from its other business. Such books and accounts shall specify the

1 cash, securities and other properties, real and personal, held in each
2 trust, and such securities and properties shall be at all times
3 segregated from all other securities and properties except as otherwise
4 provided in this section.

5 (2) Any person connected with a bank (~~(or trust company)~~) who
6 shall, contrary to this section or any other provision of law,
7 commingle any funds or securities of any kind held by such corporation
8 in trust, for safekeeping or as agent for another, with the funds or
9 assets of the corporation is guilty of a class B felony punishable
10 according to chapter 9A.20 RCW.

11 (3) Notwithstanding any other provisions of law, any fiduciary
12 holding securities in its fiduciary capacity or any state bank(~~(or)~~) or
13 national bank(~~(or, ~~or trust company~~)~~) holding securities as fiduciary or
14 as custodian for a fiduciary is authorized to deposit or arrange for
15 the deposit of such securities: (a) In a clearing corporation (as
16 defined in Article 8 of the Uniform Commercial Code, chapter 62A.8
17 RCW); (b) within another state bank, national bank, or trust company
18 having trust power whether located inside or outside of this state; or
19 (c) within itself. When such securities are so deposited, certificates
20 representing securities of the same class of the same issuer may be
21 merged and held in bulk in the name of the nominee of such clearing
22 corporation or state bank, national bank, or trust company holding the
23 securities as the depository, with any other such securities deposited
24 in such clearing corporation or depository by any person, regardless of
25 the ownership of such securities, and certificates of small
26 denomination may be merged into one or more certificates of larger
27 denomination. The records of such fiduciary and the records of such
28 state bank, national bank, or trust company as a fiduciary or as
29 custodian for a fiduciary shall at all times show the name of the party
30 for whose account the securities are so deposited. Ownership of, and
31 other interests in, such securities may be transferred by bookkeeping
32 entries on the books of such clearing corporation, state bank, national
33 bank, or trust company without physical delivery or alteration of
34 certificates representing such securities. A state bank, national
35 bank, or trust company so depositing securities pursuant to this
36 section shall be subject to such rules and regulations as, in the case
37 of state-chartered banks (~~(and trust companies)~~), the director and, in
38 the case of national banking associations, the comptroller of the

1 currency may from time to time issue. A state bank((~~7~~)) or national
2 bank((~~7~~,~~or trust company~~)) acting as custodian for a fiduciary shall,
3 on demand by the fiduciary, certify in writing to the fiduciary the
4 securities so deposited by such state bank((~~7~~)) or national bank((~~7~~,~~or~~
5 ~~trust company~~)) in such clearing corporation or state bank, national
6 bank, or trust company acting as such depository for the account of
7 such fiduciary. A fiduciary shall, on demand by any party to a
8 judicial proceeding for the settlement of such fiduciary's account or
9 on demand by the attorney for such party, certify in writing to such
10 party the securities deposited by such fiduciary in such clearing
11 corporation or state bank, national bank, or trust company acting as
12 such depository for its account as such fiduciary.

13 This subsection shall apply to any fiduciary holding securities in
14 its fiduciary capacity, and to any state bank((~~7~~)) or national bank((~~7~~
15 ~~or trust company~~)) holding securities as a custodian, managing agent,
16 or custodian for a fiduciary, acting on March 14, 1973 or who
17 thereafter may act regardless of the date of the agreement, instrument,
18 or court order by which it is appointed and regardless of whether or
19 not such fiduciary, custodian, managing agent, or custodian for a
20 fiduciary owns capital stock of such clearing corporation.

21 **Sec. 127.** RCW 30.04.260 and 2013 c 76 s 7 are each amended to read
22 as follows:

23 (1) No person, other than an attorney-at-law or law firm as
24 permitted by other law, which advertises that it will furnish legal
25 advice, construct or prepare wills, or do other legal work for its
26 customers, shall be permitted to act as executor, administrator, or
27 guardian; and such person whose officers or agents shall solicit legal
28 business shall be ineligible for a period of one year thereafter to be
29 appointed executor, administrator, or guardian in any of the courts of
30 this state.

31 (2) Any person authorized under this title or Title 30B RCW (the
32 new title created under section 3 of this act) to engage in a trust
33 business, which advertises that it will furnish legal advice, construct
34 or prepare wills, or do other legal work for its customers, and any
35 officer, agent, or employee of such person who shall solicit legal
36 business is guilty of a gross misdemeanor.

1 **Sec. 128.** RCW 30.04.285 and 2007 c 167 s 1 are each amended to
2 read as follows:

3 (1) The director's approval of a branch within the United States or
4 any territory of the United States or in any foreign country shall be
5 conditioned on a finding by the director that the bank has a
6 satisfactory record of compliance with applicable laws and has a
7 satisfactory financial condition. A bank chartered under this title
8 may exercise any powers and authorities at any branch outside
9 Washington that are permissible for a bank operating in that state
10 where the branch is located, except to the extent those activities are
11 expressly prohibited by the laws of this state or by any rule or order
12 of the director applicable to the state bank. However, the director
13 may waive any limitation in writing with respect to powers and
14 authorities that the director determines do not threaten the safety or
15 soundness of the state bank.

16 (2) An out-of-state bank may acquire, establish, or maintain a
17 branch in Washington within one mile of an affiliate commercial
18 location only to the same extent permitted for a Washington bank under
19 applicable state and federal law. For purposes of this subsection,
20 "bank" means any national bank, state bank, and district bank, as
21 defined in 12 U.S.C. Sec. 1813(a); "out-of-state bank" means a bank
22 whose home state is a state other than Washington; and "Washington
23 bank" means a bank whose home state is Washington. "Home state" has
24 the same meaning as defined in RCW 30.38.005 (as recodified by this
25 act).

26 **Sec. 129.** RCW 30.04.330 and 1955 c 33 s 30.04.330 are each amended
27 to read as follows:

28 Any bank, which term for the purpose of this section shall include
29 but not be limited to any state bank, national bank or association,
30 mutual savings bank, savings and loan association, (~~trust company,~~)
31 federal reserve bank, federal home loan bank, and federal savings and
32 loan association, federal credit union, and state credit union doing
33 business in this state, may remain closed on Saturdays and any Saturday
34 on which a bank remains closed shall be, with respect to such bank, a
35 holiday and not a business day. Any act, authorized, required or
36 permitted to be performed at or by or with respect to any bank, as

1 herein defined, on a Saturday, may be performed on the next succeeding
2 business day, and no liability or loss of rights of any kind shall
3 result from such closing.

4 **Sec. 130.** RCW 30.04.375 and 1982 c 86 s 1 are each amended to read
5 as follows:

6 Any bank (~~(or trust company)~~) may invest in the stock or
7 participation certificates of production credit associations, federal
8 intermediate credit banks and the stock or other evidences of
9 participation of federal land banks in amounts consistent with safe and
10 sound practice in conducting the business of the (~~(trust company or)~~)
11 bank.

12 **Sec. 131.** RCW 30.04.380 and 1986 c 279 s 13 are each amended to
13 read as follows:

14 Any bank (~~(or trust company)~~) may invest an amount not exceeding
15 ten per centum of its paid-in capital stock and surplus in the stock of
16 one or more banks or corporations chartered under the laws of the
17 United States, or of any state thereof, and principally engaged in
18 international or foreign banking, or banking in a dependency or insular
19 possession of the United States, either directly or through the agency,
20 ownership or control of local institutions in foreign countries, or in
21 such dependencies or insular possessions.

22 **Sec. 132.** RCW 30.04.390 and 1986 c 279 s 14 are each amended to
23 read as follows:

24 Any bank (~~(or trust company)~~) may acquire and hold, directly or
25 indirectly, stock or other evidence of indebtedness or ownership in one
26 or more banks organized under the law of a foreign country or a
27 dependency or insular possession of the United States.

28 **Sec. 133.** RCW 30.04.400 and 1977 ex.s. c 246 s 1 are each amended
29 to read as follows:

30 As used in RCW 30.04.400 through 30.04.410 (as recodified by this
31 act), the following words shall have the following meanings:

32 (1) "Control" means directly or indirectly alone or in concert with
33 others to own, control, or hold the power to vote twenty-five percent

1 or more of the outstanding stock or voting power of the "controlled"
2 entity;

3 (2) "Acquiring party" means the person acquiring control of a bank
4 through the purchase of stock; and

5 (3) "Person" means any individual, corporation, partnership,
6 association, business trust, or other organization.

7 **Sec. 134.** RCW 30.04.405 and 1994 c 92 s 29 are each amended to
8 read as follows:

9 (1) It is unlawful for any person to acquire control of a bank
10 until thirty days after filing with the director a copy of the notice
11 of change of control required to be filed with the federal deposit
12 insurance corporation or a completed application. The notice or
13 application shall be under oath and contain substantially all of the
14 following information plus any additional information that the director
15 may prescribe as necessary or appropriate in the particular instance
16 for the protection of bank depositors, borrowers, or shareholders and
17 the public interest:

18 (a) The identity, banking and business experience of each person by
19 whom or on whose behalf acquisition is to be made;

20 (b) The financial and managerial resources and future prospects of
21 each person involved in the acquisition;

22 (c) The terms and conditions of any proposed acquisition and the
23 manner in which the acquisition is to be made;

24 (d) The source and amount of the funds or other consideration used
25 or to be used in making the acquisition, and a description of the
26 transaction and the names of the parties if any part of these funds or
27 other consideration has been or is to be borrowed or otherwise obtained
28 for the purpose of making the acquisition;

29 (e) Any plan or proposal which any person making the acquisition
30 may have to liquidate the bank, to sell its assets, to merge it with
31 any other bank, or to make any other major change in its business or
32 corporate structure for management;

33 (f) The identification of any person employed, retained, or to be
34 compensated by the acquiring party, or by any person on its behalf, who
35 makes solicitations or recommendations to shareholders for the purpose
36 of assisting in the acquisition and a brief description of the terms of
37 the employment, retainer, or arrangement for compensation; and

1 (g) Copies of all invitations for tenders or advertisements making
2 a tender offer to shareholders for the purchase of their stock to be
3 used in connection with the proposed acquisition.

4 (2) Notwithstanding any other provision of this section, a bank or
5 domestic bank holding company as defined in RCW 30.04.230 (as
6 recodified by this act) need only notify the director of an intent to
7 acquire control and the date of the proposed acquisition of control at
8 least thirty days before the date of the acquisition of control.

9 (3) When a person, other than an individual or corporation, is
10 required to file an application under this section, the director may
11 require that the information required by subsection (1)(a), (b), and
12 (f) of this section be given with respect to each person, as defined in
13 RCW 30.04.400(3) (as recodified by this act), who has an interest in or
14 controls a person filing an application under this subsection.

15 (4) When a corporation is required to file an application under
16 this section, the director may require that information required by
17 subsection (1)(a), (b), and (f) of this section be given for the
18 corporation, each officer and director of the corporation, and each
19 person who is directly or indirectly the beneficial owner of twenty-
20 five percent or more of the outstanding voting securities of the
21 corporation.

22 (5) If any tender offer, request, or invitation for tenders or
23 other agreements to acquire control is proposed to be made by means of
24 a registration statement under the Securities Act of 1933 (48 Stat. 74,
25 15 U.S.C., Sec. 77(a)), as amended, or in circumstances requiring the
26 disclosure of similar information under the Securities Exchange Act of
27 1934 (48 Stat. 881, 15 U.S.C., Sec. 78(a)), as amended, the
28 registration statement or application may be filed with the director in
29 lieu of the requirements of this section.

30 (6) Any acquiring party shall also deliver a copy of any notice or
31 application required by this section to the bank proposed to be
32 acquired within two days after the notice or application is filed with
33 the director.

34 (7) Any acquisition of control in violation of this section shall
35 be ineffective and void.

36 (8) Any person who willfully or intentionally violates this section
37 or any rule adopted pursuant thereto is guilty of a gross misdemeanor
38 pursuant to chapter 9A.20 RCW. Each day's violation shall be

1 considered a separate violation, and any person shall upon conviction
2 be fined not more than one thousand dollars for each day the violation
3 continues.

4 **Sec. 135.** RCW 30.04.410 and 2005 c 274 s 253 are each amended to
5 read as follows:

6 (1) The director may disapprove the acquisition of a bank (~~or~~
7 ~~trust company~~) within thirty days after the filing of a complete
8 application pursuant to RCW 30.04.405 (as recodified by this act) or an
9 extended period not exceeding an additional fifteen days if:

10 (a) The poor financial condition of any acquiring party might
11 jeopardize the financial stability of the bank or might prejudice the
12 interests of the bank depositors, borrowers, or shareholders;

13 (b) The plan or proposal of the acquiring party to liquidate the
14 bank, to sell its assets, to merge it with any person, or to make any
15 other major change in its business or corporate structure or management
16 is not fair and reasonable to the bank's depositors, borrowers, or
17 stockholders or is not in the public interest;

18 (c) The banking and business experience and integrity of any
19 acquiring party who would control the operation of the bank indicates
20 that approval would not be in the interest of the bank's depositors,
21 borrowers, or shareholders;

22 (d) The information provided by the application is insufficient for
23 the director to make a determination or there has been insufficient
24 time to verify the information provided and conduct an examination of
25 the qualification of the acquiring party; or

26 (e) The acquisition would not be in the public interest.

27 (2) An acquisition may be made prior to expiration of the
28 disapproval period if the director issues written notice of intent not
29 to disapprove the action.

30 (3) The director shall set forth the basis for disapproval of any
31 proposed acquisition in writing and shall provide a copy of such
32 findings and order to the applicants and to the bank involved. Such
33 findings and order shall not be disclosed to any other party and shall
34 not be subject to public disclosure under chapter 42.56 RCW unless the
35 findings and/or order are appealed pursuant to chapter 34.05 RCW.

36 (4) Whenever such a change in control occurs, each party to the
37 transaction shall report promptly to the director any changes or

1 replacement of its chief executive officer, or of any director, that
2 occurs in the next twelve-month period, including in its report a
3 statement of the past and present business and professional
4 affiliations of the new chief executive officer or directors.

5 **Sec. 136.** RCW 30.04.450 and 2010 c 88 s 15 are each amended to
6 read as follows:

7 (1) The director may issue and serve a notice of charges upon a
8 bank (~~(or trust company)~~) when in the opinion of the director:

9 (a) It has engaged in an unsafe and unsound practice related to the
10 conduct of business of the bank (~~(or trust company)~~);

11 (b) It has violated any provision of RCW 30.04.050 (as recodified
12 by this act); or

13 (c) It is planning, attempting, or currently conducting any act
14 prohibited in (a) or (b) of this subsection.

15 (2) The director may issue and serve a notice of charges upon a
16 holding company when, in the opinion of the director:

17 (a) The holding company has committed a violation of RCW
18 30.04.050(2) (as recodified by this act);

19 (b) The conduct of the holding company has resulted in an unsafe
20 and unsound practice at the bank (~~(or trust company)~~) or a violation of
21 any provision of RCW 30.04.050 (as recodified by this act) by the bank
22 (~~(or trust company)~~); or

23 (c) The holding company is planning, attempting, or currently
24 conducting any act prohibited in (a) or (b) of this subsection.

25 (3) The notice shall contain a statement of the facts constituting
26 the alleged violation or violations or the practice or practices and
27 shall fix a time and place at which a hearing will be held to determine
28 whether an order to cease and desist should issue against the bank(~~(~~
29 ~~trust company,~~) or holding company. The hearing shall be set not
30 earlier than ten days or later than thirty days after service of the
31 notice unless a later date is set by the director at the request of the
32 bank(~~(, trust company,~~) or holding company.

33 (4) Unless the bank(~~(, trust company,~~) or holding company shall
34 appear at the hearing by a duly authorized representative it shall be
35 deemed to have consented to the issuance of the cease and desist order.
36 In the event of this consent or if upon the record made at the hearing
37 the director finds that any violation or practice specified in the

1 notice of charges has been established, the director may issue and
2 serve upon the bank(~~(, trust company,)~~) or holding company an order to
3 cease and desist from the violation or practice. The order may require
4 the bank(~~(, trust company,)~~) or holding company, and its directors,
5 officers, employees, and agents to cease and desist from the violation
6 or practice and may require the bank(~~(, trust company,)~~) or holding
7 company to take affirmative action to correct the conditions resulting
8 from the violation or practice.

9 (5) A cease and desist order shall become effective at the
10 expiration of ten days after the service of the order upon the bank
11 (~~(or trust company)~~) concerned except that a cease and desist order
12 issued upon consent shall become effective at the time specified in the
13 order and shall remain effective as provided therein unless it is
14 stayed, modified, terminated, or set aside by action of the director or
15 a reviewing court.

16 **Sec. 137.** RCW 30.04.455 and 2010 c 88 s 16 are each amended to
17 read as follows:

18 (1) The director may also issue a temporary order requiring a bank
19 (~~(or trust company,)~~) or its holding company, or both, to cease and
20 desist from any action or omission, as specified in RCW 30.04.450 (as
21 recodified by this act), or its continuation, which the director has
22 determined:

23 (a) Constitutes an unsafe and unsound practice or a material
24 violation of RCW 30.04.050 (as recodified by this act) affecting the
25 bank (~~(or trust company)~~);

26 (b) Has resulted in the bank (~~(or trust company)~~) being less than
27 adequately capitalized; or

28 (c) Is likely to cause insolvency or substantial dissipation of
29 assets or earnings of the bank (~~(or trust company,)~~) or to otherwise
30 seriously prejudice the interests of its depositors or trust
31 beneficiaries.

32 (2) The order is effective upon service on the bank(~~(, trust~~
33 ~~company,)~~) or holding company, and remains in effect unless set aside,
34 limited, or suspended by the superior court in proceedings under RCW
35 30.04.460 (as recodified by this act) pending the completion of the
36 administrative proceedings under the notice and until such time as the
37 director dismisses the charges specified in the notice or until the

1 effective date of a cease and desist order issued against the bank(~~(, trust company,)~~) or holding company under RCW 30.04.450 (as recodified
2 by this act).
3

4 **Sec. 138.** RCW 30.04.460 and 2010 c 88 s 17 are each amended to
5 read as follows:

6 (1) Within ten days after a bank(~~(, trust company,)~~) or holding
7 company has been served with a temporary cease and desist order, the
8 bank(~~(, trust company,)~~) or holding company may apply to the superior
9 court in the county of its principal place of business for an
10 injunction setting aside, limiting, or suspending the order pending the
11 completion of the administrative proceedings pursuant to the notice
12 served under RCW 30.04.455 (as recodified by this act).

13 (2) The superior court shall have jurisdiction to issue the
14 injunction.

15 **Sec. 139.** RCW 30.04.465 and 1994 c 92 s 33 are each amended to
16 read as follows:

17 In the case of a violation or threatened violation of a temporary
18 cease and desist order issued under RCW 30.04.455 (as recodified by
19 this act), the director may apply to the superior court of the county
20 of the principal place of business of the bank (~~(or trust company)~~) for
21 an injunction to enforce the order, and the court shall issue an
22 injunction if it determines that there has been a violation or
23 threatened violation.

24 **Sec. 140.** RCW 30.04.470 and 2010 c 88 s 18 are each amended to
25 read as follows:

26 (1) Any administrative hearing provided in RCW 30.04.450 or
27 30.12.042 (as recodified by this act) must be conducted in accordance
28 with chapter 34.05 RCW and held at the place designated by the
29 director, and may be conducted by the department. The hearing shall be
30 private unless the director determines that a public hearing is
31 necessary to protect the public interest after fully considering the
32 views of the party afforded the hearing.

33 (2) Within sixty days after the hearing, the director shall render
34 a decision which shall include findings of fact upon which the decision

1 is based and shall issue and serve upon each party to the proceeding an
2 order or orders consistent with RCW 30.04.450 or 30.12.042 (as
3 recodified by this act), as the case may be.

4 (3) Unless a petition for review is timely filed in the superior
5 court of the county of the principal place of business of the affected
6 bank (~~(or trust company)~~) under subsection (5) of this section and
7 until the record in the proceeding has been filed as therein provided,
8 the director may at any time modify, terminate, or set aside any order
9 upon such notice and in such manner as he or she shall deem proper.
10 Upon filing the record, the director may modify, terminate, or set
11 aside any order only with permission of the court.

12 (4) The judicial review provided in this section is exclusive for
13 orders issued under RCW 30.04.450 and 30.12.042 (as recodified by this
14 act).

15 (5) Any party to the proceeding or any person required by an order
16 issued under RCW 30.04.450, 30.04.455, 30.04.465, or 30.12.042 (as
17 recodified by this act) to refrain from any of the violations or
18 practices stated therein may obtain a review of any order served under
19 subsection (1) of this section other than one issued upon consent by
20 filing in the superior court of the county of the principal place of
21 business of the affected bank (~~(or trust company)~~) within ten days
22 after the date of service of the order a written petition praying that
23 the order of the director be modified, terminated, or set aside. A
24 copy of the petition shall be immediately served upon the director and
25 the director shall then file in the court the record of the proceeding.
26 The court shall have jurisdiction upon the filing of the petition,
27 which jurisdiction shall become exclusive upon the filing of the record
28 to affirm, modify, terminate, or set aside in whole or in part the
29 order of the director except that the director may modify, terminate,
30 or set aside an order with the permission of the court. The judgment
31 and decree of the court shall be final, except that it shall be subject
32 to appellate review under the rules of court.

33 (6) The commencement of proceedings for judicial review under
34 subsection (5) of this section shall not operate as a stay of any order
35 issued by the director unless specifically ordered by the court.

36 (7) Service of any notice or order required to be served under RCW
37 30.04.450, 30.04.455, 30.12.040 or 30.12.042 (as recodified by this

1 act) shall be accomplished in the same manner as required for the
2 service of process in civil actions in superior courts of this state.

3 **Sec. 141.** RCW 30.04.475 and 2010 c 88 s 19 are each amended to
4 read as follows:

5 (1) The director may apply to the superior court of the county of
6 the principal place of business of the bank (~~(or trust company)~~)
7 affected for the enforcement of any effective and outstanding order
8 issued under RCW 30.04.450, 30.04.455, 30.04.465, or 30.12.042 (as
9 recodified by this act), and the court shall have jurisdiction to order
10 compliance therewith.

11 (2) No court shall have jurisdiction to affect by injunction or
12 otherwise the issuance or enforcement of any order or to review,
13 modify, suspend, terminate, or set aside any order except as provided
14 in RCW 30.04.460, 30.04.465, and 30.04.470 (as recodified by this act).

15 **Sec. 142.** RCW 30.04.500 and 1977 ex.s. c 301 s 10 are each amended
16 to read as follows:

17 RCW 30.04.505 through 30.04.515 (as recodified by this act) shall
18 be known and may be cited as the "fairness in lending act".

19 **Sec. 143.** RCW 30.04.505 and 1977 ex.s. c 301 s 11 are each amended
20 to read as follows:

21 As used in RCW 30.04.505 through 30.04.515 (as recodified by this
22 act):

23 (1) "Financial institution" means any bank (~~(or trust company,~~
24 ~~mutual)~~), savings bank, credit union, mortgage company, or savings and
25 loan association which operates or has a place of business in this
26 state whether regulated by the state or federal government.

27 (2) "Particular type of loan" refers to a class of loans which is
28 substantially similar with respect to the following:

29 (a) FHA, VA, or conventional (~~(as defined in RCW 19.106.030(2))~~)
30 loans;

31 (b) Uniform or nonuniform payment;

32 (c) Uniform or nonuniform rate of interest;

33 (d) Purpose; and

34 (e) The location of the real estate offered as security for the

1 loan as being inside or outside of that financial institution's lending
2 area.

3 (3) "Varying the terms of a loan" includes, but is not limited to
4 the following practices:

5 (a) Requiring a greater down payment than is usual for the
6 particular type of a loan involved;

7 (b) Requiring a shorter period of amortization than is usual for
8 the particular type of loan involved;

9 (c) Charging a higher interest rate than is usual for the
10 particular type of loan involved;

11 (d) A deliberate underappraisal of the value of the property
12 offered as security.

13 **Sec. 144.** RCW 30.04.510 and 1977 ex.s. c 301 s 12 are each amended
14 to read as follows:

15 Subject to RCW 30.04.515 (as recodified by this act), it shall be
16 unlawful for any financial institution, in processing any application
17 for a loan to be secured by a single-family residence to:

18 (1) Deny or vary the terms of a loan on the basis that a specific
19 parcel of real estate offered as security is located in a specific
20 geographical area, unless building, remodeling, or continued habitation
21 in such specific geographical area is prohibited or restricted by any
22 local, state, or federal law or rules or regulations promulgated
23 thereunder.

24 (2) Utilize lending standards that have no economic basis.

25 **Sec. 145.** RCW 30.04.515 and 1977 ex.s. c 301 s 13 are each amended
26 to read as follows:

27 Nothing contained in RCW 30.04.505 through 30.04.510 (as recodified
28 by this act) shall preclude a financial institution from considering
29 sound underwriting practices in processing any application for a loan
30 to any person. Such practices shall include the following:

31 (1) The willingness and the financial ability of the borrower to
32 repay the loan.

33 (2) The market value of any real estate and of any other item of
34 property proposed as security for any loan.

35 (3) Diversification of the financial institution's investment
36 portfolio.

1 **Sec. 146.** RCW 30.04.555 and 1994 c 256 s 38 are each amended to
2 read as follows:

3 A reorganization authorized under RCW 30.04.550 (as recodified by
4 this act) shall be carried out in the following manner:

5 (1) A plan of reorganization specifying the manner in which the
6 reorganization shall be carried out must be approved by a majority of
7 the entire board of directors of the banking corporation. The plan
8 shall specify the name of the acquiring corporation, the amount of
9 cash, securities of the bank holding company, other consideration, or
10 any combination thereof to be paid to the shareholders of the
11 reorganizing corporation in exchange for their shares of the stock of
12 the corporation. The plan shall also specify the exchange date or the
13 manner in which such exchange date shall be determined, the manner in
14 which the exchange shall be carried out, and such other matters, not
15 inconsistent with this chapter, as shall be determined by the board of
16 directors of the corporation.

17 (2) The plan of reorganization shall be submitted to the
18 shareholders of the reorganizing corporation at a meeting to be held on
19 the call of the directors. Notice of the meeting of shareholders at
20 which the plan shall be considered shall be given by prepaid first-
21 class mail at least twenty days before the date of the meeting, to each
22 stockholder of record of the banking corporation. The notice shall
23 state that dissenting shareholders will be entitled to payment of the
24 value of only those shares which are voted against approval of the
25 plan.

26 **Sec. 147.** RCW 30.04.560 and 1994 c 92 s 37 are each amended to
27 read as follows:

28 If the shareholders approve the reorganization by a two-thirds vote
29 of each class of shares entitled to vote under the terms of such
30 shares, and if it is thereafter approved by the director and
31 consummated, any shareholder of the banking corporation who has voted
32 shares against such reorganization at such meeting or has given notice
33 in writing at or prior to such meeting to the banking corporation that
34 he or she dissents from the plan of reorganization and has not voted in
35 favor of the reorganization, shall be entitled to receive the value of
36 the shares determined as provided in RCW 30.04.565 (as recodified by
37 this act). Such dissenter's rights must be exercised by making written

1 demand which shall be delivered to the corporation at any time within
2 thirty days after the date of shareholder approval, accompanied by the
3 surrender of the appropriate stock certificates.

4 **Sec. 148.** RCW 30.04.570 and 1994 c 92 s 39 are each amended to
5 read as follows:

6 The reorganization and exchange authorized by RCW 30.04.550 through
7 30.04.570 (as recodified by this act) shall become effective as
8 follows:

9 (1) If the board of directors and shareholders of the state banking
10 corporation and the board of directors of the acquiring corporation
11 approve the plan of reorganization, then both corporations shall apply
12 for the approval of the director, providing such information as the
13 director by rule may prescribe.

14 (2) If the director approves the reorganization, the director shall
15 issue a certificate of reorganization to the state banking corporation.

16 (3) Upon the issuance of a certificate of reorganization by the
17 director, or on such later date as shall be provided for in the plan of
18 reorganization, the shares of the state banking corporation shall be
19 deemed to be exchanged in accordance with the plan of reorganization,
20 subject to the rights of dissenters under RCW 30.04.560 and 30.04.565
21 (as recodified by this act).

22 NEW SECTION. **Sec. 149.** (1) Notwithstanding any provisions of this
23 title, wherever notice by publication is required by a bank, such
24 notice may be undertaken by internet publication upon terms and
25 conditions that the director may adopt by rule.

26 (2) Notice to shareholders required under this title may be
27 undertaken by electronic means in the same manner as permitted for
28 general business corporations under RCW 23B.01.410.

29 **Sec. 150.** RCW 30.08.010 and 1994 c 256 s 41 and 1994 c 92 s 42 are
30 each reenacted and amended to read as follows:

31 When authorized by the director, as hereinafter provided, one or
32 more natural persons, citizens of the United States, may incorporate a
33 bank (~~(or trust company)~~) in the manner herein prescribed. No bank
34 (~~(or trust company)~~) shall incorporate for less amount nor commence
35 business unless it has a paid-in capital stock, surplus and undivided

1 profits in the amount as may be determined by the director after
2 consideration of the proposed location, management, and the population
3 and economic characteristics for the area, the nature of the proposed
4 activities and operation of the bank (~~(or trust company)~~), and other
5 factors deemed pertinent by the director. Each bank (~~(and trust~~
6 ~~company)~~) shall before commencing business have subscribed and paid
7 into it in the same manner as is required for capital stock, an amount
8 equal to at least ten percent of the capital stock above required, that
9 shall be carried in the undivided profit account and may be used to
10 defray organization and operating expenses of the company. Any sum not
11 so used shall be transferred to the surplus fund of the company before
12 any dividend shall be declared to the stockholders.

13 **Sec. 151.** RCW 30.08.020 and 1999 c 14 s 11 are each amended to
14 read as follows:

15 Persons desiring to incorporate a bank (~~(or trust company)~~) shall
16 file with the director a notice of their intention to organize a bank
17 (~~(or trust company)~~) in such form and containing such information as
18 the director shall prescribe by rule, together with proposed articles
19 of incorporation, which shall be submitted for examination to the
20 director at his or her office.

21 The proposed articles of incorporation shall state:

22 (1) The name of such bank (~~(or trust company)~~).

23 (2) The city, village or locality and county where the head office
24 of such corporation is to be located.

25 (3) The nature of its business(~~(, whether that of a commercial~~
26 ~~bank, or a trust company)~~).

27 (4) The amount of its capital stock, which shall be divided into
28 shares of a par or no par value as may be provided in the articles of
29 incorporation.

30 (5) The names and places of residence and mailing addresses of the
31 persons who as directors are to manage the corporation until the first
32 annual meeting of its stockholders.

33 (6) If there is to be preferred or special classes of stock, a
34 statement of preferences, voting rights, if any, limitations and
35 relative rights in respect of the shares of each class; or a statement
36 that the shares of each class shall have the attributes as shall be

1 determined by the bank's board of directors from time to time with the
2 approval of the director.

3 (7) Any provision granting the shareholders the preemptive right to
4 acquire additional shares of the bank and any provision granting
5 shareholders the right to cumulate their votes.

6 (8) Any provision, not inconsistent with law, which the
7 incorporators elect to set forth in the articles of incorporation for
8 the regulation of the affairs of the corporation, including any
9 provision restricting the transfer of shares, any provision which under
10 this title is required or permitted to be set forth in the bylaws, and
11 any provision permitted by RCW 23B.17.030.

12 (9) Any provision the incorporators elect to so set forth, not
13 inconsistent with law or the purposes for which the bank is organized,
14 or any provision limiting any of the powers granted in this title.

15 It shall not be necessary to set forth in the articles of
16 incorporation any of the corporate powers granted in this title. The
17 articles of incorporation shall be signed by all of the incorporators.

18 **Sec. 152.** RCW 30.08.025 and 2011 c 52 s 1 are each amended to read
19 as follows:

20 (1) Notwithstanding any other provision of this title, if the
21 conditions of this section are met, a bank(~~(, a trust company,)~~) or a
22 holding company of a bank (~~(or a trust company,)~~) may be organized as,
23 or convert to, a limited liability company under the Washington limited
24 liability company act, chapter 25.15 RCW. As used in this section,
25 "bank" includes an applicant to become a bank or holding company of a
26 bank(~~(, "trust company" includes an applicant to become a trust~~
27 ~~company,)~~) and "holding company" means a holding company of a bank (~~(or~~
28 ~~trust company)~~).

29 (2)(a) Before a bank(~~(, trust company,)~~) or holding company may
30 organize as, or convert to, a limited liability company, the bank(~~(, trust~~
31 ~~company,)~~) or holding company must obtain approval of the
32 director.

33 (b)(i) To obtain approval under this section from the director, the
34 bank(~~(, trust company,)~~) or holding company must file a request for
35 approval with the director at least ninety days before the day on which
36 the bank(~~(, trust company,)~~) or holding company becomes a limited
37 liability company.

1 (ii) If the director does not disapprove the request for approval
2 within ninety days from the day on which the director receives the
3 request, the request is considered approved.

4 (iii) When taking action on a request for approval filed under this
5 section, the director may:

6 (A) Approve the request;

7 (B) Approve the request subject to terms and conditions the
8 director considers necessary; or

9 (C) Disapprove the request.

10 (3) To approve a request for approval, the director must find that
11 the bank(~~(, trust company,)~~) or holding company:

12 (a) Will operate in a safe and sound manner; and

13 (b) Has the following characteristics:

14 (i) The certificate of formation and limited liability company
15 require or set forth that the duration of the limited liability company
16 is perpetual;

17 (ii) The bank(~~(, trust company,)~~) or holding company is not
18 otherwise subject to automatic termination, dissolution, or suspension
19 upon the happening of some event other than the passage of time;

20 (iii) The exclusive authority to manage the bank, trust company, or
21 holding company is vested in a board of managers or directors that:

22 (A) Is elected or appointed by the owners;

23 (B) Is not required to have owners of the bank, trust company, or
24 holding company included on the board;

25 (C) Possesses adequate independence and authority to supervise the
26 operation of the bank, trust company, or holding company; and

27 (D) Operates with substantially the same rights, powers,
28 privileges, duties, and responsibilities as the board of directors of
29 a corporation;

30 (iv) Neither state law, nor the bank's(~~(, trust company's,)~~) or
31 holding company's operating agreement, bylaws, or other organizational
32 documents provide that an owner of the bank(~~(, trust company,)~~) or
33 holding company is liable for the debts, liabilities, and obligations
34 of the bank(~~(, trust company,)~~) or holding company in excess of the
35 amount of the owner's investment;

36 (v) Neither state law, nor the bank's(~~(, trust company's,)~~) or
37 holding company's operating agreement, bylaws, or other organizational
38 documents require the consent of any other owner of the bank(~~(, trust~~

1 ~~company,~~) or holding company in order for any owner to transfer an
2 ownership interest in the bank(~~(, trust company,~~) or holding company,
3 including voting rights;

4 (vi) The bank(~~(, trust company,~~) or holding company is able to
5 obtain new investment funding if needed to maintain adequate capital;

6 (vii) The bank(~~(, trust company,~~) or holding company is able to
7 comply with all legal and regulatory requirements for a federally
8 insured depository bank(~~(, trust company,~~) or holding company of a
9 federally insured depository bank, under applicable federal and state
10 law; and

11 (viii) A bank(~~(, trust company,~~) or holding company that is
12 organized as a limited liability company shall maintain the
13 characteristics listed in this subsection (3)(b) during such time as it
14 is authorized to conduct business under this title as a limited
15 liability company.

16 (4)(a) All rights, privileges, powers, duties, and obligations of
17 a bank(~~(, trust company,~~) or holding company, that is organized as a
18 limited liability company, and its members and managers are governed by
19 the Washington limited liability company act, chapter 25.15 RCW,
20 except:

21 (i) To the extent chapter 25.15 RCW is in conflict with federal law
22 or regulation respecting the organization of a federally insured
23 depository institution as a limited liability company, such federal law
24 or regulation supersedes the conflicting provisions contained in
25 chapter 25.15 RCW in relation to a bank(~~(, trust company,~~) or holding
26 company organized as a limited liability company pursuant to this
27 section; and

28 (ii) Without limitation, the following are inapplicable to a
29 bank(~~(, trust company,~~) or holding company organized as a limited
30 liability company:

31 (A) Permitting automatic dissolution or suspension of a limited
32 liability company as set forth in RCW 25.15.270(1), pursuant to a
33 statement of limited duration which, though impermissible under
34 subsection (3)(b)(i) of this section, has been provided for in a
35 certificate of formation;

36 (B) Permitting automatic dissolution or suspension of a limited
37 liability company, pursuant to the limited liability company agreement,
38 as set forth in RCW 25.15.270(2);

1 (C) Permitting dissolution of the limited liability company
2 agreement based upon agreement of all the members, as set forth in RCW
3 25.15.270(3);

4 (D) Permitting dissociation of all the members of the limited
5 liability company, as set forth in RCW 25.15.270(4); and

6 (E) Permitting automatic dissolution or suspension of a limited
7 liability company, pursuant to operation of law, as otherwise set forth
8 in chapter 25.15 RCW.

9 (b) Notwithstanding (a) of this subsection:

10 (i) For purposes of transferring a member's interests in the
11 bank(~~(, trust company,)~~) or holding company, a member's interest in the
12 bank(~~(, trust company,)~~) or holding company is treated like a share of
13 stock in a corporation; and

14 (ii) If a member's interest in the bank(~~(, trust company,)~~) or
15 holding company is transferred voluntarily or involuntarily to another
16 person, the person who receives the member's interest obtains the
17 member's entire rights associated with the member's interest in the
18 bank(~~(, trust company,)~~) or holding company including all economic
19 rights and all voting rights.

20 (c) A bank(~~(, trust company,)~~) or holding company may not by
21 agreement or otherwise change the application of (a) of this subsection
22 to the bank(~~(, trust company,)~~) or holding company.

23 (5)(a) Notwithstanding any provision of chapter 25.15 RCW or this
24 section to the contrary, all voting members remain liable and
25 responsible as fiduciaries of a bank(~~(, trust company,)~~) or holding
26 company organized as a limited liability company, regardless of
27 resignation, dissociation, or disqualification, to the same extent that
28 directors of a bank(~~(, trust company,)~~) or holding company organized as
29 a corporation would be or remain liable or responsible to the
30 department and applicable federal banking regulators; and

31 (b) If death, incapacity, or disqualification of all members of the
32 limited liability company would result in a complete dissociation of
33 all members, then the bank, (~~(trust company,)~~) holding company, or
34 (~~(all three)~~) both, as applicable is deemed nonetheless to remain in
35 existence for purposes of the department or an applicable federal
36 regulator, or both, having standing under RCW 30.44.270 (as recodified
37 by this act) or applicable federal law, or both, to exercise the powers

1 and authorities of a receiver for the bank(~~(, trust company,)~~) or
2 holding company.

3 (6) For the purposes of this section, and unless the context
4 clearly requires otherwise, for the purpose of applying chapter 25.15
5 RCW to a bank(~~(, trust company,)~~) or holding company organized as a
6 limited liability company:

7 (a) "Articles of incorporation" includes a limited liability
8 company's certificate of formation, as that term is used in RCW
9 25.15.005(1) and 25.15.070, and a limited liability company agreement
10 as that term is used in RCW 25.15.005(5);

11 (b) "Board of directors" includes one or more persons who have,
12 with respect to a bank(~~(, trust company,)~~) or holding company described
13 in subsection (1) of this section, authority that is substantially
14 similar to that of a board of directors of a corporation;

15 (c) "Bylaws" includes a limited liability company agreement as that
16 term is defined in RCW 25.15.005(5);

17 (d) "Corporation" includes a limited liability company organized
18 under chapter 25.15 RCW;

19 (e) "Director" includes any of the following of a limited liability
20 company:

21 (i) A manager;

22 (ii) A director; or

23 (iii) Other person who has, with respect to the bank(~~(, trust
24 company,)~~) or holding company described in subsection (1) of this
25 section, authority substantially similar to that of a director of a
26 corporation;

27 (f) "Dividend" includes distributions made by a limited liability
28 company under RCW 25.15.215;

29 (g) "Incorporator" includes the person or persons executing the
30 certificate of formation as provided in RCW 25.15.085(1);

31 (h) "Officer" includes any of the following of a bank(~~(, trust
32 company,)~~) or holding company:

33 (i) An officer; or

34 (ii) Other person who has, with respect to the bank(~~(, trust
35 company,)~~) or holding company, authority substantially similar to that
36 of an officer of a corporation;

37 (i) "Security," "shares," or "stock" of a corporation includes a

1 membership interest in a limited liability company and any certificate
2 or other evidence of an ownership interest in a limited liability
3 company; and

4 (j) "Stockholder" or "shareholder" includes an owner of an equity
5 interest in a bank(~~(, trust company,)~~) or holding company, including a
6 member as defined in RCW 25.15.005(8) and 25.15.115.

7 **Sec. 153.** RCW 30.08.030 and 1994 c 92 s 44 are each amended to
8 read as follows:

9 When the notice of intention to organize and proposed articles of
10 incorporation complying with the foregoing requirements have been
11 received by the director, together with the fees required by law, the
12 director shall ascertain from the best source of information at his or
13 her command and by such investigation as he or she may deem necessary,
14 whether the character, responsibility and general fitness of the
15 persons named in such articles are such as to command confidence and
16 warrant belief that the business of the proposed bank (~~(or trust~~
17 ~~company)~~) will be honestly and efficiently conducted in accordance with
18 the intent and purpose of this title, whether the resources in the
19 neighborhood of such place and in the surrounding country afford a
20 reasonable promise of adequate support for the proposed bank and
21 whether the proposed bank (~~(or trust company)~~) is being formed for
22 other than the legitimate objects covered by this title.

23 **Sec. 154.** RCW 30.08.055 and 1994 c 256 s 53 are each amended to
24 read as follows:

25 A bank (~~(or trust company)~~) amending its articles of incorporation
26 shall deliver articles of amendment to the director for filing as
27 required for articles of incorporation. The articles of amendment
28 shall set forth:

- 29 (1) The name of the bank (~~(or trust company)~~);
30 (2) The text of each amendment adopted;
31 (3) The date of each amendment's adoption;
32 (4) If the amendment was adopted by the incorporators or board of
33 directors without shareholder action, a statement to that effect and
34 that shareholder action was not required; and
35 (5) If shareholder action was required, a statement that the

1 amendment was duly approved by the shareholders in accordance with the
2 provisions of RCW 30.08.090 (as recodified by this act).

3 **Sec. 155.** RCW 30.08.060 and 1994 c 92 s 47 are each amended to
4 read as follows:

5 Before any bank (~~(or trust company)~~) shall be authorized to do
6 business, and within ninety days after approval of the articles of
7 incorporation or such other time as the director may allow, it shall
8 furnish proof satisfactory to the director that such corporation has a
9 paid-in capital in the amount determined by the director, that the
10 requisite surplus or reserve fund has been accumulated or paid in cash,
11 and that it has in good faith complied with all the requirements of law
12 and fulfilled all the conditions precedent to commencing business
13 imposed by this title. If so satisfied, and within thirty days after
14 receipt of such proof, the director shall issue under his or her hand
15 and official seal, in triplicate, a certificate of authority for such
16 corporation. The certificate shall state that the corporation therein
17 named has complied with the requirements of law, that it is authorized
18 to transact the business of a bank (~~(or trust company, or both, as the~~
19 ~~case may be)~~): PROVIDED, HOWEVER, That the director may make his or
20 her issuance of the certificate to a bank (~~(or trust company)~~)
21 authorized to accept deposits, conditional upon the granting of deposit
22 insurance by the federal deposit insurance corporation, and in such
23 event, shall set out such condition in a written notice which shall be
24 delivered to the corporation.

25 One of the triplicate certificates shall be transmitted by the
26 director to the corporation and one of the other two shall be filed by
27 the director in the office of the secretary of state and shall be
28 attached to the articles of incorporation: PROVIDED, HOWEVER, That if
29 the issuance of the certificate is made conditional upon the granting
30 of deposit insurance by the federal deposit insurance corporation, the
31 director shall not transmit or file the certificate until such
32 condition is satisfied.

33 **Sec. 156.** RCW 30.08.070 and 1994 c 92 s 48 are each amended to
34 read as follows:

35 Every corporation heretofore or hereafter authorized by the laws of
36 this state to do business as a bank (~~(or trust company)~~), which

1 corporation shall have failed to organize and commence business within
2 six months after certificate of authority to commence business has been
3 issued by the director, shall forfeit its rights and privileges as such
4 corporation, which fact the director shall certify to the secretary of
5 state, and such certificate of forfeiture shall be filed and recorded
6 in the office of the secretary of state in the same manner as the
7 certificate of authority: PROVIDED, That the director may, upon
8 showing of cause satisfactory to him or her, issue an order under his
9 or her hand and seal extending for not more than three months the time
10 within which such organization may be effected and business commenced,
11 such order to be transmitted to the office of the secretary of state
12 and filed and recorded therein.

13 **Sec. 157.** RCW 30.08.080 and 1999 c 14 s 12 are each amended to
14 read as follows:

15 At any time not less than one year prior to the expiration of the
16 time of the existence of any bank (~~or trust company~~), it may by
17 written application to the director, signed and verified by a majority
18 of its directors and approved in writing by the owners of not less than
19 two-thirds of its capital stock, apply to the director for leave to
20 file amended articles of incorporation, extending its time of
21 existence. Prior to acting upon such application, the director shall
22 make such investigation of the applicant as he or she deems necessary.
23 If the director determines that the applicant is in sound condition,
24 that it is conducting its business in a safe manner and in compliance
25 with law and that no reason exists why it should not be permitted to
26 continue, he or she shall issue to the applicant a certificate
27 authorizing it to file amended articles of incorporation extending the
28 time of its existence until such time as it be dissolved by the act of
29 its shareholders owning not less than two-thirds of its stock, or until
30 its certificate of authority becomes revoked or forfeited by reason of
31 violation of law, or until its affairs be taken over by the director
32 for legal cause and finally wound up by him or her. Otherwise the
33 director shall notify the applicant that he or she refuses to grant
34 such certificate. The applicant may appeal from such refusal in the
35 same manner as in the case of a refusal to grant an original
36 certificate of authority. Otherwise the determination of the director
37 shall be conclusive.

1 Upon receiving a certificate, as hereinabove provided, the
2 applicant may file amended articles of incorporation, extending the
3 time of its existence for the term authorized, to which shall be
4 attached a copy of the certificate of the director. Such articles
5 shall be filed in the same manner and upon payment of the same fees as
6 for original articles of incorporation.

7 Should any bank (~~(or trust company)~~) fail to continue its existence
8 in the manner herein provided and be not previously dissolved, the
9 director shall at the end of its original term of existence immediately
10 take possession thereof and wind up the same in the same manner as in
11 the case of insolvency.

12 **Sec. 158.** RCW 30.08.081 and 1994 c 256 s 52 are each amended to
13 read as follows:

14 (1) Shares of a bank (~~(or trust company)~~) may, but need not be,
15 represented by certificates. Unless this title expressly provides
16 otherwise, the rights and obligations of shareholders are identical
17 whether or not their shares are represented by certificates. At a
18 minimum, each share certificate must state the information required to
19 be stated and must be signed as provided in RCW 23B.06.250 and/or
20 23B.06.270 for corporations.

21 (2) Unless the articles of incorporation or bylaws provide
22 otherwise, the board of directors of a bank (~~(or trust company)~~) may
23 authorize the issue of some or all of the shares of any or all of its
24 classes or series without certificates. The authorization does not
25 affect shares already represented by certificates until they are
26 surrendered to the bank (~~(or trust company)~~).

27 (3) Within a reasonable time after the issue or transfer of shares
28 without certificates, the bank (~~(or trust company)~~) shall send the
29 shareholder a written statement of the information required to be
30 stated on certificates under subsection (1) of this section.

31 **Sec. 159.** RCW 30.08.082 and 1994 c 256 s 44 and 1994 c 92 s 50 are
32 each reenacted and amended to read as follows:

33 (1) Notwithstanding any other provisions of law and if so
34 authorized by its articles of incorporation or amendments thereto made
35 in the manner provided in the case of a capital increase, any bank (~~(or~~
36 ~~trust company)~~) may, pursuant to action taken by its board of directors

1 from time to time with the approval of the director, issue shares of
2 preferred or special classes of stock with the attributes and in such
3 amounts and with such par value, if any, as shall be determined by the
4 board of directors from time to time with the approval of the director.
5 No increase of preferred stock shall be valid until the amount thereof
6 shall have been subscribed and actually paid in.

7 (2) If provided in its articles of incorporation, a bank (~~(or trust~~
8 ~~company)~~) may issue shares of preferred or special classes having any
9 one or several of the following provisions:

10 (a) Subjecting the shares to the right of the bank (~~(or trust~~
11 ~~company)~~) to repurchase or retire any such shares at the price fixed by
12 the articles of incorporation for the repurchase or retirement thereof;

13 (b) Entitling the holders thereof to cumulative, noncumulative, or
14 partially cumulative dividends;

15 (c) Having preference over any other class or classes of shares as
16 to the payment of dividends;

17 (d) Having preference in the assets of the bank (~~(or trust~~
18 ~~company)~~) over any other class or classes of shares upon the voluntary
19 or involuntary liquidation of the bank (~~(or trust company)~~);

20 (e) Having voting or nonvoting rights; and

21 (f) Being convertible into shares of any other class or into shares
22 of any series of the same or any other class, except a class having
23 prior or superior rights and preferences as to dividends or
24 distribution of assets upon liquidation.

25 **Sec. 160.** RCW 30.08.084 and 1994 c 92 s 52 are each amended to
26 read as follows:

27 Notwithstanding any other provisions of law, whether relating to
28 restriction upon the payment of dividends upon capital stock or
29 otherwise, the holders of shares of preferred or special classes of
30 stock shall be entitled to receive such dividends on the purchase price
31 received by the bank (~~(or trust company)~~) for such stock as may be
32 provided by the articles of incorporation or by the board of directors
33 of the bank (~~(or trust company)~~) with the approval of the director.

34 No dividends shall be declared or paid on common stock until
35 cumulative dividends, if any, on the shares of preferred or special
36 classes of stock shall have been paid in full; and, if the director
37 takes possession of a bank (~~(or trust company)~~) for purposes of

1 liquidation, no payments shall be made to the holders of the common
2 stock until the holders of the shares of preferred or special classes
3 of stock shall have been paid in full such amount as may be provided
4 under the terms of said shares plus all accumulated dividends, if any.

5 **Sec. 161.** RCW 30.08.086 and 1986 c 279 s 25 are each amended to
6 read as follows:

7 If any part of the capital of a bank (~~(and trust company)~~) consists
8 of preferred stock, the determination of whether or not the capital of
9 such bank is impaired and the amount of such impairment shall be based
10 on the value of its stock as established at the time it was issued, or
11 its par value, if any, even though the amount which the holders of such
12 preferred stock shall be entitled to receive in the event of retirement
13 or liquidation shall be in excess of the originally established value
14 or the par value of such preferred stock.

15 **Sec. 162.** RCW 30.08.087 and 1994 c 256 s 45 are each amended to
16 read as follows:

17 Any bank (~~(or trust company)~~) may provide in its articles of
18 incorporation or amendments thereto for authorized but unissued shares
19 of its capital stock. The shares may be issued for such consideration
20 as shall be established by the board from time to time and all
21 consideration received therefor shall be allocated to the capital stock
22 or surplus of the corporation.

23 **Sec. 163.** RCW 30.08.090 and 1994 c 256 s 47 and 1994 c 92 s 54 are
24 each reenacted and amended to read as follows:

25 Unless the articles of incorporation provide otherwise, the board
26 of directors of a bank (~~(or trust company)~~) may, by majority vote,
27 amend the bank's (~~(or trust company's)~~) articles of incorporation
28 without shareholder action as follows:

29 (1) If the bank (~~(or trust company)~~) has only one class of shares
30 outstanding, to provide, change, or eliminate any provision with
31 respect to the par value of any class of shares;

32 (2) To delete the name and address of the initial directors;

33 (3) If the bank (~~(or trust company)~~) has only one class of shares
34 outstanding, solely to change the number of authorized shares to

1 effectuate a split of, or stock dividend in, the bank's (~~or trust~~
2 ~~company's~~) own shares, or solely to do so and to change the number of
3 authorized shares in proportion thereto;

4 (4) To change the bank's (~~or trust company's~~) name; or

5 (5) To make any other change expressly permitted by this title to
6 be made without shareholder action.

7 Other amendments to a bank's (~~or trust company's~~) articles of
8 incorporation, in a manner not inconsistent with the provisions of this
9 title, require the affirmative vote of the stockholders representing
10 two-thirds of each class of shares entitled to vote under the terms of
11 the shares at a regular meeting, or special meeting duly called for
12 that purpose in the manner prescribed by the bank's (~~or trust~~
13 ~~company's~~) bylaws. No amendment shall be made whereby a bank becomes
14 a trust company unless such bank first receives permission from the
15 director.

16 **Sec. 164.** RCW 30.08.092 and 1994 c 256 s 48 and 1994 c 92 s 55 are
17 each reenacted and amended to read as follows:

18 A bank (~~or trust company~~) may increase or decrease its capital
19 stock by amendment to its articles of incorporation. No issuance of
20 capital stock shall be valid, until the amount thereof shall have been
21 actually paid in. No reduction of the capital stock shall be made to
22 an amount less than is required for capital by the director.

23 **Sec. 165.** RCW 30.08.140 and 2013 c 76 s 9 are each amended to read
24 as follows:

25 Upon the issuance of a certificate of authority to a bank, the
26 persons named in the articles of incorporation and their successors
27 shall thereupon become a corporation and shall have power:

28 (1) To adopt and use a corporate seal;

29 (2) To have perpetual succession;

30 (3) To make contracts;

31 (4) To sue and be sued, the same as a natural person;

32 (5) To elect directors who, subject to the provisions of the
33 corporation's bylaws, shall have power to appoint such officers as may
34 be necessary or convenient, to define their powers and duties and to
35 dismiss them at pleasure, and who shall also have general supervision
36 and control of the affairs of such corporation;

1 (6) To make and alter bylaws, not inconsistent with its articles of
2 incorporation or with the laws of this state, for the administration
3 and regulation of its affairs;

4 (7) To invest and reinvest its funds in marketable obligations
5 evidencing the indebtedness of any person, copartnership, association,
6 or corporation in the form of bonds, notes, or debentures commonly
7 known as investment securities except as may by regulation be limited
8 by the director;

9 (8) To discount and negotiate promissory notes, drafts, bills of
10 exchange and other evidences of debt, to receive deposits of money and
11 commercial paper, to lend money secured or unsecured, to issue all
12 forms of letters of credit, to buy and sell bullion, coins and bills of
13 exchange;

14 (9) To take and receive as bailee for hire upon terms and
15 conditions to be prescribed by the corporation, for safekeeping and
16 storage, jewelry, plate, money, specie, bullion, stocks, bonds,
17 mortgages, securities and valuable paper of any kind and other valuable
18 personal property, and to rent vaults, safes, boxes and other
19 receptacles for safekeeping and storage of personal property;

20 (10) If the bank be located in a city of not more than five
21 thousand inhabitants, to act as insurance agent. A bank exercising
22 this power may continue to act as an insurance agent notwithstanding a
23 change of the population of the city in which it is located;

24 (11) To accept drafts or bills of exchange drawn upon it having not
25 more than six months sight to run, which grow out of transactions
26 involving the importation or exportation of goods; or which grow out of
27 transactions involving the domestic shipment of goods, providing
28 shipping documents conveying or securing title are attached at the time
29 of acceptance; or which are secured at the time of acceptance by a
30 warehouse receipt or other such document conveying or securing title to
31 readily marketable staples. No bank shall accept, either in a foreign
32 or a domestic transaction, for any one person, company, firm or
33 corporation, to an amount equal at any one time in the aggregate to
34 more than ten percent of its paid up and unimpaired capital stock and
35 surplus unless the bank is secured by attached documents or by some
36 other actual security growing out of the same transaction as the
37 acceptance; and no bank shall accept such bills to an amount equal at
38 any time in the aggregate to more than one-half of its paid up and

1 unimpaired capital stock and surplus: PROVIDED, HOWEVER, That the
2 director, under such general regulations applicable to all banks
3 irrespective of the amount of capital or surplus, as the director may
4 prescribe may authorize any bank to accept such bills to an amount not
5 exceeding at any time in the aggregate one hundred percent of its paid
6 up and unimpaired capital stock and surplus: PROVIDED, FURTHER, That
7 the aggregate of acceptances growing out of domestic transactions shall
8 in no event exceed fifty percent of such capital stock and surplus;

9 (12) To accept drafts or bills of exchange drawn upon it, having
10 not more than three months sight to run, drawn under regulations to be
11 prescribed by the director by banks or bankers in foreign countries or
12 dependencies or insular possessions of the United States for the
13 purpose of furnishing dollar exchange as required by the usages of
14 trade in the respective countries, dependencies or insular possessions.
15 Such drafts or bills may be acquired by banks in such amounts and
16 subject to such regulations, restrictions and limitations as may be
17 provided by the director: PROVIDED, HOWEVER, That no bank shall accept
18 such drafts or bills of exchange referred to in this subdivision for
19 any one bank to an amount exceeding in the aggregate ten percent of the
20 paid up and unimpaired capital and surplus of the accepting bank unless
21 the draft or bill of exchange is accompanied by documents conveying or
22 securing title or by some other adequate security, and that no such
23 drafts or bills of exchange shall be accepted by any bank in an amount
24 exceeding at any time the aggregate of one-half of its paid up and
25 unimpaired capital and surplus: PROVIDED FURTHER, That compliance by
26 any bank which is a member of the federal reserve system of the United
27 States with the rules, regulations and limitations adopted by the
28 federal reserve board thereof with respect to the acceptance of drafts
29 or bills of exchange by members of such federal reserve system shall be
30 a sufficient compliance with the requirements of this subdivision or
31 paragraph relating to rules, regulations and limitations prescribed by
32 the director;

33 (13) To have and exercise all powers necessary or convenient to
34 effect its purposes;

35 (14) To serve as custodian of an individual retirement account and
36 pension and profit sharing plans qualified under internal revenue code
37 section 401(a), the assets of which are invested in deposits of the
38 bank (~~or trust company~~) or are invested, pursuant to directions from

1 the customer owning the account, in securities traded on a national
2 securities market: PROVIDED, That the bank (~~(or trust company)~~) shall
3 accept no investment responsibilities over the account unless it is
4 granted trust powers by the director;

5 (15) To be a limited partner in a limited partnership that engages
6 in only such activities as are authorized for the bank.

7 **Sec. 166.** RCW 30.08.140 and 2013 c 76 s 10 are each amended to
8 read as follows:

9 Upon the issuance of a certificate of authority to a bank, the
10 persons named in the articles of incorporation and their successors
11 shall thereupon become a corporation and shall have power:

- 12 (1) To adopt and use a corporate seal;
- 13 (2) To have perpetual succession;
- 14 (3) To make contracts;
- 15 (4) To sue and be sued, the same as a natural person;
- 16 (5) To elect directors who, subject to the provisions of the
17 corporation's bylaws, shall have power to appoint such officers as may
18 be necessary or convenient, to define their powers and duties and to
19 dismiss them at pleasure, and who shall also have general supervision
20 and control of the affairs of such corporation;
- 21 (6) To make and alter bylaws, not inconsistent with its articles of
22 incorporation or with the laws of this state, for the administration
23 and regulation of its affairs;
- 24 (7) To invest and reinvest its funds in marketable obligations
25 evidencing the indebtedness of any person, copartnership, association,
26 or corporation in the form of bonds, notes, or debentures commonly
27 known as investment securities except as may by regulation be limited
28 by the director;
- 29 (8) To discount and negotiate promissory notes, drafts, bills of
30 exchange and other evidences of debt, to receive deposits of money and
31 commercial paper, to lend money secured or unsecured, to issue all
32 forms of letters of credit, to buy and sell bullion, coins and bills of
33 exchange;
- 34 (9) To take and receive as bailee for hire upon terms and
35 conditions to be prescribed by the corporation, for safekeeping and
36 storage, jewelry, plate, money, specie, bullion, stocks, bonds,

1 mortgages, securities and valuable paper of any kind and other valuable
2 personal property, and to rent vaults, safes, boxes and other
3 receptacles for safekeeping and storage of personal property;

4 (10) If the bank be located in a city of not more than five
5 thousand inhabitants, to act as insurance agent. A bank exercising
6 this power may continue to act as an insurance agent notwithstanding a
7 change of the population of the city in which it is located;

8 (11) To accept drafts or bills of exchange drawn upon it having not
9 more than six months sight to run, which grow out of transactions
10 involving the importation or exportation of goods; or which grow out of
11 transactions involving the domestic shipment of goods, providing
12 shipping documents conveying or securing title are attached at the time
13 of acceptance; or which are secured at the time of acceptance by a
14 warehouse receipt or other such document conveying or securing title to
15 readily marketable staples. No bank shall accept, either in a foreign
16 or a domestic transaction, for any one person, company, firm or
17 corporation, to an amount equal at any one time in the aggregate to
18 more than ten percent of its paid up and unimpaired capital stock and
19 surplus unless the bank is secured by attached documents or by some
20 other actual security growing out of the same transaction as the
21 acceptance; and no bank shall accept such bills to an amount equal at
22 any time in the aggregate to more than one-half of its paid up and
23 unimpaired capital stock and surplus: PROVIDED, HOWEVER, That the
24 director, under such general regulations applicable to all banks
25 irrespective of the amount of capital or surplus, as the director may
26 prescribe may authorize any bank to accept such bills to an amount not
27 exceeding at any time in the aggregate one hundred percent of its paid
28 up and unimpaired capital stock and surplus: PROVIDED, FURTHER, That
29 the aggregate of acceptances growing out of domestic transactions shall
30 in no event exceed fifty percent of such capital stock and surplus;

31 (12) To accept drafts or bills of exchange drawn upon it, having
32 not more than three months sight to run, drawn under regulations to be
33 prescribed by the director by banks or bankers in foreign countries or
34 dependencies or insular possessions of the United States for the
35 purpose of furnishing dollar exchange as required by the usages of
36 trade in the respective countries, dependencies or insular possessions.
37 Such drafts or bills may be acquired by banks in such amounts and
38 subject to such regulations, restrictions and limitations as may be

1 provided by the director: PROVIDED, HOWEVER, That no bank shall accept
2 such drafts or bills of exchange referred to in this subdivision for
3 any one bank to an amount exceeding in the aggregate ten percent of the
4 paid up and unimpaired capital and surplus of the accepting bank unless
5 the draft or bill of exchange is accompanied by documents conveying or
6 securing title or by some other adequate security, and that no such
7 drafts or bills of exchange shall be accepted by any bank in an amount
8 exceeding at any time the aggregate of one-half of its paid up and
9 unimpaired capital and surplus: PROVIDED FURTHER, That compliance by
10 any bank which is a member of the federal reserve system of the United
11 States with the rules, regulations and limitations adopted by the
12 federal reserve board thereof with respect to the acceptance of drafts
13 or bills of exchange by members of such federal reserve system shall be
14 a sufficient compliance with the requirements of this subdivision or
15 paragraph relating to rules, regulations and limitations prescribed by
16 the director;

17 (13) To have and exercise all powers necessary or convenient to
18 effect its purposes;

19 (14) To serve as custodian of an individual retirement account and
20 pension and profit sharing plans qualified under internal revenue code
21 section 401(a), the assets of which are invested in deposits of the
22 bank (~~(or trust company)~~) or are invested, pursuant to directions from
23 the customer owning the account, in securities traded on a national
24 securities market: PROVIDED, That the bank (~~(or trust company)~~) shall
25 accept no investment responsibilities over the account unless it is
26 granted trust powers by the director;

27 (15) To be a limited partner in a limited partnership that engages
28 in only such activities as are authorized for the bank;

29 (16) To conduct a promotional contest of chance as authorized in
30 RCW 9.46.0356(1)(b), as long as the conditions of RCW 9.46.0356(5) and
31 30.22.260 (as recodified by this act) are complied with to the
32 satisfaction of the director.

33 **Sec. 167.** RCW 30.08.150 and 2011 c 336 s 746 are each amended to
34 read as follows:

35 (1) Upon the issuance of a certificate of authority to a (~~trust~~
36 ~~company~~) bank, the persons named in the articles of incorporation and

1 their successors shall (~~thereupon become a corporation and shall~~)
2 have the power(~~(~~
3 ~~(1) To execute all the powers and possess all the privileges~~
4 ~~conferred on banks.~~
5 ~~(2) To act as fiscal or transfer agent of the United States or of~~
6 ~~any state, municipality, body politic, or corporation and in such~~
7 ~~capacity to receive and disburse money.~~
8 ~~(3) To transfer, register, and countersign certificates of stock,~~
9 ~~bonds, or other evidences of indebtedness and to act as attorney in-~~
10 ~~fact or agent of any corporation, foreign or domestic, for any purpose,~~
11 ~~statutory or otherwise.~~
12 ~~(4) To act as trustee under any mortgage, or bonds, issued by any~~
13 ~~municipality, body politic, or corporation, foreign or domestic, or by~~
14 ~~any individual, firm, association, or partnership, and to accept and~~
15 ~~execute any municipal or corporate trust.~~
16 ~~(5) To receive and manage any sinking fund of any corporation upon~~
17 ~~such terms as may be agreed upon between such corporation and those~~
18 ~~dealing with it.~~
19 ~~(6) To collect coupons on or interest upon all manner of~~
20 ~~securities, when authorized so to do, by the parties depositing the~~
21 ~~same.~~
22 ~~(7) To accept trusts from and execute trusts for married persons in~~
23 ~~respect to their separate property and to be their agent in the~~
24 ~~management of such property and to transact any business in relation~~
25 ~~thereto.~~
26 ~~(8) To act as receiver or trustee of the estate of any person, or~~
27 ~~to be appointed to any trust by any court, to act as assignee under any~~
28 ~~assignment for the benefit of creditors of any debtor, whether made~~
29 ~~pursuant to statute or otherwise, and to be the depository of any~~
30 ~~moneys paid into court.~~
31 ~~(9) To be appointed and to accept the appointment of executor of,~~
32 ~~or trustee under, the last will and testament, or administrator with or~~
33 ~~without the will annexed, of the estate of any deceased person and to~~
34 ~~be appointed and to act as guardian of the estate of lunatics, idiots,~~
35 ~~persons of unsound mind, minors and habitual drunkards: PROVIDED,~~
36 ~~HOWEVER, That the power hereby granted to trust companies to act as~~
37 ~~guardian or administrator, with or without the will annexed, shall not~~

1 ~~be construed to deprive parties of the prior right to have issued to~~
2 ~~them letters of guardianship, or of administration, as such right now~~
3 ~~exists under the law of this state.~~

4 ~~(10) To execute any trust or power of whatever nature or~~
5 ~~description that may be conferred upon or entrusted or committed to it~~
6 ~~by any person or by any court or municipality, foreign or domestic~~
7 ~~corporation, and any other trust or power conferred upon or entrusted~~
8 ~~or committed to it by grant, assignment, transfer, devise, bequest, or~~
9 ~~by any other authority and to receive, take, use, manage, hold, and~~
10 ~~dispose of, according to the terms of such trusts or powers any~~
11 ~~property or estate, real or personal, which may be the subject of any~~
12 ~~such trust or power.~~

13 ~~(11) Generally to execute trusts of every description not~~
14 ~~inconsistent with law.~~

15 ~~(12) To purchase, invest in, and sell promissory notes, bills of~~
16 ~~exchange, bonds, debentures, and mortgages and when moneys are borrowed~~
17 ~~or received for investment, the bonds or obligations of the company may~~
18 ~~be given therefor, but no trust company hereafter organized shall issue~~
19 ~~such bonds: PROVIDED, That no trust company which receives money for~~
20 ~~investment and issues the bonds of the company therefor shall engage in~~
21 ~~the business of banking or receiving of either savings or commercial~~
22 ~~deposits: AND PROVIDED, That it shall not issue any bond covering a~~
23 ~~period of more than ten years between the date of its issuance and its~~
24 ~~maturity date: AND PROVIDED FURTHER, That if for any cause, the holder~~
25 ~~of any such bond upon which one or more annual rate installments have~~
26 ~~been paid, shall fail to pay the subsequent annual rate installments~~
27 ~~provided in said bond such holder shall, on or before the maturity date~~
28 ~~of said bond, be paid not less than the full sum which he or she has~~
29 ~~paid in on account of said bond)) to engage in trust business and other~~
30 ~~business the same as a state trust company as set forth in section~~
31 ~~329(1) (b) through (q) of this act.~~

32 ~~(2) Notwithstanding the powers of a trust business set forth in~~
33 ~~section 329(1) (b) through (k) of this act and as the director may~~
34 ~~designate by rule pursuant to section 329(1)(q) of this act, a bank~~
35 ~~shall notify the director prior to commencing trust business, and~~
36 ~~comply with additional preconditions as may be required by the board of~~
37 ~~governors of the federal reserve system, the federal deposit insurance~~
38 ~~corporation, or by rule adopted by the director.~~

1 (3) A bank under this title is deemed to be a trust company for
2 purposes of authorization to be a personal representative under RCW
3 11.36.010.

4 **Sec. 168.** RCW 30.08.180 and 1995 c 344 s 3 are each amended to
5 read as follows:

6 Every bank (~~(and trust company)~~) shall make at least three regular
7 reports each year to the director, as of the dates which he or she
8 shall designate, according to form prescribed by him or her, verified
9 by the president, manager or cashier and attested by at least two
10 directors, which shall exhibit under appropriate heads the resources
11 and liabilities of such corporation. The dates designated by the
12 director shall be the dates designated by the comptroller of the
13 currency of the United States for reports of national banking
14 associations.

15 Every such corporation shall also make such special reports as the
16 director shall call for.

17 **Sec. 169.** RCW 30.08.190 and 1995 c 344 s 4 and 1995 c 134 s 6 are
18 each reenacted and amended to read as follows:

19 (1) Every regular report shall be filed with the director within
20 thirty days from the date of issuance of the notice. Every special
21 report shall be filed with the director within such time as shall be
22 specified by him or her in the notice therefor.

23 (2) The director shall provide a copy of any regular report free of
24 charge to any person that submits a written request for the report.

25 (3) Every bank (~~(and trust company)~~) which fails to file any
26 report, required to be filed under subsection (1) of this section and
27 within the time specified, shall be subject to a penalty of fifty
28 dollars per day for each day's delay. A civil action for the recovery
29 of any such penalty may be brought by the attorney general in the name
30 of the state.

31 **Sec. 170.** RCW 30.12.010 and 1994 c 256 s 54 and 1994 c 92 s 62 are
32 each reenacted and amended to read as follows:

33 Every bank (~~(and trust company)~~) shall be managed by not less than
34 five directors, who need not be residents of this state. Directors
35 shall be elected by the stockholders and hold office for such term as

1 is specified in the articles of incorporation, not exceeding three
2 years, and until their successors are elected and have qualified. In
3 the first instance the directors shall be those named in the articles
4 of incorporation and afterwards, those elected at the annual meeting of
5 the stockholders to be held at least once each year on a day to be
6 specified by the bank's (~~or trust company's~~) bylaws. Shareholders
7 may not cumulate their votes unless the articles of incorporation
8 specifically so provide. If for any cause no election is held at that
9 time, it may be held at an adjourned meeting or at a subsequent meeting
10 called for that purpose in the manner prescribed by the corporation's
11 bylaws. The directors shall meet at least once each quarter and
12 whenever required by the director. A majority of the then serving
13 board of directors shall constitute a quorum for the transaction of
14 business. At all stockholders' meetings, each share shall be entitled
15 to one vote, unless the articles of incorporation provide otherwise.
16 Any stockholder may vote in person or by written proxy.

17 Each director, so far as the duty devolves upon him or her, shall
18 diligently and honestly administer the affairs of such corporation and
19 shall not knowingly violate or willingly permit to be violated any
20 provision of law applicable to such corporation. Vacancies in the
21 board of directors shall be filled by the board.

22 **Sec. 171.** RCW 30.12.020 and 1994 c 256 s 55 are each amended to
23 read as follows:

24 All meetings of the stockholders of any bank (~~or trust company~~),
25 except organization meetings and meetings held with the consent of all
26 stockholders, must be held in the county in which the head office or
27 any branch of the corporation is located. Meetings of the directors of
28 any bank (~~or trust company~~) may be held either within or without this
29 state. Every such corporation shall keep records in which shall be
30 recorded the names and residences of the stockholders thereof, the
31 number of shares held by each, and also the transfers of stock, showing
32 the time when made, the number of shares and by whom transferred. In
33 all actions, suits and proceedings, said records shall be prima facie
34 proof of the facts shown therein. All of the corporate books,
35 including the certificate book, stockholders' ledger and minute book or
36 a copy thereof shall be kept at the corporation's principal place of

1 business. Any books, record, and minutes may be in written form or any
2 other form capable of being converted to written form within a
3 reasonable time.

4 **Sec. 172.** RCW 30.12.025 and 1986 c 279 s 32 are each amended to
5 read as follows:

6 Any person who has been a shareholder of record at least six months
7 immediately preceding his or her demand or who is the holder of record
8 of at least five percent of all the outstanding shares of a bank (~~or~~
9 ~~trust company~~)), upon written demand stating the purpose thereof, has
10 the right to examine, in person, or by agent or attorney, at any
11 reasonable time or times, for any proper purpose, the bank's (~~or trust~~
12 ~~company's~~) minutes of the proceedings of its shareholders, its
13 shareholder records, and its existing publicly available records. The
14 person is entitled to make extracts therefrom, except that the person
15 is not entitled to view or make extracts of any portion of minutes that
16 refer or relate to information which is confidential.

17 Any officer or agent who, or a bank (~~or trust company~~) that,
18 refuses to allow any such shareholder or his or her agent or attorney,
19 to examine and make extracts from its minutes of the proceedings of its
20 shareholders, record of shareholders, or existing publicly available
21 books and records, for any proper purpose, shall be liable to the
22 shareholder for actual damages or other remedy afforded the shareholder
23 by law.

24 It is a defense to any action for penalties under this section that
25 the person suing therefor has, within two years: (1) Sold or offered
26 for sale any list of shareholders for shares of such bank (~~or trust~~
27 ~~company~~) or any other bank (~~or trust company~~); (2) aided or abetted
28 any person in procuring any list of shareholders for any such purpose;
29 (3) improperly used any information secured through any prior
30 examination of existing publicly available books and records, or
31 minutes, or record of shareholders of such bank (~~or trust company~~) or
32 any other bank (~~or trust company~~); or (4) not acted in good faith or
33 for a proper purpose in making his or her demand.

34 Nothing in this section impairs the power of any court of competent
35 jurisdiction, upon proof by a shareholder of proper purpose,
36 irrespective of the period of time during which the shareholder has
37 been a shareholder of record, and irrespective of the number of shares

1 held by him or her, to compel the production for examination by the
2 shareholder of the existing publicly available books and records,
3 minutes, and record of shareholders of a bank (~~(or trust company)~~).

4 Upon the written request of any shareholder of a bank (~~(or trust~~
5 ~~company)~~), the bank (~~(or trust company)~~) shall mail to the shareholder
6 its most recent financial statements showing in reasonable detail its
7 assets and liabilities and the results of its operations. As used in
8 this section, "shareholder" includes the holder of voting trust
9 certificates for shares.

10 **Sec. 173.** RCW 30.12.030 and 1994 c 92 s 63 are each amended to
11 read as follows:

12 (1) Except as otherwise permitted by the director under specified
13 terms and conditions, the board of directors of each bank (~~(and trust~~
14 ~~company)~~) shall direct and require good and sufficient surety company
15 fidelity bonds issued by a company authorized to engage in the
16 insurance business in the state of Washington on all active officers
17 and employees, whether or not they draw salary or compensation, which
18 bonds shall provide for indemnity to such bank (~~(or trust company)~~), on
19 account of any losses sustained by it as the result of any dishonest,
20 fraudulent or criminal act or omission committed or omitted by them
21 acting independently or in collusion or combination with any person or
22 persons. Such bonds may be individual, schedule or blanket form, and
23 the premiums therefor shall be paid by the bank (~~(or trust company)~~).

24 (2) The said directors shall also direct and require suitable
25 insurance protection to the bank (~~(or trust company)~~) against burglary,
26 robbery, theft and other similar insurance hazards to which the bank
27 (~~(or trust company)~~) may be exposed in the operations of its business
28 on the premises or elsewhere.

29 The said directors shall be responsible for prescribing at least
30 once in each year the amount or penal sum of such bonds or policies and
31 the sureties or underwriters thereon, after giving due consideration to
32 all known elements and factors constituting such risk or hazard. Such
33 action shall be recorded in the minutes of the board of directors.

34 **Sec. 174.** RCW 30.12.040 and 2010 c 88 s 20 are each amended to
35 read as follows:

36 (1) The director may issue and serve a board director, officer, or

1 employee of a bank (~~(or trust company)~~) with written notice of intent
2 to remove the person from office or employment or to prohibit the
3 person from participating in the conduct of the affairs of the bank
4 (~~(or trust company)~~) or any other depository institution, (~~(trust~~
5 ~~company,~~) bank holding company, thrift holding company, or financial
6 holding company doing business in this state whenever, in the opinion
7 of the director:

8 (a) Reasonable cause exists to believe the person has committed a
9 material violation of law, an unsafe and unsound practice, or a
10 violation or practice involving a breach of fiduciary duty, personal
11 dishonesty, recklessness, or incompetence; and

12 (b) The bank(~~(, trust company,~~) or holding company has suffered or
13 is likely to suffer substantial financial loss or other damage; or

14 (c) The interests of depositors or trust beneficiaries could be
15 seriously prejudiced by reason of the violation or practice.

16 (2) The director may issue and serve a board director, officer, or
17 employee of a holding company with written notice of intent to remove
18 the person from office or employment or to prohibit the person from
19 participating in the conduct of the affairs of the holding company, its
20 subsidiary bank (~~(or trust company)~~), or any other depository
21 institution, (~~(trust company,~~) bank holding company, thrift holding
22 company, or financial holding company doing business in this state
23 whenever, in the opinion of the director:

24 (a) Reasonable cause exists to believe the person has committed a
25 material violation of law, an unsafe and unsound practice, or a
26 violation or practice involving a breach of fiduciary duty, personal
27 dishonesty, recklessness, or incompetence; and

28 (b) The subsidiary bank (~~(or trust company)~~) has suffered or is
29 likely to suffer substantial financial loss or other damage; or

30 (c) The interests of depositors (~~(or trust beneficiaries)~~) of the
31 subsidiary bank (~~(or trust company)~~) could be seriously prejudiced by
32 reason of the violation or practice.

33 **Sec. 175.** RCW 30.12.0401 and 2010 c 88 s 21 are each amended to
34 read as follows:

35 The director may serve written notice of charges under RCW
36 30.12.040 (as recodified by this act) to suspend a person from further
37 participation in any manner in the conduct of the affairs of a bank(~~(,~~

1 ~~trust company,~~) or holding company, if the director determines that
2 such an action is necessary for the protection of the bank (~~(or trust~~
3 ~~company)),~~ or the interests of the depositors (~~(or trust~~
4 ~~beneficiaries))~~ of the bank (~~(or trust company))~~. Any suspension
5 notice issued by the director is effective upon service, and unless the
6 superior court of the county of its principal place of business issues
7 a stay of the order, remains in effect and enforceable until:

8 (1) The director dismisses the charges contained in the notice
9 served to the person; or

10 (2) The effective date of a final order for removal of the person
11 under RCW 30.12.040 (as recodified by this act).

12 **Sec. 176.** RCW 30.12.042 and 2010 c 88 s 22 are each amended to
13 read as follows:

14 (1) A notice of an intention to remove a director, officer, or
15 employee from office or to prohibit his or her participation in the
16 conduct of the affairs of a bank(~~(, trust company,))~~ or holding company
17 shall contain a statement of the facts which constitute grounds
18 therefor and shall fix a time and place at which a hearing will be
19 held. The hearing shall be set not earlier than ten days or later than
20 thirty days after the date of service of the notice unless an earlier
21 or later date is set by the director at the request of the director,
22 officer, or employee for good cause shown or of the attorney general of
23 the state.

24 (2) Unless the director, officer, or employee appears at the
25 hearing personally or by a duly authorized representative, the person
26 shall be deemed to have consented to the issuance of an order of
27 removal or prohibition or both. In the event of such consent or if
28 upon the record made at the hearing the director finds that any of the
29 grounds specified in the notice have been established, the director may
30 issue such orders of removal from office or prohibition from
31 participation in the conduct of the affairs of the bank(~~(, trust~~
32 ~~company,))~~ or holding company as the director may consider appropriate.

33 (3) Any order shall become effective at the expiration of ten days
34 after service upon the bank(~~(, trust company,))~~ or holding company and
35 the director, officer, or employee concerned except that an order
36 issued upon consent shall become effective at the time specified in the
37 order.

1 (4) An order shall remain effective except to the extent it is
2 stayed, modified, terminated, or set aside by the director or a
3 reviewing court.

4 **Sec. 177.** RCW 30.12.044 and 2010 c 88 s 23 are each amended to
5 read as follows:

6 If at any time because of the removal of one or more directors
7 under this chapter there shall be on the board of directors of a
8 bank(~~(, trust company,)~~) or holding company less than a quorum of
9 directors, all powers and functions vested in or exercisable by the
10 board shall vest in and be exercisable by the director or directors
11 remaining until such time as there is a quorum on the board of
12 directors. If all of the directors of a bank(~~(, trust company,)~~) or
13 holding company are removed under this chapter, the director shall
14 appoint persons to serve temporarily as directors until such time as
15 their respective successors take office.

16 **Sec. 178.** RCW 30.12.047 and 2010 c 88 s 24 are each amended to
17 read as follows:

18 Any present or former director, officer, or employee of a bank(~~(, trust company,)~~) or holding company, or any other person against whom
19 there is outstanding an effective final order served upon the person
20 and who participates in any manner in the conduct of the affairs of the
21 bank(~~(, trust company,)~~) or holding company involved; or who directly
22 or indirectly solicits or procures, transfers or attempts to transfer,
23 or votes or attempts to vote any proxies, consents, or authorizations
24 with respect to any voting rights in the bank(~~(, trust company,)~~) or
25 holding company; or who, without the prior approval of the director,
26 votes for a director or serves or acts as a director, officer,
27 employee, or agent of any bank(~~(, trust company,)~~) or holding company
28 shall upon conviction for a violation of any order, be guilty of a
29 gross misdemeanor punishable as prescribed under chapter 9A.20 RCW, as
30 now or hereafter amended.
31

32 **Sec. 179.** RCW 30.12.060 and 1994 c 92 s 69 are each amended to
33 read as follows:

34 (1) Any bank (~~(or trust company)~~) shall be permitted to make loans
35 to any employee of such corporation, or to purchase, discount or

1 acquire, as security or otherwise, the obligation or debt of any
2 employee to any other person, to the same extent as if the employee
3 were in no way connected with the corporation. Any bank (~~(or trust~~
4 ~~company)~~) shall be permitted to make loans to any officer of such
5 corporation, or to purchase, discount or acquire, as security or
6 otherwise, the obligation or debt of any officer to any other person:
7 PROVIDED, That the total value of the loans made and obligation
8 acquired for any one officer shall not exceed such amount as shall be
9 prescribed by the director pursuant to regulations adopted in
10 accordance with the Administrative Procedure Act, chapter 34.05 RCW, as
11 now or hereafter amended: AND PROVIDED FURTHER, That no such loan
12 shall be made, or obligation acquired, in excess of five percent of a
13 bank's capital and unimpaired surplus or twenty-five thousand dollars,
14 whichever is larger, unless a resolution authorizing the same shall be
15 adopted by a vote of a majority of the board of directors of such
16 corporation prior to the making of such loan or discount, and such vote
17 and resolution shall be entered in the corporate minutes. In no event
18 shall the loan or obligation acquired exceed five hundred thousand
19 dollars in the aggregate without prior approval by a majority of the
20 corporation's board of directors. No loan in excess of five percent of
21 a bank's capital and unimpaired surplus or twenty-five thousand
22 dollars, whichever is larger, shall be made by any bank (~~(or trust~~
23 ~~company)~~) to any director of such corporation nor shall the note or
24 obligation in excess of five percent of a bank's capital and unimpaired
25 surplus or twenty-five thousand dollars, whichever is larger, of such
26 director be discounted by any such corporation, or by any officer or
27 employee thereof in its behalf, unless a resolution authorizing the
28 same shall be adopted by a vote of a majority of the entire board of
29 directors of such corporation exclusive of the vote of such interested
30 director, and such vote and resolution shall be entered in the
31 corporate minutes. In no event may the loan or obligation acquired
32 exceed five hundred thousand dollars in the aggregate without prior
33 approval by a majority of the corporation's board of directors.

34 Each bank (~~(or trust company)~~) shall at such times and in such form
35 as may be required by the director, report to the director all
36 outstanding loans to directors of such bank (~~(or trust company)~~).

37 The amount of any endorsement or agreement of suretyship or
38 guaranty of any such director to the corporation shall be construed to

1 be a loan within the provisions of this section. Any modification of
2 the terms of an existing obligation (excepting only such modifications
3 as merely extend or renew the indebtedness) shall be construed to be a
4 loan within the meaning of this section.

5 (2) "Unimpaired surplus," as used in this section, consists of the
6 sum of the following amounts:

7 (a) Fifty percent of the reserve for possible loan losses;

8 (b) Subordinated notes and debentures;

9 (c) Surplus;

10 (d) Undivided profits; and

11 (e) Reserve for contingencies and other capital reserves, excluding
12 accrued dividends on preferred stock.

13 **Sec. 180.** RCW 30.12.070 and 2010 c 88 s 25 are each amended to
14 read as follows:

15 The director may at any time, if in his or her judgment excessive,
16 unsafe, or improvident loans are being made or are likely to be made by
17 a bank (~~(or trust company)~~) to any of its directors or officers or the
18 directors or officers of its holding company, or to any corporation,
19 copartnership or association of which such director is a stockholder,
20 member, co-owner, or in which such director is financially interested,
21 or like discounts of the notes or obligations of any such director,
22 corporation, copartnership or association are being made or are likely
23 to be made, require such bank (~~(or trust company)~~) to submit to him or
24 her for approval all proposed loans to, or discounts of the note or
25 obligation of, any such director, officer, corporation, copartnership
26 or association, and thereafter such proposed loans and discounts shall
27 be reported upon such forms and with such information concerning the
28 desirability and safety of such loans or discounts and of the
29 responsibility and financial condition of the person, corporation,
30 copartnership or association to whom such loan is to be made or whose
31 note or obligation is to be discounted and of the amount and value of
32 any collateral that may be offered as security therefor, as the
33 director may require, and no such loan or discount shall be made
34 without his or her written approval thereon.

35 **Sec. 181.** RCW 30.12.090 and 2010 c 88 s 26 are each amended to
36 read as follows:

1 Every person who shall knowingly subscribe to or make or cause to
2 be made any false statement or false entry in the books of any bank(~~(, trust company,)~~) or holding company, or shall knowingly subscribe to or
3 exhibit any false or fictitious paper or security, instrument or paper,
4 with the intent to deceive any person authorized to examine into the
5 affairs of any bank(~~(, trust company,)~~) or holding company, or shall
6 make, state, or publish any false statement of the amount of the assets
7 or liabilities of any bank(~~(, trust company,)~~) or holding company, is
8 guilty of a class B felony punishable according to chapter 9A.20 RCW.
9

10 **Sec. 182.** RCW 30.12.100 and 2010 c 88 s 27 are each amended to
11 read as follows:

12 Every officer, director, or employee or agent of any bank(~~(, trust~~
13 ~~company,)~~) or holding company who, for the purpose of concealing any
14 fact or suppressing any evidence against himself or herself, or against
15 any other person, abstracts, removes, mutilates, destroys or secretes
16 any paper, book or record of any bank(~~(, trust company,)~~) or holding
17 company, or of the director, or of anyone connected with his or her
18 office, is guilty of a class B felony punishable according to chapter
19 9A.20 RCW.

20 **Sec. 183.** RCW 30.12.110 and 1986 c 279 s 35 are each amended to
21 read as follows:

22 No officer, director, agent, employee or stockholder of any bank
23 (~~(or trust company)~~) shall, directly or indirectly, receive a bonus,
24 commission, compensation, remuneration, gift, speculative interest or
25 gratuity of any kind from any person, firm or corporation other than
26 the bank or as allowed by RCW 30.12.115 (as recodified by this act) for
27 granting, procuring or endeavoring to procure, for any person, firm or
28 corporation, any loan by or out of the funds of such bank (~~(or trust~~
29 ~~company)~~) or the purchase or sale of any securities or property for or
30 on account of such bank (~~(or trust company)~~) or for granting or
31 procuring permission for any person, firm or corporation to overdraw
32 any account with such bank (~~(or trust company)~~). Any person violating
33 this section shall be guilty of a gross misdemeanor.

34 **Sec. 184.** RCW 30.12.180 and 1994 c 92 s 72 are each amended to
35 read as follows:

1 Whenever the director shall notify the board of directors of a bank
2 (~~or trust company~~) to levy an assessment upon the stock of such
3 corporation and the holders of two-thirds of the stock shall consent
4 thereto, such board shall, within ten days from the issuance of such
5 notice, adopt a resolution for the levy of such assessment, and shall
6 immediately upon the adoption of such resolution serve notice upon each
7 stockholder, personally or by mail, at his or her last known address,
8 to pay such assessment; and that if the same be not paid within twenty
9 days from the date of the issuance of such notice, his or her stock
10 will be subject to sale and all amounts previously paid thereon shall
11 be subject to forfeiture. If any stockholder fail within said twenty
12 days to pay the assessment as provided in this section, it shall be the
13 duty of the board of directors to cause a sufficient amount of the
14 capital stock of such stockholder to be sold to make good the
15 deficiency. The sale shall be held at such time and place as shall be
16 designated by the board of directors and shall be either public or
17 private, as the board shall deem best. At any time after the
18 expiration of sixty days from the expiration of said twenty-day period
19 the director may require any stock upon which the assessment remains
20 unpaid to be canceled and deducted from the capital of the corporation.
21 If such cancellation shall reduce the capital of the corporation below
22 the minimum required by this title or its articles of incorporation the
23 capital shall, within thirty days thereafter be increased to the
24 required amount by original subscription, in default of which the
25 director may take possession of such corporation in the manner provided
26 by law in case of insolvency.

27 **Sec. 185.** RCW 30.12.190 and 2010 c 88 s 28 are each amended to
28 read as follows:

29 (1) Every person who shall knowingly violate, or knowingly aid or
30 abet the violation of any provision of RCW 30.04.010, 30.04.030,
31 30.04.050, 30.04.060, 30.04.070, 30.04.075, 30.04.111, 30.04.120,
32 30.04.130, 30.04.180, 30.04.210, 30.04.220, 30.04.280, 30.04.300,
33 30.08.010, 30.08.020, 30.08.030, 30.08.040, 30.08.050, 30.08.060,
34 30.08.080, 30.08.090, (~~(30.08.095,)~~) 30.08.140, 30.08.150, 30.08.160,
35 30.08.180, 30.08.190, 30.12.010, 30.12.020, 30.12.030, 30.12.060,
36 30.12.070, 30.12.130, 30.12.180, 30.12.190, 30.16.010, 30.20.060,
37 30.44.010, 30.44.020, 30.44.030, 30.44.040, 30.44.050, 30.44.060,

1 30.44.070, 30.44.080, 30.44.090, 30.44.100, 30.44.130, 30.44.140,
2 30.44.150, 30.44.160, 30.44.170, 30.44.240, 30.44.250 (as recodified by
3 this act), 43.320.060, 43.320.070, 43.320.080, and 43.320.100, and any
4 director, officer, or employee of a bank(~~(, trust company,)~~) or holding
5 company who fails to perform any act which it is therein made his or
6 her duty to perform, shall be guilty of a misdemeanor.

7 (2) A director, officer, or employee of a bank(~~(, trust company,)~~)
8 or holding company who has been convicted for the violation of the
9 banking laws of this or any other state or of the United States shall
10 not be permitted to engage in or become or remain a board director,
11 officer, or employee of any bank, trust company, or holding company
12 organized and existing under the laws of this state, or of any other
13 depository institution, trust company, bank holding company, thrift
14 holding company, or financial holding company doing business in this
15 state.

16 **Sec. 186.** RCW 30.12.205 and 1986 c 279 s 37 are each amended to
17 read as follows:

18 Subject to any restrictions in its articles of incorporation and in
19 accordance with and subject to the provisions of RCW 30.08.088 (as
20 recodified by this act), the board of directors of a bank (~~(or trust~~
21 ~~company)~~) may grant options entitling the holders thereof to purchase
22 from the corporation shares of any class of its stock. The instrument
23 evidencing the option shall state the terms upon which, the time within
24 which, and the price at which such shares may be purchased from the
25 corporation upon the exercise of such option. If any such options are
26 granted by contract, or are to be granted pursuant to a plan, to
27 officers or employees of the bank (~~(or trust company)~~), then the
28 contract or the plan shall require the approval, within twelve months
29 of its approval by the board of directors, of the holders of a majority
30 of its voting capital stock. Subsequent amendments to any such
31 contract or plan which do not change the price or duration of any
32 option, the maximum number of shares which may be subject to options,
33 or the class of employees eligible for options may be made by the board
34 of directors without further shareholder approval.

35 Subject to any restrictions in its articles of incorporation, the
36 board of directors of a bank (~~(or trust company)~~) shall have the
37 authority to enter into any plans or contracts providing for

1 compensation for its officers and employees, including, but not being
2 limited to, incentive bonus contracts, stock purchase or bonus plans
3 and profit sharing plans.

4 **Sec. 187.** RCW 30.12.220 and 1979 c 106 s 8 are each amended to
5 read as follows:

6 The articles of incorporation of any bank (~~(or trust company)~~)
7 organized under this title may limit or permit the preemptive rights of
8 a shareholder to acquire unissued shares of the corporation and may
9 thereafter by amendment limit, deny, or grant to shareholders of any
10 class of stock the preemptive right to acquire additional shares of the
11 corporation whether then or thereafter authorized.

12 **Sec. 188.** RCW 30.12.240 and 2010 c 88 s 29 are each amended to
13 read as follows:

14 If the directors of any bank(~~(, trust company,)~~) or holding company
15 shall knowingly violate, or knowingly permit any of the officers,
16 agents, or employees of the bank (~~(or trust company)~~) to violate any of
17 the provisions of this title or any lawful regulation or directive of
18 the director, and if the directors are aware that such facts and
19 circumstances constitute such violations, then each director who
20 participated in or assented to the violation is personally and
21 individually liable for all damages which the state or any insurer of
22 the deposits of the bank (~~(or trust company, or any trust beneficiary~~
23 ~~of the trust company,)~~) sustains due to the violation.

24 **Sec. 189.** RCW 30.16.010 and 1955 c 33 s 30.16.010 are each amended
25 to read as follows:

26 No director, officer, agent or employee of any bank (~~(or trust~~
27 ~~company)~~) shall certify a check unless the amount thereof actually
28 stands to the credit of the drawer on the books of such corporation and
29 when certified must be charged to the account of the drawer. Every
30 violation of this provision shall be a gross misdemeanor. Any such
31 check so certified by a duly authorized person shall be a good and
32 valid obligation of the bank (~~(or trust company)~~) in the hands of an
33 innocent holder.

1 **Sec. 190.** RCW 30.20.005 and 1994 c 92 s 74 are each amended to
2 read as follows:

3 Deposits made by individuals in a national bank, state bank(~~(~~
4 ~~trust—company,~~) or other banking institution subject to the
5 supervision of the director are governed by chapter 30.22 RCW (as
6 recodified by this act).

7 **Sec. 191.** RCW 30.20.025 and 1985 c 305 s 2 are each amended to
8 read as follows:

9 Each person making a deposit in a bank (~~(or trust company)~~) shall
10 be given a receipt that shall show or in conjunction with the deposit
11 slip can be used to trace the name of the bank (~~(or trust company)~~),
12 the name of the account, the account number, the date, and the amount
13 deposited. If specifically requested by the depositor when making the
14 deposit, the receipt must expressly show the name of the bank (~~(or~~
15 ~~trust—company)~~), the date, the amount deposited, plus either the name
16 of the account or the account number or both the name of the account
17 and the account number.

18 **Sec. 192.** RCW 30.20.060 and 1996 c 2 s 8 are each amended to read
19 as follows:

20 A bank (~~(or trust company)~~) shall repay all deposits to the
21 depositor or his or her lawful representative when required at such
22 time or times and with such interest as the regulations of the
23 corporation shall prescribe. These regulations shall be prescribed by
24 the directors of the bank (~~(or trust company)~~) and may contain
25 provisions with respect to the terms and conditions upon which any
26 account or deposit will be maintained by the bank (~~(or trust company)~~).
27 These regulations and any amendments shall be available to depositors
28 on request, and shall be posted in a conspicuous place in the principal
29 office and each branch in this state or, if the regulations and any
30 amendments are not so posted, a description of changes in the
31 regulations after an account is opened shall be mailed to depositors
32 pursuant to 12 U.S.C. Sec. 4305(c) or otherwise. All these rules and
33 regulations and all amendments shall be binding upon all depositors.
34 At the option of the bank, a passbook shall be issued to each savings
35 account depositor, or a record maintained in lieu of a passbook. A
36 deposit contract may be adopted by the bank (~~(or trust company)~~) in

1 lieu of or in addition to account rules and regulations and shall be
2 enforceable and amendable in the same manner as account rules and
3 regulations or as provided in the deposit contract. A copy of the
4 contract shall be provided to the depositor.

5 **Sec. 193.** RCW 30.20.090 and 1994 c 92 s 75 are each amended to
6 read as follows:

7 Notice to any national bank, state bank, (~~(trust company, mutual)~~)
8 savings bank, or bank under the supervision of the director, doing
9 business in this state of an adverse claim to a deposit standing on its
10 books to the credit of any person may be disregarded without liability
11 by said bank (~~(or trust company)~~) unless said adverse claimant shall
12 also either procure a restraining order, injunction or other
13 appropriate process against said bank (~~(or trust company)~~) from a court
14 of competent jurisdiction in a cause therein instituted by him or her
15 wherein the person to whose credit the deposit stands is made a party
16 and served with summons or shall execute to said bank (~~(or trust~~
17 ~~company)~~), in form and with sureties acceptable to it, a bond, in an
18 amount which is double either the amount of said deposit or said
19 adverse claim, whichever is the lesser, indemnifying said bank (~~(or~~
20 ~~trust company)~~) from any and all liability, loss, damage, costs and
21 expenses, for and on account of the payment of such adverse claim or
22 the dishonor of the check or other order of the person to whose credit
23 the deposit stands on the books of said bank (~~(or trust company)~~):
24 PROVIDED, That where the person to whose credit the deposit stands is
25 a fiduciary for such adverse claimant, and the facts constituting such
26 relationship, and also the facts showing reasonable cause of belief on
27 the part of said claimant that the said fiduciary is about to
28 misappropriate said deposit, are made to appear by the affidavit of
29 such claimant, the bank (~~(or trust company)~~) shall without liability
30 refuse to deliver such property for a period of not more than five
31 business days from the date that the bank received the adverse
32 claimant's affidavit, without liability for the sufficiency or truth of
33 the facts alleged in the affidavit, after which time the claim shall be
34 treated as any other claim under this section.

35 This section shall not apply to accounts subject to chapter 30.22
36 RCW (as recodified by this act).

1 **Sec. 194.** RCW 30.22.040 and 2011 c 336 s 747 and 2011 c 303 s 4
2 are each reenacted and amended to read as follows:

3 Unless the context of this chapter otherwise requires, the terms
4 contained in this section have the meanings indicated.

5 (1) "Account" means a contract of deposit between a depositor or
6 depositors and a financial institution; the term includes a checking
7 account, savings account, certificate of deposit, savings certificate,
8 share account, savings bond, and other like arrangements.

9 (2) "Actual knowledge" means written notice to a manager of a
10 branch of a financial institution, or an officer of the financial
11 institution in the course of his or her employment at the branch,
12 pertaining to funds held on deposit in an account maintained by the
13 branch received within a period of time which affords the financial
14 institution a reasonable opportunity to act upon the knowledge.

15 (3) "Agency account" means an account to which funds may be
16 deposited and from which payments may be made by an agent designated by
17 a depositor. In the event there is more than one depositor named on an
18 account, each depositor may designate the same or a different agent for
19 the purpose of depositing to or making payments of funds from a
20 depositor's account.

21 (4) "Agent" means a person designated by a depositor or depositors
22 in a contract of deposit or other document to have the authority to
23 deposit and to make payments from an account in the name of the
24 depositor or depositors.

25 (5) "Depositor," when utilized in determining the rights of
26 individuals to funds in an account, means an individual who owns the
27 funds. When utilized in determining the rights of a financial
28 institution to make or withhold payment, and/or to take any other
29 action with regard to funds held under a contract of deposit,
30 "depositor" means the individual or individuals who have the current
31 right to payment of funds held under the contract of deposit without
32 regard to the actual rights of ownership thereof by these individuals.
33 A trust or P.O.D. account beneficiary becomes a depositor only when the
34 account becomes payable to the beneficiary by reason of having survived
35 the depositor or depositors named on the account, depending upon the
36 provisions of the contract of deposit.

37 (6) "Depositor's funds" or "funds of a depositor" means the amount
38 of all deposits belonging to or made for the benefit of a depositor,

1 less all withdrawals of the funds by the depositor or by others for the
2 depositor's benefit, plus the depositor's prorated share of any
3 interest or dividends included in the current balance of the account
4 and any proceeds of deposit life insurance added to the account by
5 reason of the death of a depositor.

6 (7) "Director" means the director of the department of financial
7 institutions or his or her designee.

8 (8) "Financial institution" means a bank, trust company, mutual
9 savings bank, savings and loan association, or credit union authorized
10 to do business and accept deposits in this state under state or federal
11 law.

12 (9) "Individual" means a human being; "person" includes an
13 individual, corporation, partnership, limited partnership, joint
14 venture, trust, or other entity recognized by law to have separate
15 legal powers.

16 (10) "Joint account with right of survivorship" means an account in
17 the name of two or more depositors and which provides that the funds of
18 a deceased depositor become the property of one or more of the
19 surviving depositors.

20 (11) "Joint account without right of survivorship" means an account
21 in the name of two or more depositors and which contains no provision
22 that the funds of a deceased depositor become the property of the
23 surviving depositor or depositors.

24 (12) "Payment(s)" of sums on deposit includes withdrawal, payment
25 by check or other directive of a depositor or his or her agent, any
26 pledge of sums on deposit by a depositor or his or her agent, any set-
27 off or reduction or other disposition of all or part of an account
28 balance, and any payments to any person under RCW 30.22.120, 30.22.140,
29 30.22.150, 30.22.160, 30.22.170, 30.22.180, 30.22.190, 30.22.200, and
30 30.22.220 (as recodified by this act).

31 (13) "Promotional contest of chance" means a promotional contest
32 conducted pursuant to RCW 9.46.0356(1)(b).

33 (14) "Proof of death" means a certified or authenticated copy of a
34 death certificate, or photostatic copy thereof, purporting to be issued
35 by an official or agency of the jurisdiction where the death
36 purportedly occurred, or a certified or authenticated copy of a record
37 or report of a governmental agency, domestic or foreign, that a person
38 is dead. In either case, the proofs constitute prima facie proof of

1 the fact, place, date, and time of death, and identity of the decedent
2 and the status of the dates, circumstances, and places disclosed by the
3 record or report.

4 (15) "Request" means a request for withdrawal, or a check or order
5 for payment, which complies with all conditions of the account,
6 including special requirements concerning necessary signatures and
7 regulations of the financial institution; but if the financial
8 institution conditions withdrawal or payment on advance notice, for
9 purposes of this chapter the request for withdrawal or payment is
10 treated as immediately effective and a notice of intent to withdraw is
11 treated as a request for withdrawal.

12 (16) "Single account" means an account in the name of one depositor
13 only.

14 (17) "Trust or P.O.D. account beneficiary" means a person or
15 persons, other than a codepositor, who has or have been designated by
16 a depositor or depositors to receive the depositor's funds remaining in
17 an account upon the death of a depositor or all depositors.

18 (18) "Trust and P.O.D. accounts" means accounts payable on request
19 to a depositor during the depositor's lifetime, and upon the
20 depositor's death to one or more designated beneficiaries, or which are
21 payable to two or more depositors during their lifetimes, and upon the
22 death of all depositors to one or more designated beneficiaries. The
23 term "trust account" does not include deposits by trustees or other
24 fiduciaries where the trust or fiduciary relationship is established
25 other than by a contract of deposit with a financial institution.

26 (19) "Withdrawal" means payment to a person pursuant to check or
27 other directive of a depositor.

28 **Sec. 195.** RCW 30.22.041 and 1995 c 186 s 1 are each amended to
29 read as follows:

30 The definitions in this section apply throughout this section and
31 RCW 30.22.240 and 30.22.245 (as recodified by this act).

32 (1) "Customer" means any person, partnership, limited partnership,
33 corporation, trust, or other legal entity that is transacting or has
34 transacted business with a financial institution, that is using or has
35 used the services of an institution, or for which a financial
36 institution has acted or is acting as a fiduciary.

1 (2) "Financial institution" means state and national banks and
2 trust companies, state and federal savings banks, state and federal
3 savings and loan associations, and state and federal credit unions.

4 (3) "Law enforcement officer" means an employee of a public law
5 enforcement agency organized under the authority of a county, city, or
6 town and designated to obtain deposit account information by the chief
7 law enforcement officer of that agency.

8 **Sec. 196.** RCW 30.22.120 and 1981 c 192 s 12 are each amended to
9 read as follows:

10 In making payments of funds deposited in an account, a financial
11 institution may rely conclusively and entirely upon the form of the
12 account and the terms of the contract of deposit at the time the
13 payments are made. A financial institution is not required to inquire
14 as to either the source or the ownership of any funds received for
15 deposit to an account, or to the proposed application of any payments
16 made from an account. Unless a financial institution has actual
17 knowledge of the existence of dispute between depositors,
18 beneficiaries, or other persons claiming an interest in funds deposited
19 in an account, all payments made by a financial institution from an
20 account at the request of any depositor to the account and/or the agent
21 of any depositor to the account in accordance with this section and RCW
22 30.22.140, 30.22.150, 30.22.160, 30.22.170, 30.22.180, 30.22.190,
23 30.22.200, and 30.22.220 (as recodified by this act) shall constitute
24 a complete release and discharge of the financial institution from all
25 claims for the amounts so paid regardless of whether or not the payment
26 is consistent with the actual ownership of the funds deposited in an
27 account by a depositor and/or the actual ownership of the funds as
28 between depositors and/or the beneficiaries of P.O.D. and trust
29 accounts, and/or their heirs, successors, personal representatives, and
30 assigns.

31 **Sec. 197.** RCW 30.22.130 and 1981 c 192 s 13 are each amended to
32 read as follows:

33 The protection accorded to financial institutions under RCW
34 30.22.120, 30.22.140, 30.22.150, 30.22.160, 30.22.170, 30.22.180,
35 30.22.190, 30.22.200, 30.22.210, and 30.22.220 (as recodified by this
36 act) shall have no bearing on the actual rights of ownership to

1 deposited funds by a depositor, and/or between depositors, and/or by
2 and between beneficiaries of trust and P.O.D. accounts, and their
3 heirs, successors, personal representatives, and assigns.

4 **Sec. 198.** RCW 30.22.190 and 1989 c 220 s 3 are each amended to
5 read as follows:

6 In each case, where it is provided in RCW 30.22.180 (as recodified
7 by this act) that a financial institution may make payment of funds
8 deposited in an account to the personal representative of the estate of
9 a deceased depositor or beneficiary, the financial institution may make
10 payment of the funds to the following persons under the circumstances
11 provided:

12 (1) In those instances where the deceased depositor left a
13 surviving spouse, and the deceased depositor and the surviving spouse
14 shall have executed a community property agreement which by its terms
15 would include funds of the deceased depositor remaining in the account,
16 a financial institution may make payment of all funds in the name of
17 the deceased spouse to the surviving spouse upon receipt of a certified
18 copy of the community property agreement as recorded in the office of
19 a county auditor of the state and an affidavit of the surviving spouse
20 that the community property agreement was validly executed and in full
21 force and effect upon the death of the depositor.

22 (2) In those instances where the balance of the funds in the name
23 of a deceased depositor does not exceed two thousand five hundred
24 dollars, payment of the decedent's funds remaining in the account may
25 be made to the surviving spouse, next of kin, funeral director, or
26 other creditor who may appear to be entitled thereto upon receipt of
27 proof of death and an affidavit to the effect that no personal
28 representative has been appointed for the deceased depositor's estate.
29 As a condition to the payment, a financial institution may require such
30 waivers, indemnity, receipts, and acquittance and additional proofs as
31 it may consider proper.

32 (3) In those instances where the person entitled presents an
33 affidavit which meets the requirements of chapter 11.62 RCW.

34 A person receiving a payment from a financial institution pursuant
35 to subsections (2) and (3) of this section is answerable and
36 accountable therefor to any personal representative of the deceased
37 depositor's estate wherever and whenever appointed.

1 **Sec. 199.** RCW 30.22.220 and 1981 c 192 s 22 are each amended to
2 read as follows:

3 Notwithstanding RCW 30.22.210 (as recodified by this act), a
4 financial institution may, without liability, pay or permit withdrawal
5 of any funds on deposit in an account to a depositor and/or agent of a
6 depositor and/or trust or P.O.D. account beneficiary, and/or other
7 person claiming an interest therein, even when the financial
8 institution has actual knowledge of the existence of the dispute, if
9 the adverse claimant shall execute to the financial institution, in
10 form and with security acceptable to it, a bond in an amount which is
11 double either the amount of the deposit or the adverse claim, whichever
12 is the lesser, indemnifying the financial institution from any and all
13 liability, loss, damage, costs, and expenses, for and on account of the
14 payment of the adverse claim or the dishonor of the check or other
15 order of the person in whose name the deposit stands on the books of
16 the financial institution: PROVIDED, That where the person in whose
17 name the deposit stands is a fiduciary for the adverse claimant, and
18 the facts constituting such relationship, and also the facts showing
19 reasonable cause of belief on the part of the claimant that the
20 fiduciary is about to misappropriate the deposit, are made to appear by
21 the affidavit of the claimant, the financial institution shall, without
22 liability, refuse to deliver the property for a period of not more than
23 five business days from the date that the financial institution
24 receives the adverse claimant's affidavit, without liability for the
25 sufficiency or truth of the facts alleged in the affidavit, after which
26 time the claim shall be treated as any other claim under this section.

27 **Sec. 200.** RCW 30.32.010 and 1955 c 33 s 30.32.010 are each amended
28 to read as follows:

29 Any bank(~~(, trust company)~~) or mutual savings bank may become a
30 member of the federal reserve system of the United States and to that
31 end may comply with all laws of the United States and all rules,
32 regulations and requirements promulgated pursuant thereto, including
33 the investment of its funds in the stock of a federal reserve bank; and
34 any bank(~~(, trust company)~~) or mutual savings bank, whether a member of
35 the federal reserve system or not, may invest its funds in the stock of
36 the Federal Deposit Insurance Corporation created by the act of
37 congress approved June 16, 1933, and may participate in the insurance

1 of bank deposits and obligate itself for the cost of such participation
2 by assessments or otherwise in accordance with the laws of the United
3 States.

4 **Sec. 201.** RCW 30.32.020 and 1955 c 33 s 30.32.020 are each amended
5 to read as follows:

6 Any savings and loan association, building and loan association,
7 bank, (~~(trust company,)~~) savings bank, or mutual savings bank may
8 become a member of and invest its funds in the bonds and/or the capital
9 stock of a federal home loan bank, and vote such stock in the manner
10 prescribed by its board of directors.

11 **Sec. 202.** RCW 30.32.030 and 1955 c 33 s 30.32.030 are each amended
12 to read as follows:

13 Any such bank, (~~(trust company,)~~) insurance company, or
14 association, may borrow from any home loan bank and as security for
15 borrowing may pledge therewith the notes, mortgages, trust deeds which
16 it holds as shall be required by federal law, and under such rules and
17 regulations as shall be adopted by a federal home loan bank.

18 **Sec. 203.** RCW 30.32.040 and 1955 c 33 s 30.32.040 are each amended
19 to read as follows:

20 Any such bank, (~~(trust company,)~~) insurance company, or
21 association, may designate a federal home loan bank as a depository for
22 its funds.

23 **Sec. 204.** RCW 30.36.010 and 1955 c 33 s 30.36.010 are each amended
24 to read as follows:

25 Capital notes or debentures, where used in this chapter, shall mean
26 notes or other obligations issued by a bank(~~(, trust company)~~) or
27 mutual savings bank, for money obtained and used as additional capital
28 or to replace impaired capital stock: PROVIDED, Such notes or other
29 obligations are subordinate to the rights of depositors and other
30 creditors.

31 The term "capital" where used in this chapter shall mean capital
32 stock and/or capital notes.

1 **Sec. 205.** RCW 30.36.020 and 1994 c 92 s 76 are each amended to
2 read as follows:

3 With the approval of the director, any bank(~~(, trust company)~~) or
4 mutual savings bank may at any time, through action of its board of
5 directors or trustees, issue and sell its capital notes or debentures.
6 Such capital notes or debentures shall be subordinate to the claims of
7 depositors and other creditors. The holders of capital notes or
8 debentures issued by a bank (~~(or trust company)~~) shall have such
9 conversion rights as may be provided in the articles of incorporation
10 with the approval of the director.

11 **Sec. 206.** RCW 30.36.030 and 1994 c 92 s 77 are each amended to
12 read as follows:

13 Where any bank(~~(, trust company)~~) or mutual savings bank has issued
14 and has outstanding capital notes or debentures, it may carry its
15 capital stock on its books at a sum less than par, and it shall not be
16 considered impaired so long as the amount of such capital notes or
17 debentures equals or exceeds the impairment as found by the director.

18 **Sec. 207.** RCW 30.36.040 and 1994 c 92 s 78 are each amended to
19 read as follows:

20 Before such capital notes or debentures are retired or paid by the
21 bank(~~(, trust company)~~) or mutual savings bank, any existing impairment
22 of its capital stock must be overcome or corrected to the satisfaction
23 of the director.

24 **Sec. 208.** RCW 30.38.010 and 2013 c 76 s 12 are each amended to
25 read as follows:

26 (1) An out-of-state bank may engage in banking in this state
27 without violating RCW 30.04.280 (as recodified by this act) only if the
28 conditions and filing requirements of this chapter are met and the bank
29 was lawfully engaged in banking in this state on July 22, 2010, or the
30 bank's in-state banking activities:

31 (a) Resulted from an interstate combination pursuant to RCW
32 30.49.125 (as recodified by this act) or 32.32.500;

33 (b) Resulted from a relocation of a head office of a state bank
34 pursuant to 12 U.S.C. Sec. 30 and RCW 30.04.215(3) (as recodified by
35 this act);

1 (c) Resulted from a relocation of a main office of a national bank
2 pursuant to 12 U.S.C. Sec. 30;

3 (d) Resulted from the establishment of a branch of a savings bank
4 in compliance with RCW 32.04.030(6); or

5 (e) Resulted from interstate branching under RCW 30.38.015 (as
6 recodified by this act).

7 Nothing in this section affects the authorities of alien banks as
8 defined by RCW 30.42.020 (as recodified by this act) to engage in
9 banking within this state.

10 (2) The director, consistent with 12 U.S.C. Sec. 1831u(b)(2)(D),
11 may approve an interstate combination if the standard on which the
12 approval is based does not discriminate against out-of-state banks,
13 out-of-state bank holding companies, or subsidiaries of those banks or
14 holding companies.

15 **Sec. 209.** RCW 30.38.030 and 1996 c 2 s 13 are each amended to read
16 as follows:

17 (1) If authorized to engage in banking in this state under RCW
18 30.38.010 (as recodified by this act), an out-of-state bank may
19 maintain and operate the branches in Washington of a Washington bank
20 with which the out-of-state bank or its predecessors engaged in an
21 interstate combination.

22 (2) The out-of-state bank may establish or acquire and operate
23 additional branches in Washington to the same extent that any
24 Washington bank may establish or acquire and operate a branch in
25 Washington under applicable federal and state law.

26 (3) The out-of-state state bank may, at such branches, unless
27 otherwise limited by the bank's home state law, exercise any powers and
28 authorities that are authorized under the laws of this state for
29 Washington state banks.

30 (4) The out-of-state state bank may, at these branches, exercise
31 additional powers and authorities that are authorized under the laws of
32 its home state, only if the director determines in writing that the
33 exercise of the additional powers and authorities in this state will
34 not threaten the safety and soundness of banks in this state and serves
35 the convenience and needs of Washington consumers. Washington state
36 banks also may exercise the powers and authorities under RCW
37 30.08.140(16) (as recodified by this act) or 32.08.140(15).

1 **Sec. 210.** RCW 30.38.070 and 1996 c 2 s 17 are each amended to read
2 as follows:

3 (1) Any out-of-state state bank that will be the resulting bank
4 pursuant to an interstate combination involving any bank with branches
5 in Washington, if RCW 30.49.125(5) (as recodified by this act) does not
6 apply, shall notify the director of the proposed combination not later
7 than three days after the date of filing of an application for the
8 combination with the responsible federal bank supervisory agency, and
9 shall submit a copy of the application to the director and pay
10 applicable application fees, if any, required by the director. In lieu
11 of notice from the out-of-state state bank the director may accept
12 notice from the bank's home state regulator. The director has the
13 authority to waive any procedures required by Washington merger laws if
14 the director finds that the provision is in conflict with the
15 applicable federal law or in conflict with the applicable law of the
16 state of the resulting bank.

17 (2) An out-of-state state bank that has established and maintains
18 a branch in this state pursuant to this chapter shall give at least
19 thirty days' prior written notice or, in the case of an emergency
20 transaction, shorter notice as is consistent with the applicable state
21 or federal law, to the director of any transaction that would cause a
22 change of control with respect to the bank or any bank holding company
23 that controls the bank, with the result that an application would be
24 required to be filed pursuant to the federal change in bank control act
25 of 1978, as amended, 12 U.S.C. Sec. 1817(j), or the federal bank
26 holding company act of 1956, as amended, 12 U.S.C. Sec. 1841 et seq.,
27 or any successor statutes. In lieu of notice from the out-of-state
28 state bank the director may accept notice from the bank's home state
29 regulator.

30 **Sec. 211.** RCW 30.42.020 and 1994 c 92 s 80 are each amended to
31 read as follows:

32 For the purposes of this chapter, the following terms shall be
33 defined as follows:

34 (1) "Alien bank" means a bank organized under the laws of a foreign
35 country and having its principal place of business in that country, the
36 majority of the beneficial ownership and control of which is vested in
37 citizens of countries other than the United States of America.

1 (2) "Office" means a branch or agency of an alien bank carrying on
2 business in this state pursuant to this chapter.

3 (3) "Branch" means an office of an alien bank that is exercising
4 the powers authorized by RCW 30.42.105, 30.42.115, and 30.42.155 (as
5 recodified by this act).

6 (4) "Agency" means an office of an alien bank that is exercising
7 the powers authorized by RCW 30.42.180 (as recodified by this act).

8 (5) "Bureau" means an alien bank's operation in this state
9 exercising the powers authorized by RCW 30.42.230 (as recodified by
10 this act).

11 **Sec. 212.** RCW 30.42.060 and 1994 c 92 s 82 are each amended to
12 read as follows:

13 An alien bank shall not hereafter open an office in this state
14 until it has met the following conditions:

15 (1) It has filed with the director an application in such form and
16 containing such information as shall be prescribed by the director.

17 (2) It has designated the director by a duly executed instrument in
18 writing, its agent, upon whom process in any action or proceeding
19 arising out of a transaction with the Washington office may be served.
20 Such service shall have the same force and effect as if the alien bank
21 were a Washington corporation and had been lawfully served with process
22 within the state. The director shall forward by mail, postage prepaid,
23 a copy of every process served upon him or her under the provisions of
24 this subdivision, addressed to the manager or agent of such bank at its
25 office in this state.

26 (3) It has allocated and assigned to its office within this state
27 paid-in capital of not less than two hundred thousand dollars or such
28 larger amounts as the director in his or her discretion may require.

29 (4) It has filed with the director a letter from its chief
30 executive officer guaranteeing that the alien bank's entire capital and
31 surplus is and shall be available for all liabilities and obligations
32 of its office doing business in this state.

33 (5) It has paid the fees required by law and established by the
34 director pursuant to RCW (~~(30.08.095)~~) 30.04.070 (as recodified by this
35 act).

36 (6) It has received from the director his or her certificate

1 authorizing the transaction of business in conformity with this
2 chapter.

3 **Sec. 213.** RCW 30.42.070 and 1994 c 92 s 83 are each amended to
4 read as follows:

5 The capital allocated as required in RCW 30.42.060(3) (as
6 recodified by this act) shall be maintained within this state at all
7 times in cash or in director approved interest bearing bonds, notes,
8 debentures, or other obligations: (1) Of the United States or of any
9 agency or instrumentality thereof, or guaranteed by the United States;
10 or (2) of this state, or of a city, county, town, or other municipal
11 corporation, or instrumentality of this state or guaranteed by this
12 state, or such other assets as the director may approve. Such capital
13 shall be deposited with a bank qualified to do business in and having
14 its principal place of business within this state, or in a national
15 bank qualified to engage in banking in this state. Such bank shall
16 issue a written receipt addressed and delivered to the director
17 reciting that such deposit is being held for the sole benefit of the
18 United States domiciled creditors of such alien bank's Washington
19 office and that the same is subject to his or her order without offset
20 for the payment of such creditors. For the purposes of this section,
21 the term "creditor" shall not include any other offices, branches,
22 subsidiaries, or affiliates of such alien bank. Subject to the
23 approval of the director, reasonable arrangements may be made for
24 substitution of securities. So long as it shall continue business in
25 this state in conformance with this chapter and shall remain solvent,
26 such alien bank shall be permitted to collect all interest and/or
27 income from the assets constituting such allocated capital.

28 Should any securities so depreciate in market value and/or quality
29 as to reduce the deposit below the amount required, additional money or
30 securities shall be deposited promptly in amounts sufficient to meet
31 such requirements. The director may make an investigation of the
32 market value and of the quality of any security deposited at the time
33 such security is presented for deposit or at any time thereafter. The
34 director may make such charge as may be reasonable and proper for such
35 investigation.

1 **Sec. 214.** RCW 30.42.090 and 1994 c 92 s 85 are each amended to
2 read as follows:

3 The director may give or withhold his or her approval of an
4 application by an alien bank to establish an office in this state at
5 his or her discretion. The director's decision shall be based on the
6 information submitted to his or her office in the application required
7 by RCW 30.42.060 (as recodified by this act) and such additional
8 investigation as the director deems necessary or appropriate. Prior to
9 granting approval to said application, the director shall have
10 ascertained to his or her satisfaction that all of the following are
11 true:

12 (1) The proposed location offers a reasonable promise of adequate
13 support for the proposed office;

14 (2) The proposed office is not being formed for other than
15 legitimate objects;

16 (3) The proposed officers of the proposed office have sufficient
17 banking experience and ability to afford reasonable promise of
18 successful operation;

19 (4) The reputation and financial standing of the alien bank is such
20 as to command the confidence and warrant belief that the business of
21 the proposed office will be conducted honestly and efficiently in
22 accordance with the intent and purpose of this chapter, as set forth in
23 RCW 30.42.010 (as recodified by this act);

24 (5) The principal purpose of establishing such office shall be
25 within the intent of this chapter.

26 The director shall not grant an application for an office of an
27 alien bank unless the law of the foreign country under which laws the
28 alien bank is organized permits a bank with its principal place of
29 business in this state to establish in that foreign country a branch,
30 agency or similar operation.

31 **Sec. 215.** RCW 30.42.105 and 1994 c 92 s 87 are each amended to
32 read as follows:

33 An approved branch of an alien bank shall have the same power to
34 make loans and guarantee obligations as a state bank chartered pursuant
35 to this title (~~(30-RCW)~~): PROVIDED, HOWEVER, That the base for
36 computing the applicable loan limitation shall be the entire capital

1 and surplus of the alien bank. The director may adopt rules limiting
2 the amount of loans to full-time employees of the branch.

3 **Sec. 216.** RCW 30.42.115 and 1994 c 92 s 88 are each amended to
4 read as follows:

5 (1) Any branch of an alien bank that received approval of its
6 branch application pursuant to RCW 30.42.090 (as recodified by this
7 act), or that had filed its branch application pursuant to RCW
8 30.42.060 (as recodified by this act), on or before July 27, 1978, and
9 any approved branch of an alien bank that has designated Washington as
10 its home state pursuant to section 5 of the International Banking Act
11 of 1978, shall have the same power to solicit and accept deposits as a
12 state bank chartered pursuant to this title (~~(30-RCW)~~), except that
13 acceptance of initial deposits of less than one hundred thousand
14 dollars shall be limited to deposits of the following:

15 (a) Any business entity, including any corporation, partnership,
16 association, or trust, that engages in commercial activity for profit:
17 PROVIDED, That there shall be excluded from this category any such
18 business entity that is organized under the laws of any state or the
19 United States, is majority-owned by United States citizens or
20 residents, and has total assets, including assets of majority owned
21 subsidiaries, of less than one million five hundred thousand dollars as
22 of the date of the initial deposit;

23 (b) Any governmental unit, including the United States government,
24 any state government, any foreign government and any political
25 subdivision or agency of the foregoing;

26 (c) Any international organization which is composed of two or more
27 nations;

28 (d) Any draft, check, or similar instrument for the transmission of
29 funds issued by the branch;

30 (e) Any depositor who is not a citizen of the United States and who
31 is not a resident of the United States at the time of the initial
32 deposit;

33 (f) Any depositor who established a deposit account on or before
34 July 1, 1982, and who has continuously maintained the deposit account
35 since that date: PROVIDED, That this subparagraph (f) of this
36 subsection shall be effective only until July 1, 1985;

1 (g) Any other person: PROVIDED, That the amount of deposits under
2 this subparagraph (g) of this subsection may not exceed four percent of
3 the average of the branch's deposits for the last thirty days of the
4 most recent calendar quarter, excluding deposits in the branch of other
5 offices, branches, agencies, or wholly owned subsidiaries of the alien
6 bank.

7 (2) As used in subsection (1) of this section, "initial deposit"
8 means the first deposit transaction between a depositor and the branch.
9 Different deposit accounts that are held by a depositor in the same
10 right and capacity may be added together for purposes of determining
11 the dollar amount of that depositor's initial deposit.

12 (3) Approved branches of alien banks, other than those described in
13 subsection (1) of this section, may solicit and accept deposits only
14 from foreign governments and their agencies and instrumentalities,
15 persons, or entities conducting business principally at their offices
16 or establishments abroad, and such other deposits that:

17 (a) Are to be transmitted abroad;

18 (b) Consist of collateral or funds to be used for payment of
19 obligations to the branch;

20 (c) Consist of the proceeds of collections abroad that are to be
21 used to pay for exported or imported goods or for other costs of
22 exporting or importing or that are to be periodically transferred to
23 the depositor's account at another financial institution;

24 (d) Consist of the proceeds of extensions of credit by the branch;
25 or

26 (e) Represent compensation to the branch for extensions of credit
27 or services to the customer.

28 (4) A branch may accept deposits, subject to the limitations set
29 forth in subsections (1) and (3) of this section, only upon the same
30 terms and conditions (including nature and extent of such deposits,
31 withdrawal, and the payment of interest thereon) that banks organized
32 under the laws of this state which are members of the Federal Reserve
33 System may accept such deposits. Any branch that is not subject to
34 reserve requirements under regulations of the Federal Reserve Board
35 shall maintain deposit reserves in this state, pursuant to rules
36 adopted by the director, to the same extent they must be maintained by
37 banks organized under the laws of this state which are members of the
38 Federal Reserve System.

1 **Sec. 217.** RCW 30.42.120 and 1994 c 92 s 89 are each amended to
2 read as follows:

3 A branch shall not commence to transact in this state the business
4 of accepting deposits or transact such business thereafter unless it
5 has met the following requirements:

6 (1) It has obtained federal deposit insurance corporation insurance
7 covering its eligible deposit liabilities within this state, or in lieu
8 thereof, made arrangements satisfactory to the director for maintenance
9 within this state of additional capital equal to not less than five
10 percent of its deposit liabilities, computed on the basis of the
11 average daily net deposit balances covering semimonthly periods as
12 prescribed by the director. Such additional capital shall be deposited
13 in the manner provided in RCW 30.42.070 (as recodified by this act).

14 (2) It holds in this state currency, bonds, notes, debentures,
15 drafts, bills of exchange, or other evidences of indebtedness or other
16 obligations payable in the United States or in United States funds or,
17 with the approval of the director, in funds freely convertible into
18 United States funds or such other assets as are approved by the
19 director, in an amount not less than one hundred percent of the
20 aggregate amount of liabilities of such alien bank payable at or
21 through its office in this state. When calculating the value of the
22 assets so held, credit shall be given for the amounts deposited
23 pursuant to RCW 30.42.060(3) and 30.42.120(1) (as recodified by this
24 act), but there shall be excluded all amounts due from the head office
25 and any other branch, agency, or other office or wholly-owned
26 subsidiary of the bank, except those amounts due from such offices or
27 subsidiaries located within the United States and payable in United
28 States dollars.

29 (3) If deposits are not insured by the federal deposit insurance
30 corporation, then that fact shall be disclosed to all depositors
31 pursuant to rules of the director.

32 (4) If the branch conducts an international banking facility, the
33 deposits of which are exempt from reserve requirements of the federal
34 reserve banking system, the liabilities of that facility shall be
35 excluded from the deposit and other liabilities of the branch for the
36 purposes of subsection (1) of this section.

1 **Sec. 218.** RCW 30.42.130 and 1994 c 92 s 90 are each amended to
2 read as follows:

3 The director may take possession of the office of an alien bank for
4 the reasons stated and in the manner provided in chapter 30.44 RCW (as
5 recodified by this act). Upon the director taking such possession of
6 a branch, no deposit liabilities of which are insured by the federal
7 deposit insurance corporation, the amounts deposited pursuant to RCW
8 30.42.120(1) (as recodified by this act) shall thereupon become the
9 property of the director, free and clear of any and all liens and other
10 claims, and shall be held by the director in trust for the United
11 States domiciled depositors of the office in this state of such alien
12 bank. Upon obtaining the approval of the superior court of Thurston
13 county, the director shall reduce such deposited capital to cash and as
14 soon as practicable distribute it to such depositors.

15 If sufficient cash is available, such distribution shall be in
16 equal amounts to each such depositor: PROVIDED, That no such depositor
17 receives more than the amount of his or her deposit or an amount equal
18 to the maximum amount insured by the federal deposit insurance
19 corporation, whichever is less. If sufficient cash is not available,
20 such distribution shall be on a pro rata basis to each such depositor:
21 PROVIDED, That no such depositor receives more than the maximum amount
22 insured by the federal deposit insurance corporation. If any cash
23 remains after such distribution, it shall be distributed pro rata to
24 those depositors whose deposits have not been paid in full: PROVIDED,
25 That no depositor receives more than the amount of his deposit. For
26 purposes of this section, the term "depositor" shall not include any
27 other offices, subsidiaries or affiliates of such alien bank.

28 The term "deposit" as used in this section shall mean the unpaid
29 balance of money or its equivalent received or held by the branch in
30 the usual course of its business and for which it has given or is
31 obligated to give credit, either conditionally or unconditionally to a
32 demand, time or savings account, or which is evidenced by its
33 certificate of deposit, or a check or draft drawn against a deposit
34 account and certified by the branch, or a letter of credit or
35 traveler's checks on which the branch is primarily liable.

36 Claims of depositors and creditors shall be made and disposed of in
37 the manner provided in chapter 30.44 RCW (as recodified by this act) in
38 the event of insolvency or inability of the bank to pay its creditors

1 in this state. The capital deposit of the bank shall be available for
2 claims of depositors and creditors. The claims of depositors and
3 creditors shall be paid from the capital deposit in the following order
4 or priority:

5 (1) Claims of depositors not paid from the amounts deposited
6 pursuant to RCW 30.42.120(1) (as recodified by this act);

7 (2) Claims of Washington domiciled creditors;

8 (3) Other creditors domiciled in the United States; and

9 (4) Creditors domiciled in foreign countries.

10 The director shall proceed in accordance with and have all the
11 powers granted by chapter 30.44 RCW (as recodified by this act).

12 **Sec. 219.** RCW 30.42.155 and 1982 c 95 s 5 are each amended to read
13 as follows:

14 (1) In addition to the taking of deposits and making of loans as
15 provided in this chapter, a branch of an alien bank shall have the
16 power only to carry out these other activities:

17 (a) Borrow funds from banks and other financial institutions;

18 (b) Make investments to the same extent as a state bank chartered
19 pursuant to this title (~~(30-RCW)~~);

20 (c) Buy and sell foreign exchange;

21 (d) Receive checks, bills, drafts, acceptances, notes, bonds,
22 coupons, and other securities for collection abroad and collect such
23 instruments in the United States for customers abroad;

24 (e) Hold securities in safekeeping for, or buy and sell securities
25 upon the order and for the risk of, customers abroad;

26 (f) Act as paying agent for securities issued by foreign
27 governments or other organizations organized under foreign law and not
28 qualified under the laws of the United States, or of any state or the
29 District of Columbia, to do business in the United States;

30 (g) In order to prevent loss on debts previously contracted a
31 branch may acquire shares in a corporation: PROVIDED, That the shares
32 are disposed of as soon as practical but in no event later than two
33 years from the date of acquisition;

34 (h) Issue letters of credit and create acceptances;

35 (i) Act as paying agent or trustee in connection with revenue bonds
36 issued pursuant to chapter 39.84 RCW, in which the user is: (i) A
37 corporation organized under the laws of a country other than the United

1 States, or a subsidiary or affiliate owned or controlled by such a
2 corporation; or (ii) a corporation, partnership, or other business
3 organization, the majority of the beneficial ownership of which is
4 owned by persons who are citizens of a country other than the United
5 States and who are not residents of the United States, and any
6 subsidiary or affiliate owned or controlled by such an organization; or
7 in which the bank purchases twenty-five percent or more of the bond
8 issue. For the purposes of chapter 39.84 RCW, such an alien bank shall
9 be deemed to possess trust powers.

10 (2) In addition to the powers and activities expressly authorized
11 by this section, a branch shall have the power to carry on such
12 additional activities which are necessarily incidental to the
13 activities expressly authorized by this section.

14 **Sec. 220.** RCW 30.42.280 and 1973 1st ex.s. c 53 s 28 are each
15 amended to read as follows:

16 The directors or other governing body of an alien bank and the
17 officers and employees of its office in this state shall be subject to
18 all of the duties, responsibilities and restrictions to which the
19 directors, officers and employees of a bank organized under the laws of
20 this state are subject insofar as such duties, responsibilities and
21 restrictions are not inconsistent with the intent of this chapter. An
22 officer or employee of the office of an alien bank doing business in
23 this state pursuant to this chapter may be removed for the reasons
24 stated and in the manner provided in RCW 30.12.040(~~(, as now or~~
25 ~~hereafter amended)~~) (as recodified by this act).

26 **Sec. 221.** RCW 30.42.310 and 1994 c 92 s 101 are each amended to
27 read as follows:

28 An alien bank licensed to maintain an office or bureau in this
29 state pursuant to this chapter may apply to the director for leave to
30 change the location of its office or bureau. Such applications shall
31 be accompanied by an investigation fee as established in accordance
32 with RCW 30.42.330 (as recodified by this act). Leave for a change of
33 location shall be granted if the director finds that the proposed new
34 location offers reasonable promise of adequate support for the office.

1 **Sec. 222.** RCW 30.42.340 and 1973 1st ex.s. c 53 s 34 are each
2 amended to read as follows:

3 (1) Any branch of an alien bank that is conducting business in this
4 state on July 16, 1973 pursuant to RCW 30.04.300 (as recodified by this
5 act) shall not be subject to the provisions of this chapter, and shall
6 continue to conduct its business pursuant to RCW 30.04.300 (as
7 recodified by this act).

8 (2) Except as provided in subsection (1) of this section, any alien
9 bank that is conducting business in this state on July 16, 1973 shall
10 be subject to the provisions of this chapter: PROVIDED, That any such
11 alien bank which has operated an agency or similar operation in this
12 state for at least the five years immediately preceding such effective
13 date shall not be denied a certificate to operate an agency.

14 **Sec. 223.** RCW 30.44.010 and 2010 c 88 s 30 are each amended to
15 read as follows:

16 (1) Under the circumstances set forth in subsection (2) of this
17 section, the director may give to a bank (~~(or trust company)~~) a notice
18 to correct an unsafe condition of the bank (~~(or trust company)~~); and if
19 such bank (~~(or trust company)~~) fails to comply with the terms of such
20 notice within thirty days from the date of its issuance or within such
21 further time as the director may allow, then the director may take
22 possession of such bank (~~(or trust company)~~) as in the case of
23 insolvency.

24 (2) The director is authorized to give notice and take possession
25 of a bank (~~(or trust company)~~), as described in subsection (1) of this
26 section, under the following circumstances:

27 (a) The obligations to its creditors, depositors, members, trust
28 beneficiaries, if applicable, and others exceed its assets;

29 (b) It has willfully violated a supervisory directive, cease and
30 desist order, or other authorized directive or order of the director;

31 (c) It has concealed its books, papers, records, or assets, or
32 refused to submit its books, records, or affairs to any examiner of the
33 department or the federal deposit insurance corporation;

34 (d) It is likely to be unable to pay its obligations or meet its
35 depositors' demands in the normal course of business;

36 (e) It ceases to have deposit insurance acceptable to the director;

1 (f) It fails to submit a capital restoration plan acceptable to the
2 department within a time previously called for or materially fails to
3 implement a capital restoration plan that was previously submitted and
4 accepted by the department; or

5 (g) It is critically undercapitalized or otherwise has
6 substantially insufficient capital.

7 **Sec. 224.** RCW 30.44.020 and 2010 c 88 s 31 are each amended to
8 read as follows:

9 (1) Whenever it shall in any manner appear to the director that any
10 offense or delinquency referred to in RCW 30.44.010 (as recodified by
11 this act) has resulted in a bank (~~(or trust company)~~) being critically
12 undercapitalized with no reasonably foreseeable prospect of recovery,
13 or that it has suspended payment of its obligations or is insolvent,
14 the director may notify such bank (~~(or trust company)~~) to levy an
15 assessment on its stock or otherwise to make good such impairment or
16 offense or other delinquency within such time and in such manner as the
17 director may specify, or if the director deems necessary, the director
18 may take possession thereof without notice.

19 (2) The board of directors of any such bank (~~(or trust company)~~),
20 with the consent of the holders of record of two-thirds of the capital
21 stock expressed either in writing or by vote at a stockholders' meeting
22 called for that purpose, shall have power and authority to levy such
23 assessment upon the stockholders pro rata and to forfeit the stock upon
24 which any such assessment is not paid, in the manner prescribed in RCW
25 30.12.180 (as recodified by this act).

26 **Sec. 225.** RCW 30.44.030 and 2010 c 88 s 32 are each amended to
27 read as follows:

28 Within ten days after the director takes possession thereof, a bank
29 (~~(or trust company)~~) may serve a notice upon the director to appear
30 before the superior court of the county wherein such corporation is
31 located and at a time to be fixed by the court, which shall not be less
32 than five nor more than fifteen days from the date of the service of
33 such notice, to show cause why the director's action taking possession
34 of the bank (~~(or trust company)~~) should not be affirmed. Upon the
35 return day of such notice, or such further day as the matter may be
36 continued to, the court shall summarily hear said cause and shall

1 dismiss the same, if it be found that possession was taken by the
2 director in good faith and for cause, but if it find that no cause
3 existed for the taking possession of such bank (~~(or trust company)~~), it
4 shall require the director to restore such bank (~~(or trust company)~~) to
5 possession of its assets and enjoin the director from further
6 interference therewith without cause.

7 **Sec. 226.** RCW 30.44.040 and 1994 c 92 s 110 are each amended to
8 read as follows:

9 Upon taking possession of any bank (~~(or trust company)~~), the
10 director shall forthwith give written notice thereof to all persons
11 having possession of any assets of such corporation. No person knowing
12 of the taking of such possession by the director shall have a lien or
13 charge for any payment thereafter advanced or clearance thereafter made
14 or liability thereafter incurred against any of the assets of such
15 corporation.

16 **Sec. 227.** RCW 30.44.050 and 1994 c 92 s 111 are each amended to
17 read as follows:

18 Upon taking possession of any bank (~~(or trust company)~~), the
19 director shall proceed to collect the assets thereof and to preserve,
20 administer and liquidate the business and assets of such corporation.
21 With the approval of the superior court of the county in which such
22 corporation is located, he or she may sell, compound or compromise bad
23 or doubtful debts, and upon such terms as the court shall direct
24 borrow, mortgage, pledge or sell all or any part of the real estate and
25 personal property of such corporation. He or she shall deliver to each
26 purchaser or lender an appropriate deed, mortgage, agreement of pledge
27 or other instrument of title or security. If real estate is situated
28 outside of said county, a certified copy of the orders authorizing and
29 confirming the sale or mortgage thereof shall be filed for record in
30 the office of the auditor of the county in which such property is
31 situated. He or she may appoint special assistants and other necessary
32 agents to assist in the administration and liquidation of such
33 corporation, a certificate of such appointment to be filed with the
34 clerk of the county in which such corporation is located. He or she
35 shall require each special assistant to give a surety company bond,
36 conditioned as he or she shall provide, the premium of which shall be

1 paid out of the assets of such corporation. He or she may also employ
2 an attorney for legal assistance in such administration and
3 liquidation.

4 **Sec. 228.** RCW 30.44.100 and 2010 c 88 s 33 are each amended to
5 read as follows:

6 No receiver shall be appointed by any court for any bank (~~or trust~~
7 ~~company~~), nor shall any assignment of any bank (~~or trust~~
8 ~~company~~) for the benefit of creditors be valid, excepting only that a court
9 otherwise having jurisdiction may in case of imminent necessity appoint
10 a temporary receiver to take possession of and preserve the assets of
11 such corporation. Immediately upon any such appointment, the clerk of
12 such court shall notify the director in writing of such appointment and
13 the director shall forthwith take possession of such bank (~~or,~~
14 ~~trust~~
~~company~~), as in case of insolvency, and the temporary receiver shall
15 upon demand of the director surrender up to him or her such possession
16 and all assets which shall have come into the possession of such
17 receiver. The director shall in due course pay such receiver out of
18 the assets of such corporation such amount as the court shall allow.

19 **Sec. 229.** RCW 30.44.110 and 2010 c 88 s 34 are each amended to
20 read as follows:

21 (1) Every transfer of its property or assets by any bank (~~or trust~~
22 ~~company~~), made (a) in contemplation of insolvency or after it shall
23 have become insolvent, (b) within ninety days before the date the
24 director takes possession of such bank (~~or trust~~
25 ~~company~~) under RCW
26 30.44.010, 30.44.020, 30.44.100 or 30.44.160 (as recodified by this
27 act), or the federal deposit insurance corporation is appointed as
28 receiver or liquidator of such bank under RCW 30.44.270 (as recodified
29 by this act), and (c) with a view to the preference of one creditor
30 over another or to prevent the equal distribution of its property and
31 assets among its creditors, shall be void.

32 (2) Every director, officer, or employee of a bank (~~or trust~~
33 ~~company~~) making any such transfer of assets is guilty of a class B
34 felony punishable according to chapter 9A.20 RCW.

35 **Sec. 230.** RCW 30.44.120 and 2003 c 53 s 191 are each amended to
read as follows:

1 An officer, director, or employee of any bank (~~or trust company~~)
2 who shall fraudulently receive for it any deposit, knowing that such
3 bank or trust company is insolvent, is guilty of a class B felony
4 punishable according to chapter 9A.20 RCW.

5 **Sec. 231.** RCW 30.44.150 and 1994 c 92 s 119 are each amended to
6 read as follows:

7 Any dividends to depositors or other creditors of such bank (~~or~~
8 ~~trust company~~) remaining uncalled for and unpaid in the hands of the
9 director for six months after order of final distribution, shall be
10 deposited in a bank (~~or trust company~~) to his or her credit, in trust
11 for the benefit of the persons entitled thereto and subject to the
12 supervision of the court shall be paid by him or her to them upon
13 receipt of satisfactory evidence of their right thereto.

14 All moneys so deposited remaining unclaimed for five years after
15 deposit shall escheat to the state for the benefit of the permanent
16 school fund and shall be paid by the director into the state treasury.
17 It shall not be necessary to have the escheat adjudged in a suit or
18 action.

19 **Sec. 232.** RCW 30.44.160 and 2010 c 88 s 35 are each amended to
20 read as follows:

21 (1) Subject to the consent of the director, a bank (~~or trust~~
22 ~~company~~) may voluntarily stipulate and consent to an order taking
23 possession and thereby place itself under the control of the director
24 to be liquidated and be made subject to receivership as provided in
25 this chapter.

26 (2) Upon issuance of such order taking possession, the bank (~~or~~
27 ~~trust company~~) shall post a notice on its door as follows: "This bank
28 (~~(trust company)~~) is in the possession of the Director of the
29 Washington State Department of Financial Institutions."

30 (3) The posting of such notice or the taking possession of any bank
31 (~~or trust company~~) by the director shall be sufficient to place all
32 of its assets and property of every nature in his or her possession and
33 bar all attachment proceedings.

34 **Sec. 233.** RCW 30.44.170 and 1994 c 92 s 121 are each amended to
35 read as follows:

1 Any bank (~~(or trust company)~~) may, upon receipt of written
2 permission from the director, go into voluntary liquidation by a vote
3 of its stockholders owning two-thirds of its capital stock. When such
4 liquidation is authorized, the directors of such corporation shall
5 publish in a newspaper published in the place where such corporation is
6 located, once a week for four consecutive weeks, a notice requiring
7 creditors of such corporation to present their claims against it for
8 payment.

9 **Sec. 234.** RCW 30.44.180 and 1994 c 92 s 122 are each amended to
10 read as follows:

11 Whenever any bank (~~(or trust company)~~) shall voluntarily liquidate,
12 any dividends to depositors or other creditors of such bank (~~(or trust~~
13 ~~company)~~) remaining uncalled for and unpaid at the conclusion of the
14 liquidation shall be transmitted to the director and shall be deposited
15 by him or her in a bank or trust company to his or her credit in trust
16 for the benefit of the persons entitled thereto, and shall be paid by
17 him or her to them upon receipt of satisfactory evidence of their right
18 thereto.

19 All moneys so deposited remaining unclaimed for five years after
20 deposit shall escheat to the state for the benefit of the permanent
21 school fund and shall be paid by the director into the state treasury.
22 It shall not be necessary to have the escheat adjudged in a suit or
23 action.

24 **Sec. 235.** RCW 30.44.190 and 1994 c 92 s 123 are each amended to
25 read as follows:

26 Whenever any bank (~~(or trust company)~~) shall be liquidated,
27 voluntarily or involuntarily, and shall retain in its possession at the
28 conclusion of the liquidation, uncalled for and unclaimed personal
29 property left with it for safekeeping, such property shall, in the
30 presence of at least one witness, be inventoried by the liquidating
31 agent and sealed in separate packages, each package plainly marked with
32 the name and last known address of the person in whose name the
33 property stands on the books of the bank (~~(or trust company)~~). If the
34 property is in safe deposit boxes, such boxes shall be opened by the
35 liquidating agent in the presence of at least one witness, and the
36 property inventoried, sealed in packages and marked as above required.

1 All the packages shall be transmitted to the director, together with
2 certificates signed by the liquidating agent and witness or witnesses,
3 listing separately the property standing in the name of any one person
4 on the books of the bank (~~(or trust company)~~), together with the date
5 of inventory, and name and last known address of the person in whose
6 name the property stands.

7 **Sec. 236.** RCW 30.44.200 and 1994 c 92 s 124 are each amended to
8 read as follows:

9 Upon receiving possession of the packages, the director shall cause
10 them to be opened in the presence of at least one witness, the property
11 reinventoried, and the packages resealed, and held for safekeeping.
12 The liquidated bank, its directors, officers, and shareholders, and the
13 liquidating agent shall thereupon be relieved of responsibility and
14 liability for the property so delivered to and received by the
15 director. The director shall send immediately to each person in whose
16 name the property stood on the books of the liquidated bank (~~(or trust
17 company)~~), at his or her last known address, in a securely closed,
18 postpaid and registered letter, a notice that the property listed will
19 be held in his or her name for a period of not less than two years. At
20 any time after the mailing of such notice, and before the expiration of
21 two years, such person may require the delivery of the property so
22 held, by properly identifying himself or herself and offering evidence
23 of his or her right thereto, to the satisfaction of the director.

24 **Sec. 237.** RCW 30.44.210 and 1994 c 92 s 125 are each amended to
25 read as follows:

26 After the expiration of two years from the time of mailing the
27 notice, the director shall mail in a securely closed postpaid
28 registered letter, addressed to the person at his or her last known
29 address, a final notice stating that two years have elapsed since the
30 sending of the notice referred to in RCW 30.44.200 (as recodified by
31 this act), and that the director will sell all the property or articles
32 of value set out in the notice, at a specified time and place, not less
33 than thirty days after the time of mailing the final notice. Unless
34 the person shall, on or before the day mentioned, claim the property,
35 identify himself or herself and offer evidence of his or her right
36 thereto, to the satisfaction of the director, the director may sell all

1 the property or articles of value listed in the notice, at public
2 auction, at the time and place stated in the final notice: PROVIDED,
3 That a notice of the time and place of sale has been published once
4 within ten days prior to the sale in a newspaper of general circulation
5 in the county where the sale is held. Any such property held by the
6 director, the owner of which is not known, may be sold at public
7 auction after it has been held by the director for two years, provided,
8 that a notice of the time and place of sale has been published once
9 within ten days prior to the sale in a newspaper of general circulation
10 in the county where the sale is held.

11 **Sec. 238.** RCW 30.44.220 and 1994 c 92 s 126 are each amended to
12 read as follows:

13 The proceeds of such sale shall be deposited by the director in a
14 bank (~~(or trust company)~~) to his or her credit, in trust for the
15 benefit of the person entitled thereto, and shall be paid by him or her
16 to such person upon receipt of satisfactory evidence of his or her
17 right thereto.

18 All moneys so deposited remaining unclaimed for five years after
19 deposit shall escheat to the state for the benefit of the permanent
20 school fund and shall be paid by the director into the state treasury.
21 It shall not be necessary to have the escheat adjudged in a suit or
22 action.

23 **Sec. 239.** RCW 30.44.230 and 1994 c 92 s 127 are each amended to
24 read as follows:

25 Whenever the personal property held by a liquidated bank (~~(or trust~~
26 ~~company)~~) shall consist either wholly or in part, of documents,
27 letters, or other papers of a private nature, such documents, letters,
28 or papers shall not be sold, but shall be retained by the director for
29 a period of five years, and, unless sooner claimed by the owner, may be
30 thereafter destroyed in the presence of the director and at least one
31 other witness.

32 **Sec. 240.** RCW 30.44.240 and 1994 c 92 s 128 are each amended to
33 read as follows:

34 A bank (~~(or trust company)~~) may for the purpose of voluntary
35 liquidation transfer its assets and liabilities to another bank (~~(or~~

1 ~~trust company~~)), by a vote, or with the written consent of the
2 stockholders of record owning two-thirds of its capital stock, but only
3 with the written consent of the director and upon such terms and
4 conditions as he or she may prescribe. Upon any such transfer being
5 made, or upon the liquidation of any such corporation for any cause
6 whatever or upon its being no longer engaged in the business of a bank
7 (~~or trust company~~)), the director shall terminate its certificate of
8 authority, which shall not thereafter be revived or renewed. When the
9 certificate of authority of any such corporation shall have been
10 revoked, it shall forthwith collect and distribute its remaining
11 assets, and when that is done the director shall certify the fact to
12 the secretary of state, whereupon the corporation shall cease to exist
13 and the secretary of state shall note that fact upon his or her
14 records.

15 **Sec. 241.** RCW 30.44.250 and 1994 c 92 s 129 are each amended to
16 read as follows:

17 Whenever the director has taken possession of a bank (~~or trust~~
18 ~~company~~) for any cause, he or she may wind up such corporation and
19 cancel its certificate of authority, unless enjoined from so doing, as
20 herein provided. Or if at any time within ninety days after taking
21 possession, he or she shall determine that all impairment and
22 delinquencies have been made good, and that it is safe and expedient
23 for such corporation to reopen, he or she may permit such corporation
24 to reopen upon such terms and conditions as he or she shall prescribe.
25 Before being permitted to reopen, every such corporation shall pay all
26 of the expenses of the director, as herein elsewhere defined.

27 **Sec. 242.** RCW 30.44.270 and 2010 c 88 s 36 are each amended to
28 read as follows:

29 (1) The federal deposit insurance corporation is hereby authorized
30 and empowered to be and act without bond as receiver or liquidator of
31 any bank (~~or trust company~~) the deposits in which are to any extent
32 insured by that corporation and of which the director shall have taken
33 possession pursuant to RCW 30.44.010, 30.44.020, or 30.44.160 (as
34 recodified by this act).

35 (2) In the event of such closing, the director may appoint the

1 federal deposit insurance corporation as receiver or liquidator of such
2 bank (~~(or trust company)~~).

3 (3) If the corporation accepts such appointment, it shall have and
4 possess all the powers and privileges provided by the laws of this
5 state with respect to a liquidator of a bank (~~(or trust company)~~), its
6 depositors and other creditors, and be subject to all the duties of
7 such liquidator, except insofar as such powers, privileges, or duties
8 are in conflict with the provisions of the federal deposit insurance
9 act, as now or hereafter amended.

10 **Sec. 243.** RCW 30.44.280 and 1994 c 92 s 132 are each amended to
11 read as follows:

12 The pendency of any proceedings for judicial review of the
13 director's actions in taking possession and control of a bank (~~(or~~
14 ~~trust company)~~) and its assets for the purpose of liquidation shall not
15 operate to defer, delay, impede, or prevent the payment or acquisition
16 by the federal deposit insurance corporation of the deposit liabilities
17 of the bank (~~(or trust company)~~) which are insured by the corporation.
18 During the pendency of any proceedings for judicial review, the
19 director shall make available to the federal deposit insurance
20 corporation such facilities in or of the bank (~~(or trust company)~~) and
21 such books, records, and other relevant data of the bank (~~(or trust~~
22 ~~company)~~) as may be necessary or appropriate to enable the corporation
23 to pay out or to acquire the insured deposit liabilities of the bank
24 (~~(or trust company)~~). The federal deposit insurance corporation and
25 its directors, officers, agents, and employees, and the director and
26 his or her agents and employees shall be free from liability to the
27 bank (~~(or trust company)~~), its directors, stockholders, and creditors
28 for or on account of any action taken in connection herewith.

29 **Sec. 244.** RCW 30.46.010 and 2010 c 88 s 37 are each amended to
30 read as follows:

31 The definitions in this section apply throughout this chapter
32 unless the context clearly requires otherwise.

33 (1) "Unsafe condition" shall mean and include, but not be limited
34 to, any one or more of the following circumstances:

35 (a) If a bank (~~(or trust company)~~) is less than well capitalized;

1 (b) If a bank (~~(or trust company)~~) violates the applicable
2 provisions of (~~(Title 30 RCW)~~) this title or any other law or
3 regulation applicable to banks or trust companies;

4 (c) If a bank (~~(or trust company)~~) conducts a fraudulent or
5 questionable practice in the conduct of its business that endangers a
6 bank's (~~(or trust company's)~~) reputation or threatens its solvency;

7 (d) If a bank (~~(or trust company)~~) conducts its business in an
8 unsafe or unauthorized manner;

9 (e) If a bank (~~(or trust company)~~) violates any conditions of its
10 charter or any agreement entered with the director; or

11 (f) If a bank (~~(or trust company)~~) fails to carry out any
12 authorized order or direction of the examiner or the director.

13 (2) "Exceeded its powers" shall mean and include, but not be
14 limited to the following circumstances:

15 (a) If a bank (~~(or trust company)~~) has refused to permit
16 examination of its books, papers, accounts, records, or affairs by the
17 director, assistant director, or duly commissioned examiners; or

18 (b) If a bank (~~(or trust company)~~) has neglected or refused to
19 observe an order of the director to make good, within the time
20 prescribed, any impairment of its capital.

21 (3) "Consent" includes and means a written agreement by the bank
22 (~~(or trust company)~~) to either supervisory direction or conservatorship
23 under this chapter.

24 **Sec. 245.** RCW 30.46.020 and 2013 c 76 s 14 are each amended to
25 read as follows:

26 (1) If upon examination or at any other time it appears to the
27 director that any bank (~~(or trust company)~~) is in an unsafe condition
28 and its condition is such as to render the continuance of its business
29 hazardous to the public or to its depositors and creditors, or if such
30 bank (~~(or trust company)~~) appears to have exceeded its powers or has
31 failed to comply with the law, or if such bank (~~(or trust company)~~)
32 gives its consent, then the director shall upon his or her
33 determination (a) notify the bank (~~(or trust company)~~) of his or her
34 determination, and (b) furnish to the bank (~~(or trust company)~~) a
35 written list of the director requirements to abate his or her
36 determination, and (c) if the director makes further determination to
37 directly supervise, notify the bank (~~(or trust company)~~) that it is

1 under the supervisory direction of the director and that the director
2 is invoking the provisions of this chapter. If placed under
3 supervisory direction the bank (~~(or trust company)~~) shall comply with
4 the lawful requirements of the director within such time as provided in
5 the notice of the director, subject however, to the provisions of this
6 chapter. If the bank (~~(or trust company)~~) fails to comply within such
7 time the director may appoint a conservator as hereafter provided.

8 (2) A person appointed as conservator by the director pursuant to
9 this chapter is immune from criminal, civil, and administrative
10 liability for any act done in good faith in the performance of the
11 duties of conservator.

12 **Sec. 246.** RCW 30.46.030 and 2013 c 76 s 15 are each amended to
13 read as follows:

14 During the period of supervisory direction the director may appoint
15 a representative to supervise such bank (~~(or trust company)~~) and may
16 provide that the bank (~~(or trust company)~~) may not do any of the
17 following during the period of supervisory direction, without the prior
18 approval of the director or the appointed representative:

- 19 (1) Dispose of, convey, or encumber any of the assets, excluding
20 trust assets under management;
- 21 (2) Withdraw any of its bank accounts;
- 22 (3) Lend any of its funds;
- 23 (4) Invest any of its funds;
- 24 (5) Transfer any of its property; or
- 25 (6) Incur any debt, obligation, or liability.

26 **Sec. 247.** RCW 30.46.040 and 2013 c 76 s 16 are each amended to
27 read as follows:

28 After the period of supervisory direction specified by the director
29 for compliance, if he or she determines that such bank (~~(or trust
30 company)~~) has failed to comply with the lawful requirements imposed,
31 upon due notice and hearing or by consent of the bank, the director may
32 appoint a conservator, who shall immediately take charge of such bank
33 (~~(or trust company)~~) and all of its property, books, records, and
34 effects. The conservator shall conduct the business of the bank (~~(or
35 trust company)~~) and take such steps toward the removal of the causes
36 and conditions which have necessitated such order, as the director may

1 direct. During the pendency of the conservatorship the conservator
2 shall make such reports to the director from time to time as may be
3 required by the director, and shall be empowered to take all necessary
4 measures to preserve, protect, and recover any assets or property of
5 such bank (~~(or trust company)~~), including claims or causes of actions
6 belonging to or which may be asserted by such bank, and to deal with
7 the same in his or her own name as conservator, and shall be empowered
8 to file, prosecute, and defend any suit and suits which have been filed
9 or which may thereafter be filed by or against such bank (~~(or trust~~
10 ~~company)~~) which are deemed by the conservator to be necessary to
11 protect all of the interested parties for a property affected thereby.
12 The director, or any newly appointed assistant, may be appointed to
13 serve as conservator. If the director, however, is satisfied that such
14 bank (~~(or trust company)~~) is not in condition to continue business in
15 the interest of its customers under the conservator as above provided,
16 the director may proceed with appropriate remedies provided by other
17 provisions of this title.

18 **Sec. 248.** RCW 30.46.050 and 2013 c 76 s 17 are each amended to
19 read as follows:

20 All costs incident to supervisory direction and the conservatorship
21 shall be fixed and determined by the director and shall be a charge
22 against the assets of the bank (~~(or trust company)~~), excluding trust
23 assets under management, to be allowed and paid as the director may
24 determine.

25 **Sec. 249.** RCW 30.46.060 and 2013 c 76 s 18 are each amended to
26 read as follows:

27 During the period of the supervisory direction and during the
28 period of conservatorship, the bank (~~(or trust company)~~) may request
29 the director to review an action taken or proposed to be taken by the
30 representative or conservator; specifying wherein the action complained
31 of is believed not to be in the best interest of the bank (~~(or trust~~
32 ~~company)~~), and such request shall stay the action specified pending
33 review of such action by the director. Any order entered by the
34 director appointing a representative and providing that the bank (~~(or~~
35 ~~trust company)~~) shall not do certain acts as provided in RCW 30.46.030
36 and 30.46.040 (as recodified by this act), any order entered by the

1 director appointing a conservator, and any order by the director
2 following the review of an action of the representative or conservator
3 as herein above provided shall be subject to review in accordance with
4 the administrative procedure act of the state of Washington.

5 **Sec. 250.** RCW 30.46.070 and 2013 c 76 s 19 are each amended to
6 read as follows:

7 Any suit filed against a bank or its conservator (~~((or a trust~~
8 ~~company or its conservator))~~), after the entrance of an order by the
9 director placing such bank (~~((or trust company))~~) in conservatorship and
10 while such order is in effect, shall be brought in the superior court
11 of Thurston county and not elsewhere. The conservator appointed
12 hereunder for such bank (~~((or trust company))~~) may file suit in any
13 superior court or other court of competent jurisdiction against any
14 person for the purpose of preserving, protecting, or recovering any
15 asset or property of such bank (~~((or trust company))~~) including claims or
16 causes of action belonging to or which may be asserted by such bank.

17 **Sec. 251.** RCW 30.46.080 and 2013 c 76 s 20 are each amended to
18 read as follows:

19 The conservator shall serve for such time as is necessary to
20 accomplish the purposes of the conservatorship as intended by this
21 chapter. If rehabilitated, the rehabilitated bank (~~((or trust company))~~)
22 shall be returned to management or new managements under such
23 conditions as are reasonable and necessary to prevent recurrence of the
24 condition which occasioned the conservatorship.

25 **Sec. 252.** RCW 30.46.090 and 2013 c 76 s 21 are each amended to
26 read as follows:

27 If the director determines to act under authority of this chapter,
28 the sequence of his or her acts and proceedings shall be as set forth
29 in this chapter. However, it is the purpose and substance of this
30 chapter to authorize administrative discretion—to allow the director
31 administrative discretion in the event of unsound banking (~~((or trust~~
32 ~~company))~~) operations—and in furtherance of that purpose the director is
33 hereby authorized to proceed with regulation either under this chapter
34 or under any other applicable provisions of law or under this chapter

1 in connection with other law, either as such law is now existing or is
2 hereinafter enacted, and it is so provided.

3 **Sec. 253.** RCW 30.49.020 and 1955 c 33 s 30.49.020 are each amended
4 to read as follows:

5 This section is applicable where there is to be a resulting
6 national bank.

7 Nothing in the law of this state shall restrict the right of a
8 state bank to merge with or convert into a resulting national bank.
9 The action to be taken by such merging or converting state bank and its
10 rights and liabilities and those of its shareholders shall be the same
11 as those prescribed at the time of the action for national banks
12 merging with or converting into a resulting state bank by the law of
13 the United States, and not by the law of this state, except that a vote
14 of the holders of two-thirds of each class of voting stock of a state
15 bank shall be required for the merger or conversion, and that on
16 conversion by a state into a national bank the rights of dissenting
17 stockholders shall be those specified in RCW 30.49.090 (as recodified
18 by this act).

19 Upon the completion of the merger or conversion, the franchise of
20 any merging or converting state bank shall automatically terminate.

21 **Sec. 254.** RCW 30.49.070 and 1994 c 92 s 145 are each amended to
22 read as follows:

23 Except as provided in RCW 30.49.100 (as recodified by this act), a
24 national bank located in this state which follows the procedure
25 prescribed by the laws of the United States to convert into a state
26 bank shall be granted a state charter by the director if he or she
27 finds that the bank meets the standards as to location of offices,
28 capital structures, and business experience and character of officers
29 and directors for the incorporation of a state bank.

30 The national bank may apply for such charter by filing with the
31 director a certificate signed by its president and cashier and by a
32 majority of the entire board of directors, setting forth the corporate
33 action taken in compliance with the provisions of the laws of the
34 United States governing the conversion of a national to a state bank,
35 and the articles of incorporation, approved by the stockholders, for
36 the government of the bank as a state bank.

1 **Sec. 255.** RCW 30.49.125 and 1996 c 2 s 9 are each amended to read
2 as follows:

3 (1) This section is applicable where the resulting bank would have
4 branches inside and outside the state of Washington.

5 (2) As used in this section, unless a different meaning is required
6 by the context, the following words and phrases have the following
7 meanings:

8 (a) "Combination" means a merger or consolidation, or purchase or
9 sale of all or substantially all of the assets, including all or
10 substantially all of the branches.

11 (b) "Out-of-state bank" means a bank, as defined in 12 U.S.C. Sec.
12 1813(a), which is chartered under the laws of any state other than this
13 state, or a national bank, the main office of which is located in any
14 state other than this state.

15 (c) "State" means any state of the United States, the District of
16 Columbia, any territory of the United States, Puerto Rico, Guam,
17 American Samoa, the Trust Territory of the Pacific Islands, the Virgin
18 Islands, and the Northern Mariana Islands.

19 (3) A bank chartered under this title may engage in a combination
20 or purchase and assumption of one or more branches of an out-of-state
21 bank with an out-of-state bank with the prior approval of the director
22 if the combination or purchase and assumption would result in a bank
23 chartered under this title. Upon notice to the director a bank
24 chartered under this title and an out-of-state bank may engage in a
25 combination if the combination would result in an out-of-state bank.
26 However, that combination shall comply with applicable Washington law
27 as determined by the director, including but not limited to applicable
28 state merger laws, and the conditions and requirements of this section.

29 (4) Applications for the director's approval under subsection (3)
30 of this section shall be on a form prescribed by the director and
31 conditioned upon payment of ~~((the))~~ a fee prescribed pursuant to RCW
32 ~~((30.08.095))~~ 30.04.070 (as recodified by this act). If the director
33 finds that (a) the proposed combination will not be detrimental to the
34 safety and soundness of the applicant or the resulting bank, (b) any
35 new officers and directors of the resulting bank are qualified by
36 character, experience, and financial responsibility to direct and
37 manage the resulting bank, and (c) the proposed merger is consistent
38 with the convenience and needs of the communities to be served by the

1 resulting bank in this state and is otherwise in the public interest,
2 the director shall approve the interstate combination and the operation
3 of branches outside of Washington by the applicant bank. This
4 transaction may be consummated only after the applicant has received
5 evidence of the director's written approval.

6 (5) Any out-of-state bank that will be the resulting bank pursuant
7 to an interstate combination involving a bank chartered under this
8 title shall notify the director of the proposed combination not later
9 than three days after the date of filing of an application for the
10 combination with the responsible federal bank supervisory agency, and
11 shall submit a copy of that application to the director and pay
12 applicable filing fees, if any, required by the director. In lieu of
13 notice from the proposed resulting bank the director may accept notice
14 from the bank's supervisory agency having primary responsibility for
15 the bank. The director shall have the authority to waive any
16 procedures required by Washington merger laws if the director finds
17 that the procedures are in conflict with applicable federal law or in
18 conflict with the applicable law of the state of the resulting bank.

19 (6) Subject to RCW 30.38.010(2) (as recodified by this act), the
20 deposit concentration limits stated in 12 U.S.C. Sec. 1831u(b)(2)(B)
21 shall apply to the combination of an out-of-state bank and a
22 nonaffiliated out-of-state bank or bank organized under this title or
23 under the national bank act if the combination is an interstate merger
24 transaction (~~(as defined by 12 U.S.C. Sec. 1831u(f)(6))~~).

25 (7) A combination resulting in the acquisition, by an out-of-state
26 bank that does not have branches in this state, of a bank organized
27 under this title or the national bank act, shall not be permitted under
28 this chapter unless the bank to be acquired, or its predecessors, have
29 been in continuous operation, on the date of the combination, for a
30 period of at least five years.

31 **Sec. 256.** RCW 30.56.050 and 1994 c 92 s 153 are each amended to
32 read as follows:

33 At the request of the directors of a bank, the director may propose
34 a plan for its reorganization, if in his or her judgment it would be
35 for the best interests of the bank's creditors and of the community
36 which the bank serves. The plan may contemplate such temporary ratable
37 reductions of the demands of depositors and other creditors as would

1 leave its reserve adequate and its capital and surplus unimpaired after
2 the charging off of bad and doubtful debts; and also may contemplate a
3 postponement of payments as in a case falling within RCW 30.56.020 (as
4 recodified by this act). The plan shall be fully described in a
5 writing, the original of which shall be filed in the office of the
6 director and several copies of which shall be furnished the bank, where
7 one or more copies shall be kept available for inspection by
8 stockholders, depositors and other creditors.

9 **Sec. 257.** RCW 30.56.060 and 1994 c 92 s 154 are each amended to
10 read as follows:

11 If, within ninety days after the filing of the plan, creditors
12 having unsecured demands against the bank aggregating not less than
13 three-fourths of the amount of the unsecured demands of all its
14 creditors, approved the plan, the director shall have power to declare
15 the plan to be in effect. Thereupon the unsecured demands of creditors
16 shall be ratably reduced according to the plan and appropriate debits
17 shall be made in the books. The right of a secured creditor to enforce
18 his or her security shall not be affected by the operation of the plan,
19 but the amount of any deficiency to which he or she may be entitled
20 shall be reduced as unsecured demands were reduced. If the plan
21 contemplates a temporary postponement of payments, RCW 30.56.020,
22 30.56.030 and 30.56.040 (as recodified by this act) shall be
23 applicable, and the bank shall comply therewith and conduct its affairs
24 accordingly.

25 NEW SECTION. **Sec. 258.** CONSTRUCTION. The provisions of this
26 title, insofar as they are substantially the same as statutory
27 provisions repealed by this act and relating to the same subject
28 matter, shall be construed as restatements and continuations, and not
29 as new enactments.

30 NEW SECTION. **Sec. 259.** If any provision of this act or its
31 application to any person or circumstance is held invalid, the
32 remainder of the act or the application of the provision to other
33 persons or circumstances is not affected.

1 NEW SECTION. **Sec. 260.** This title does not affect the legality of
2 investments, made prior to January 5, 2015, or of transactions had
3 before January 5, 2015, pursuant to any provisions of law in force when
4 such investments were made or transactions had.

5 NEW SECTION. **Sec. 261.** DIRECTOR'S SUBPOENAS. (1) The director or
6 authorized assistants may apply for and obtain a superior court order
7 approving and authorizing a subpoena in advance of its issuance. The
8 application may be made in the county where the subpoenaed person
9 resides or is found, or the county where the subpoenaed documents,
10 records, or evidence are located, or in Thurston county. The
11 application must:

12 (a) State that an order is sought under this section;

13 (b) Adequately specify the documents, records, evidence, or
14 testimony; and

15 (c) Include a declaration made under oath that an investigation is
16 being conducted for a lawfully authorized purpose related to an
17 investigation within the department's authority and that the subpoenaed
18 documents, records, evidence, or testimony are reasonably related to an
19 investigation within the department's authority.

20 (2) When an application under this section is made to the
21 satisfaction of the court, the court must issue an order approving the
22 subpoena. An order under this subsection constitutes authority of law
23 for the agency to subpoena the documents, records, evidence, or
24 testimony.

25 (3) The director or authorized assistants may seek approval and a
26 court may issue an order under this section without prior notice to any
27 person, including the person to whom the subpoena is directed and the
28 person who is the subject of an investigation. An application for
29 court approval is subject to the fee and process set forth in RCW
30 36.18.012(3).

31 (4) Subsections (1) through (3) of this section are applicable to
32 the director's enforcement authority under this title against persons
33 engaged in unauthorized banking activity and persons, other than a bank
34 authorized under this title, whom the director has reason to believe
35 are in violation of this title. This section does not limit the
36 authority of the director to investigate or examine a bank authorized

1 under this title without applying for or obtaining a superior court
2 order or issuing a subpoena pursuant to this section.

3 **Sec. 262.** 2013 c 76 s 33 (uncodified) is amended to read as
4 follows:

5 Sections 7 and 8, chapter 303, Laws of 2011 (~~and~~), sections 10
6 and 25, chapter 76, Laws of 2013, and section 166, chapter . . . , Laws
7 of 2014 (section 166 of this act) take effect when the director of the
8 department of financial institutions finds that a federal regulatory
9 agency has, through federal law, regulation, or official regulatory
10 interpretation, interpreted federal law to permit banks operating under
11 the authority of Title 30 (as recodified by this act) or 32 RCW to
12 conduct a promotional contest of chance as defined in RCW 30.22.040 (as
13 recodified by this act). If the contingency occurs, the director shall
14 notify the chief clerk of the house of representatives, the secretary
15 of the senate, and the office of the code reviser.

16 NEW SECTION. **Sec. 263.** The following acts or parts of acts are
17 each repealed:

18 (1) RCW 30.08.155 (Powers and authorities of trust companies--
19 Federally chartered trust companies--Out-of-state state trust
20 companies--Findings of director) and 2013 c 76 s 11 & 1998 c 45 s 2;

21 (2) RCW 30.53.010 (Definitions) and 1994 c 256 s 59;

22 (3) RCW 30.53.020 (Approval by director--Required) and 1994 c 256
23 s 60;

24 (4) RCW 30.53.030 (Contents of merger agreement--Approval by each
25 board of directors--Requirements for director's approval) and 1994 c
26 256 s 61;

27 (5) RCW 30.53.040 (Approval by stockholders--Voting--Notice) and
28 1994 c 256 s 62;

29 (6) RCW 30.53.050 (Effective date of merger--Certificate of merger)
30 and 1994 c 256 s 63;

31 (7) RCW 30.53.060 (Resulting trust company--Property, rights,
32 powers, and duties) and 1994 c 256 s 64;

33 (8) RCW 30.53.070 (Dissenting shareholders--May receive value in
34 cash--Appraisal) and 1998 c 45 s 3 & 1994 c 256 s 65; and

35 (9) RCW 30.53.080 (Valuation of assets--Books of merging trust
36 company) and 1994 c 256 s 66.

1 NEW SECTION. **Sec. 264.** Section 165 of this act expires when the
2 contingency under section 262 of this act has occurred.

3 **GENERAL PROVISIONS**

4 NEW SECTION. **Sec. 301.** SHORT TITLE. This title may be known and
5 cited as the Washington trust institutions act.

6 NEW SECTION. **Sec. 302.** DEFINITIONS. Unless the context clearly
7 requires otherwise, the definitions in this section apply throughout
8 this title.

9 The definitions in this section shall be liberally construed to
10 accomplish the purposes of this title. Additional definitions, as
11 applicable, are contained elsewhere in this title. The department may
12 adopt by rule other definitions to accomplish the purposes of this
13 title.

14 (1) "Account" means the client relationship established with a
15 trust company involving the transfer of funds or property to the trust
16 company, including a relationship in which the trust company acts as
17 trustee, executor, administrator, guardian, custodian, conservator,
18 bailee, receiver, registrar, or agent, but excluding a relationship in
19 which the trust company acts solely in an advisory capacity.

20 (2) "Administer" with respect to real or tangible personal property
21 means, as an agent or in another representative capacity, to possess,
22 purchase, sell, lease, insure, safekeep, or otherwise manage the
23 property.

24 (3) "Affiliate" means a company that directly or indirectly
25 controls, is controlled by, or is under common control with a trust
26 institution or other company.

27 (4) "Authorized trust institution" means a trust institution with
28 authority to engage in trust business in Washington state pursuant to
29 statute.

30 (5) "Bank" has the meaning set forth in 12 U.S.C. Sec. 1813(h);
31 provided that the term "bank" does not include any "foreign bank" as
32 defined in 12 U.S.C. Sec. 3101(7), except for any such foreign bank
33 organized under the laws of a territory of the United States, Puerto
34 Rico, Guam, American Samoa, or the Virgin Islands, the deposits of
35 which are insured by the federal deposit insurance corporation.

1 (6) "Bank supervisory agency" means:
2 (a) Any agency of another state with primary responsibility for
3 chartering and supervising a trust institution; and
4 (b) The office of the comptroller of the currency, the federal
5 deposit insurance corporation, the board of governors of the federal
6 reserve system, and any successor to these agencies.
7 (7) "Capital" has the meaning ascribed to that term by generally
8 accepted accounting principles and applicable rules of the financial
9 accounting standards board, and includes surplus and undivided profits.
10 (8) "Charter" means a charter or other certificate of authority
11 issued by the director or a bank supervisory agency authorizing a trust
12 institution to engage in business in its home state.
13 (9) "Client" means a person to whom a trust institution owes a duty
14 or obligation under a trust or other account administered by the trust
15 institution or as an advisor or agent, regardless of whether the trust
16 institution owes a fiduciary duty to the person. The term includes the
17 noncontingent beneficiaries of an account.
18 (10) "Company" includes a bank, trust company, corporation, limited
19 liability company, partnership, association, business trust, or another
20 trust.
21 (11) "Conservator" means the director or an agent of the director
22 exercising the powers and duties provided by section 386 of this act.
23 (12) "Control" means:
24 (a) The ownership of or ability or power to vote, directly, acting
25 through one or more other persons, or otherwise indirectly, more than
26 twenty-five percent of the outstanding shares of a class of voting
27 securities of a state trust company or other company;
28 (b) The ability to control the election of a majority of the board
29 of a state trust company or other company;
30 (c) The power to exercise, directly or indirectly, a controlling
31 influence over the management or policies of the state trust company or
32 other company as determined by the director after notice and an
33 opportunity for hearing; or
34 (d) The conditioning of the transfer of more than twenty-five
35 percent of the outstanding shares or participation shares of a class of
36 voting securities of a state trust company or other company on the
37 transfer of more than twenty-five percent of the outstanding shares of

1 a class of voting securities of another state trust company or other
2 company.

3 (13) "Custodial account" means an account, established by a person
4 with a bank as defined in 26 U.S.C. Sec. 408(n), or with another person
5 approved by the internal revenue service as satisfying the requirements
6 to be a nonbank trustee or a nonbank passive trustee set forth in
7 United States treasury regulations under 26 U.S.C. Sec. 408, that is
8 governed by an instrument concerning the establishment or maintenance,
9 or both, of an individual retirement account, qualified retirement
10 plan, Archer medical savings account, health savings account, Coverdell
11 education savings account, any similar retirement or savings vehicle
12 permitted under the internal revenue code of 1986, or as otherwise
13 defined by the director by rule.

14 (14) "Department" means the department of financial institutions.

15 (15) "Depository institution" means any company chartered to act as
16 a fiduciary and included for any purpose within any of the definitions
17 of "insured depository institution" as set forth in 12 U.S.C. Sec.
18 1813(c)(2) and (3).

19 (16) "Director" means the director of financial institutions.

20 (17) "Fiduciary record" means a matter written, transcribed,
21 recorded, received, or otherwise in the possession or control of a
22 trust company, whether in physical or electronic form, that is
23 necessary to preserve information concerning an act or event relevant
24 to an account or a client of a trust company.

25 (18) "Foreign bank" means a foreign bank, as defined in section
26 1(b)(7) of the international banking act of 1978, chartered to act as
27 a fiduciary in a state other than Washington state. As used in this
28 title, "foreign bank" excludes an alien bank authorized to do business
29 in this state under chapter 30.42 RCW (as recodified by this act).

30 (19) "Home state" means:

31 (a) With respect to a federally chartered trust institution and a
32 foreign bank, the state in which such institution maintains its
33 principal office; and

34 (b) With respect to any other trust institution, the state which
35 chartered such institution.

36 (20) "Home state regulator" means the trust institutions
37 supervisory agency with primary responsibility for chartering and
38 supervising an out-of-state trust institution.

1 (21) "Host state" means a state, other than the home state of a
2 trust institution, or a foreign country in which the trust institution
3 maintains or seeks to acquire or establish an office.

4 (22) "Insolvent" means a circumstance or condition in which a state
5 trust company:

6 (a) Has actual cash market value of its assets which are
7 insufficient to pay its liabilities to its creditors;

8 (b) Is unable or lacks the means to meet its current obligations as
9 they come due in the regular and ordinary course of business, even if
10 the value of its assets exceeds its liabilities;

11 (c) Sells or attempts to sell substantially all of its assets other
12 than as provided in section 381 of this act or merges or attempts to
13 merge substantially all of its assets or business with another entity
14 other than as provided by chapter 30B.-- RCW (sections 387 through 396
15 of this act); or

16 (d) Attempts to dissolve or liquidate without approval of the
17 director under chapter 30B.-- RCW (sections 376 through 381 of this
18 act);

19 (e) After demand in writing by the director, fails to cure any
20 deficiency in its reserves as required by statute or rule;

21 (f) After written demand by the director, the stockholders fail to
22 cure within the time prescribed by the director an impairment of the
23 state trust company's capital or surplus; or

24 (g) Is insolvent within the meaning of the United States bankruptcy
25 code.

26 (23) "Instrument" means a revocable or irrevocable trust document
27 created inter vivos or testamentary or any custodial account agreement.

28 (24) "Internet trust business" means a trust business that holds
29 itself out as a trustee or fiduciary to the general public of this
30 state by means of the internet or other electronic means.

31 (25) "Law firm" means a professional service corporation,
32 professional limited liability company, or limited liability
33 partnership, that is duly organized under the laws of this state and
34 whose shareholders, members, or partners, respectively, are exclusively
35 attorneys.

36 (26) "Limited liability trust company" means an entity organized
37 under the limited liability company act of this state that is chartered
38 as a trust company under this title.

1 (27) "Loans and extensions of credit" means direct or indirect
2 advances of funds by a state trust company to a person that are
3 conditioned on the obligation of the person to repay the funds or that
4 are repayable from specific property pledged by or on behalf of the
5 person.

6 (28) "Manager" means a person elected to the board of a limited
7 liability trust company.

8 (29) "Officer" means the presiding officer of the board, the
9 principal executive officer, or another officer appointed by the board
10 of a state trust company or other company, or a person or group of
11 persons acting in a comparable capacity for the state trust company or
12 other company.

13 (30) "Out-of-state trust institution" means a trust institution
14 that is not a state trust company under this title.

15 (31) "Person" means an individual, a company, or any other legal
16 entity.

17 (32) "Principal shareholder" means a person who owns or has the
18 ability or power to vote, directly, acting through one or more other
19 persons, or otherwise indirectly, ten percent or more of the
20 outstanding shares or participation shares of any class of voting
21 securities of a state trust company or other company.

22 (33) "Private trust" has the meaning set forth in section 397 of
23 this act.

24 (34) "Private trust company" has the meaning set forth in section
25 397 of this act.

26 (35) "Savings association" means a depository institution, other
27 than a credit union, that is not a bank.

28 (36) "Shares" means the units into which the proprietary interests
29 of a state trust company are divided or subdivided by means of classes,
30 series, relative rights, or preferences.

31 (37) "State" means a state of the United States, the District of
32 Columbia, a territory of the United States, Puerto Rico, Guam, American
33 Samoa, the Trust Territory of the Pacific Islands, the Virgin Islands,
34 and the Northern Mariana Islands.

35 (38) "State bank" means a bank authorized under Title 30A (the new
36 title created under section 2 of this act) or 32 RCW to engage in trust
37 business or an alien bank chartered or authorized under chapter 30.42

1 RCW (as recodified by this act) to engage in trust business in this
2 state.

3 (39) "State savings association" means a savings association
4 chartered or otherwise authorized under Title 33 RCW to act as a
5 fiduciary by Washington state.

6 (40) "State trust company" means a corporation or a limited
7 liability company organized or reorganized under this title, including
8 a trust company organized under the laws of Washington state before the
9 effective date of this section.

10 (41) "State trust institution," as used in chapter 30B.-- RCW
11 (sections 333 through 345 of this act), means a state trust company or
12 an out-of-state trust institution engaged in trust business in this
13 state.

14 (42) "Subsidiary" means a company that is controlled by another
15 person. Subsidiary includes a subsidiary of a subsidiary and a lower
16 tier subsidiary.

17 (43) "Trust business" means the holding out by a person to the
18 public by advertisement, solicitation, or other means that the person
19 is available to perform the powers of a state trust company set forth
20 in section 329(1) (b) through (k) of this act, together with any other
21 activity authorized for a state trust company by the director pursuant
22 to section 329(1)(q) of this act that the director designates as trust
23 business.

24 (44) "Trust company" means a state trust company or any other
25 company chartered to act as a fiduciary that is neither a depository
26 institution nor a foreign bank.

27 (45) "Trust department" means that group or groups of officers and
28 employees of a trust company organized under the supervision of
29 officers or employees to whom are designated by the board of directors
30 the performance of the fiduciary responsibilities of the trust company,
31 whether or not the group or groups are so named.

32 (46) "Trust deposits" means the client funds held by a state trust
33 company and authorized to be deposited with itself pending investment,
34 distribution, or payment of debts on behalf of the client.

35 (47) "Trust institution" means a depository institution, foreign
36 bank, or trust company.

37 (48) "Unauthorized trust activity" means to engage in trust
38 business in this state without authority or exemption under this title.

1 NEW SECTION. **Sec. 303.** NAME OF TRUST INSTITUTION--USE OF TRUST IN
2 NAME. (1) A state trust company or out-of-state trust institution may
3 register any name with the department in connection with establishing
4 an office or otherwise engaged in trust business in this state pursuant
5 to this title, except that the director may determine that a name
6 proposed to be registered is potentially misleading to the public and
7 require the registrant to select a name which is not potentially
8 misleading.

9 (2) Use of trust as part of a person's name, trademark, or service
10 mark in connection with transacting business with the public, or as
11 part of advertising by any person to the public, is subject to the
12 prohibitions and restrictions under RCW 30.04.020 (as recodified by
13 this act).

14 NEW SECTION. **Sec. 304.** RULES--ADMINISTRATION AND INTERPRETATION
15 OF TITLE. (1) The director has the power to adopt rules, as he or she
16 determines necessary and appropriate, to implement the purposes and
17 provisions of this title in accordance with the administrative
18 procedure act, chapter 34.05 RCW.

19 (2) The director has the power, and broad administrative
20 discretion, to administer and interpret the provisions of this title to
21 facilitate the delivery of trust business and fiduciary services to the
22 citizens of the state of Washington by trust businesses and other
23 persons.

24 NEW SECTION. **Sec. 305.** PERSONS AUTHORIZED TO ACT AS A FIDUCIARY.
25 Subject to the conditions, restrictions, limitations, and requirements
26 of this title, the following persons are authorized trust institutions
27 in Washington state:

28 (1) A state trust company with a certificate of authority from the
29 director to exercise the powers of a state trust company pursuant to
30 chapter 30B.-- RCW (sections 321 through 332 of this act);

31 (2) A state bank under Title 30 RCW (as recodified by this act)
32 exercising trust business powers under the authority of the director;

33 (3) A state bank under Title 32 RCW exercising trust business
34 powers under the authority of the director;

35 (4) A state savings association organized under Title 33 RCW

1 exercising trust business powers under authority of Title 33 RCW as
2 permitted by the director;

3 (5) A national bank authorized by the comptroller of the currency
4 to act as a fiduciary in this state pursuant to 12 U.S.C. Sec. 92a;

5 (6) A federally chartered savings bank or savings association
6 authorized by the comptroller of the currency to act as a fiduciary in
7 this state;

8 (7) An out-of-state state-chartered bank with a branch in this
9 state established or maintained pursuant to and with trust powers under
10 applicable law of a home state;

11 (8) An out-of-state trust institution with a trust office
12 authorized by the director pursuant to this title;

13 (9) An alien bank under chapter 30.42 RCW (as recodified by this
14 act) authorized by the director to act as a fiduciary or engage in
15 trust business in this state pursuant to this title;

16 (10) A private trust or private trust company exempt from the
17 regulation of the department under chapter 30B.-- RCW (sections 397
18 through 400 of this act); or

19 (11) An exempt person under this title pursuant to section 306 of
20 this act.

21 NEW SECTION. **Sec. 306.** ACTIVITIES NOT REQUIRING CERTIFICATE OF
22 AUTHORITY OR APPROVAL UNDER THIS TITLE. Notwithstanding any other
23 provision of this title, a person is exempt from the requirement of a
24 certificate of authority or approval under this title, or from
25 regulation by the director pursuant to this title, if the person is:

26 (1) An individual, sole proprietor, or general partnership or joint
27 venture composed of individuals;

28 (2) Engaging in business in this state (a) as a national banking
29 association or (b) as a federal mutual savings bank, federal stock
30 savings bank, or federal savings and loan association under authority
31 of the office of the comptroller of the currency;

32 (3) Acting in a manner otherwise authorized by law and within the
33 scope of authority as an agent of a trust institution with respect to
34 an activity which is not an unauthorized trust activity;

35 (4) Acting as a fiduciary solely by reason of being appointed by a
36 court to perform the duties of a trustee, guardian, conservator, or
37 receiver;

1 (5) While holding oneself out to the public as an attorney-at-law,
2 law firm, or limited license legal technician, performing a service
3 customarily performed as an attorney-at-law, law firm, or limited
4 license legal technician in a manner approved and authorized by the
5 supreme court of the state of Washington;

6 (6) Acting as an escrow agent pursuant to the escrow agent
7 registration act, chapter 18.44 RCW, or in one's capacity as an
8 authorized title agent under Title 48 RCW;

9 (7) Acting as trustee under a deed of trust delivered only as
10 security for the payment of money or for the performance of another
11 act;

12 (8) Receiving and distributing rents and proceeds of sale as a
13 licensed real estate broker on behalf of a principal in a manner
14 authorized by the Washington department of licensing;

15 (9) Engaging in a securities transaction or providing an investment
16 advisory service in the capacity of a licensed and registered
17 broker-dealer, investment advisor, or registered representative
18 thereof, provided the activity is regulated by the department or the
19 United States securities and exchange commission;

20 (10) Engaging in the sale and administration of an insurance
21 product by an insurance company or agent licensed by the office of the
22 insurance commissioner to the extent that the activity is regulated by
23 the office of the insurance commissioner;

24 (11) Acting as trustee under a voting trust as provided by
25 Washington state law;

26 (12) Acting as trustee by a public, private, or independent
27 institution of higher education or a university system authorized under
28 Washington state law, including its affiliated foundations or
29 corporations, with respect to endowment funds or other funds owned,
30 controlled, provided to, or otherwise made available to such
31 institution with respect to its educational or research purposes;

32 (13) Acting as a private trust or private trust company to the
33 extent exempt from regulation of the department as set forth in chapter
34 30B.-- RCW (sections 397 through 400 of this act); or

35 (14) Engaging in other activities expressly excluded from the
36 application of this title by rule of the director.

1 NEW SECTION. **Sec. 307.** PERSONS SUBJECT TO THE REQUIREMENT OF A
2 CERTIFICATE OF AUTHORITY OR APPROVAL UNDER THIS TITLE. (1) A person
3 may not engage in unauthorized trust activity in this state.

4 (2) As a condition of engaging in trust business in this state, an
5 out-of-state trust institution is required to obtain approval from the
6 director and is subject to all other requirements of chapter 30B.-- RCW
7 (sections 366 through 375 of this act).

8 (3) As a condition of engaging in trust business in this state, a
9 person, other than an out-of-state trust institution or an exempt
10 person under section 306 of this act, is required to organize and
11 obtain a certificate of authority as a state trust company pursuant to
12 chapter 30B.-- RCW (sections 321 through 332 of this act).

13 (4) A person who violates the requirements of subsection (2) or (3)
14 of this section, as applicable, engages in unauthorized trust activity
15 and is subject to enforcement by the director as set forth in chapter
16 30B.-- RCW (sections 333 through 345 of this act).

17 NEW SECTION. **Sec. 308.** CONFIDENTIALITY OF EXAMINATION
18 INFORMATION. This title does not limit the privileges, immunities, and
19 requirements of RCW 42.56.400(6), 30.04.075 (as recodified by this
20 act), 32.04.220, and 33.04.110 in relation to trust companies, state
21 banks, and state savings associations.

22 NEW SECTION. **Sec. 309.** LIMITS ON LOANS TO INSIDERS AND
23 AFFILIATES--EXCEPTIONS. (1) A state trust company may not make loans
24 or extensions of credit, nor extend leases, to any person except in
25 relation to nonfiduciary corporate funds and only as set forth in this
26 section.

27 (2) Unless authorized by subsection (4) of this section, a state
28 trust company may make loans or leases to insiders only to the extent
29 permitted for state banks under federal reserve board regulation O, 12
30 C.F.R. Part 215.

31 (3) Unless authorized by subsection (4) of this section, a state
32 trust company may make loans or leases to affiliates as may be
33 reasonably determined by the director by rule. In the absence of rule
34 making to the contrary, the director shall be guided by sections 23a
35 and 23b of the federal reserve act, 12 U.S.C. Secs. 371c and 371c-1,

1 and federal reserve board regulation W, 12 C.F.R. Part 223, governing
2 the permissibility of loans and leases to affiliates by state banks
3 that are members of the federal reserve.

4 (4) Notwithstanding any other provision of this section, a state
5 trust company may make loans or extensions of credit, or extend leases,
6 in relation to nonfiduciary corporate funds, subject to approval of the
7 director upon written application.

8 (5) The director may adopt rules interpreting this section and may
9 impose further conditions and restrictions on loans and extensions of
10 credit by state trust companies not inconsistent with this section.

11 NEW SECTION. **Sec. 310.** TRANSACTIONS IN STATE TRUST COMPANY
12 SHARES. (1) A state trust company may acquire its own shares if:

13 (a) The amount of its capital is sufficient to fully absorb the
14 acquisition of the shares under regulatory accounting principles; or

15 (b) The state trust company obtains the prior written approval of
16 the director.

17 (2) A state trust company may acquire a lien upon its own shares
18 if:

19 (a) The aggregate amount of indebtedness so secured is less than
20 the amount of the state trust company's capital; or

21 (b) The state trust company obtains the prior written approval of
22 the director.

23 NEW SECTION. **Sec. 311.** INVESTMENT OF CORPORATE FUNDS--SECURITIES.
24 A state trust company may invest its nonfiduciary corporate funds in
25 investments other than real estate, including securities, that are
26 permissible for state banks under Title 30 RCW (as recodified by this
27 act), and as may be made applicable for state trust companies by rule
28 of the director.

29 NEW SECTION. **Sec. 312.** INVESTMENT IN CORPORATIONS--SUBSIDIARIES.
30 Except as otherwise provided by this chapter or rules adopted under
31 this chapter, a state trust company may invest in corporations, limited
32 liability companies, and other entities, and may acquire or establish
33 a subsidiary to conduct any activity that may lawfully be conducted
34 through the form of organization chosen for the subsidiary, in

1 accordance with that which is permissible for state banks under RCW
2 30.04.125 and 30.04.127 (as recodified by this act).

3 NEW SECTION. **Sec. 313.** PLEDGE OF ASSETS. A state trust company
4 may not pledge or create a lien on any of its assets except to secure
5 the repayment of money borrowed or as otherwise specifically authorized
6 or required by rules adopted under this chapter. An act, deed,
7 conveyance, pledge, or contract in violation of this section is void.

8 NEW SECTION. **Sec. 314.** INVESTMENT IN STATE TRUST COMPANY
9 FACILITIES. A state trust company may purchase, hold, and convey real
10 estate, including facilities, for the purposes permissible for state
11 banks under RCW 30.04.210 (as recodified by this act).

12 NEW SECTION. **Sec. 315.** SEPARATION OF TRUST RECORDS--
13 RECORDKEEPING. (1) A state trust company shall keep its fiduciary
14 records separate and distinct from other records of the state trust
15 company.

16 (2) The fiduciary records must contain all material information
17 relative to each account as appropriate under the circumstances.

18 (3) A state trust company shall comply with all other conditions
19 and requirements for state banks engaging in trust business and the
20 deposit of securities as set forth in RCW 30.04.240 (as recodified by
21 this act).

22 NEW SECTION. **Sec. 316.** LEGAL SERVICES, ADVERTISING OF--PENALTY.
23 RCW 30.04.260 (as recodified by this act) applies to this title.

24 NEW SECTION. **Sec. 317.** ACQUISITION OF CONTROL. Unless otherwise
25 authorized by the director, a state trust company shall conform to all
26 conditions and requirements concerning acquisition of control or change
27 of control the same as if the state trust company were a state bank, as
28 set forth in RCW 30.04.400 through 30.04.410 (as recodified by this
29 act), inclusive.

30 NEW SECTION. **Sec. 318.** CHOICE OF LAW CLAUSES. When there is a
31 choice of law clause contained in a governing instrument in which a
32 state trust company is a party, the choice of law of any state agreed

1 to by the parties to such instrument shall control the interpretation
2 and enforcement of the trust or custodial agreement comprising such
3 instrument.

4 NEW SECTION. **Sec. 319.** CHOICE OF LAW WHEN INSTRUMENT SILENT.
5 Except as set forth in section 318 of this act, choice of law is
6 governed by RCW 11.98.005.

7 NEW SECTION. **Sec. 320.** PUBLIC NOTICE BY ELECTRONIC MEANS. (1)
8 Notwithstanding any provisions of this title, wherever notice by
9 publication is required by a trust institution, such notice may be
10 undertaken by internet publication upon terms and conditions that the
11 director may prescribe by rule.

12 (2) Notice to shareholders required under this title may be
13 undertaken by electronic means in the same manner as permitted for
14 general business corporations under RCW 23B.01.410.

15 ORGANIZATION AND POWERS

16 NEW SECTION. **Sec. 321.** WHO MAY ORGANIZE A STATE TRUST COMPANY.
17 Subject to the other provisions of this chapter, one or more persons
18 may organize a state trust company.

19 NEW SECTION. **Sec. 322.** FORMATION--ISSUANCE OF CERTIFICATE OF
20 AUTHORITY--AMENDMENT OF ARTICLES, ETC. Except as set forth in this
21 chapter or as may be prescribed by rule of the director, RCW 30.08.020,
22 30.08.040, 30.08.050, 30.08.055, 30.08.060, 30.08.070, 30.08.081,
23 30.08.082, 30.08.083, 30.08.084, 30.08.086, 30.08.087, 30.08.088,
24 30.08.090, 30.08.092, and 30.08.170 (as recodified by this act) shall,
25 in relation to state trust companies, govern the formation, furnishing
26 of notice, approval or refusal of articles of organization, effect of
27 failure to commence business, issuance and treatment of shares or
28 equity, rights of preferred or special shareholders, determination of
29 capital impairment, treatment of authorized unissued shares, amendment
30 of articles of organization, authorization of increase or decrease of
31 stock or equity, and appointment of nominees for the holding of
32 securities, the same as if a state trust company were a state bank
33 under Title 30 RCW (as recodified by this act).

1 NEW SECTION. **Sec. 323.** LIMITED LIABILITY COMPANY--ORGANIZATION OR
2 CONVERSION--APPROVAL OF DIRECTOR--CONDITIONS--APPLICATION OF CHAPTER
3 25.15 RCW--DEFINITIONS. (1) The provisions of RCW 30.08.025 (as
4 recodified by this act) shall govern the organization, conversion,
5 approval of the director, and other matters incidental to the formation
6 and operation of a state trust company as a limited liability company.

7 (2) The director may adopt rules necessary to clarify, interpret,
8 and implement this section.

9 NEW SECTION. **Sec. 324.** APPLICATION FOR STATE TRUST COMPANY
10 CERTIFICATE OF AUTHORITY. (1) An application to organize a state trust
11 company charter must be made under oath and in the form required by the
12 director and must be supported by information, data, records, and
13 opinions of counsel that the director requires.

14 (2) The application must be accompanied by all fees and deposits
15 required by statute or by rule of the director.

16 (3) The director shall issue a certificate of authority to a state
17 trust company charter only on proof that one or more viable markets
18 exist within or outside of this state that may be served in a
19 profitable manner by the establishment of the proposed state trust
20 company. In making such a determination, the director shall:

21 (a) Examine the business plan which shall be submitted as part of
22 the application for a state trust company charter; and

23 (b) Consider:

24 (i) The market or markets to be served;

25 (ii) Whether the proposed organizational and capital structure and
26 amount of initial capitalization is adequate for the proposed business
27 and location;

28 (iii) Whether the anticipated volume and nature of business
29 indicates a reasonable probability of success and profitability based
30 on the market sought to be served;

31 (iv) Whether the proposed officers, directors, and managers, or
32 managing participants, as a group, have sufficient fiduciary
33 experience, ability, standing, competence, trustworthiness, and
34 integrity to justify a belief that the proposed state trust company
35 will operate in compliance with law and that success of the proposed
36 state trust company is probable;

1 (v) Whether each principal shareholder or participant has
2 sufficient experience, ability, standing, competence, trustworthiness,
3 and integrity to justify a belief that the proposed state trust company
4 will be free from improper or unlawful influence or interference with
5 respect to the state trust company's operation in compliance with law;
6 and

7 (vi) Whether the organizers are acting in good faith.

8 (4) The failure of an applicant to furnish required information,
9 data, opinions of counsel, other material, or the required fee is
10 considered an abandonment of the application.

11 NEW SECTION. **Sec. 325.** NOTICE AND INVESTIGATION OF APPLICATION.

12 (1) The director shall notify the organizers when the application is
13 complete and accepted for filing and all required fees and deposits
14 have been paid. Promptly after this notification, the organizers shall
15 publish notice of the application and solicit comments in a form
16 specified by the director at locations reasonably necessary to solicit
17 the views of potentially affected persons specified by the director by
18 rule.

19 (2) At the expense of the organizers, the director shall
20 investigate the application and inquire into the identity and character
21 of each proposed director, manager, officer, managing participant, and
22 principal shareholder or participant. The director shall prepare a
23 written report of the investigation, and any person may request a copy
24 of the nonconfidential portions of the application and written report
25 under chapter 42.56 RCW.

26 (3) Rules adopted under this chapter may specify the confidential
27 or nonconfidential character of information obtained by the department
28 under this section.

29 (4) The financial statement of a proposed officer, director,
30 manager, or managing participant is confidential and not subject to
31 public disclosure under chapter 42.56 RCW.

32 NEW SECTION. **Sec. 326.** REQUIRED CAPITAL. (1) The director shall

33 at time of application, to organize a state trust company, determine
34 the minimum required initial capitalization of a proposed state trust
35 company in the manner provided for in section 324(3)(b)(ii) of this act
36 and as further provided in this section.

1 (2) The director may consider the following safety and soundness
2 factors when determining minimum required capital, including, but not
3 limited to:

4 (a) The nature and type of business conducted;

5 (b) The nature and degree of liquidity in assets held in a
6 corporate capacity;

7 (c) The amount of fiduciary assets under management;

8 (d) The type of fiduciary assets held and the depository of such
9 assets;

10 (e) The complexity of fiduciary duties and degree of discretion
11 undertaken;

12 (f) The competence and experience of management;

13 (g) The extent and adequacy of internal controls;

14 (h) The presence or absence of annual unqualified audits by an
15 independent certified public accountant;

16 (i) The reasonableness of business plans for retaining or acquiring
17 additional capital;

18 (j) The existence and adequacy of insurance obtained or held by the
19 trust company for the purpose of protecting its clients, trust
20 beneficiaries, and settlors;

21 (k) The history of operating losses, if any;

22 (l) The history of loss, if any, in relation to fiduciary or
23 custodial accounts; and

24 (m) The amount of support from the state trust company's parent or
25 affiliate.

26 (3) The effective date of a written finding requiring an existing
27 state trust company to increase its capital must be stated in the
28 written finding as on or after the thirty-first day after the date the
29 written finding is mailed or delivered. Unless the state trust company
30 requests a hearing before the director before the effective date of the
31 written finding, the order becomes effective and is final and
32 nonappealable. This subsection does not prohibit an application to
33 reduce capital requirements of a proposed or an existing state trust
34 company.

35 (4) Subject to subsection (2) of this section, a state trust
36 company to which the director issues a certificate of authority shall
37 at all times maintain capital in at least the amount required under

1 subsection (1) of this section, plus any additional amount or less any
2 reduction the director directs under subsection (2) of this section.

3 (5) Notwithstanding any provision of this section, the director may
4 establish by rule safety and soundness standards for minimum required
5 capital, additional required capital, and reduction of capital, for a
6 proposed or existing state trust company.

7 NEW SECTION. **Sec. 327.** CAPITAL NOTES OR DEBENTURES. (1) With the
8 prior written approval of the director, any state trust company may at
9 any time, through action of its board of directors, issue and sell its
10 capital notes or debentures, which shall be subordinate to the claims
11 of depositors and other creditors.

12 (2) Unless otherwise approved by the director, a state trust
13 company shall conform to all other conditions and requirements of
14 chapter 30.36 RCW (as recodified by this act) governing capital notes
15 and debentures of state banks.

16 NEW SECTION. **Sec. 328.** APPLICATION OF GENERAL BUSINESS
17 CORPORATION LAWS. (1) Notwithstanding any other provision of this
18 title, a state trust company shall be deemed a distinct species of
19 corporation or limited liability trust company whose charter may be
20 granted, conditioned, canceled, or revoked only by the department.

21 (2) Title 23B RCW applies to a state trust company to the extent
22 not inconsistent with this title or the business of a state trust
23 company, except that:

24 (a) Any reference to the secretary of state means the director
25 unless the context requires otherwise; and

26 (b) The right of shareholders or participants to cumulative voting
27 in the election of directors or managers exists only if granted by the
28 state trust company's articles of association.

29 (3) Unless expressly authorized by this title or a rule of the
30 department, a state trust company may not take an action authorized by
31 Title 23B RCW or chapter 25.15 RCW regarding its corporate status,
32 capital structure, or a matter of corporate governance, of the type for
33 which Title 23B RCW or chapter 25.15 RCW would require a filing with
34 the secretary of state if the state trust company were a business
35 corporation, without first submitting the filing to the director for

1 the same purposes for which it otherwise would be required to be
2 submitted to the secretary of state.

3 (4) The department may adopt rules to limit or refine the
4 applicability of subsection (2) of this section to a state trust
5 company or to alter or supplement the procedures and requirements of
6 Title 23B RCW or chapter 25.15 RCW applicable to an action taken under
7 this chapter.

8 NEW SECTION. **Sec. 329.** POWERS OF A STATE TRUST COMPANY. (1) Upon
9 the issuance of a certificate of authority to a state trust company as
10 prescribed in this chapter, the persons named in the articles of
11 incorporation and their successors shall thereupon become a corporation
12 or limited liability company and may engage in trust business and other
13 business, including without limitation:

14 (a) Subject to section 328 of this act, exercising the powers of a
15 Washington business corporation under Title 23B RCW or a Washington
16 limited liability company under chapter 25.15 RCW reasonably necessary
17 or helpful to enable exercise of its specific powers under this title;

18 (b) Receiving for safekeeping personal property of every
19 description;

20 (c) Acting as assignee, bailee, conservator, custodian,
21 recordkeeper, escrow agent, registrar, receiver, or transfer agent;

22 (d) Acting as financial advisor, investment advisor or manager,
23 agent, or attorney-in-fact in any agreed upon capacity;

24 (e) Accepting or executing trusts, including:

25 (i) Acting as trustee under a written agreement;

26 (ii) Receiving money or other property in its capacity as trustee
27 for investment in real or personal property;

28 (iii) Acting as trustee and performing the fiduciary duties
29 committed or transferred to it by a valid and applicable court order;

30 (iv) Acting as trustee of the estate of a deceased person;

31 (v) Acting as trustee for a minor or incapacitated person;

32 (vi) Acting as a trustee of collective investment funds or common
33 trust funds; or

34 (vii) Acting as a trustee of statutory or similar trusts;

35 (f) Administering in any other fiduciary capacity real or tangible
36 personal property;

37 (g) Acting as an executor, administrator, guardian, or conservator;

- 1 (h) Acting as an assignee, receiver, agent, or custodian;
- 2 (i) Acting pursuant to valid and applicable court order as executor
3 or administrator of the estate of a deceased person or as a guardian or
4 conservator for a minor or incapacitated person;
- 5 (j) Acting in any capacity in which one exercises investment
6 discretion on behalf of another;
- 7 (k) Exercising any incidental power or ancillary that is reasonably
8 necessary to enable it to fully exercise, according to commonly
9 accepted fiduciary customs and usages, the trust powers authorized by
10 this title;
- 11 (l) Acting as a manager of a limited liability company, limited
12 liability partnership, or similar entity;
- 13 (m) Acting as the registrar of stocks and bonds;
- 14 (n) Acting as an escrow agent, escrow holder, or managing agent;
- 15 (o) Acting as a corporate bond and transfer paying agent;
- 16 (p) Acting as a sponsoring or other member of any clearing
17 corporation with respect to securities or other property; or
- 18 (q) Acting in any other capacity or for any other activity as
19 determined or approved by the director.
- 20 (2) The director may prescribe rules for the safe and sound
21 exercise of the powers enumerated in subsection (1) of this section.
- 22 (3) A state bank, to the extent authorized under Title 30 (as
23 recodified by this act) or 32 RCW, as applicable, or a state savings
24 association, to the extent authorized under Title 33 RCW, may exercise
25 all of the powers and authorities of a state trust company under this
26 title, including in relation to corporate governance matters.

27 NEW SECTION. **Sec. 330.** ADDITIONAL POWERS OF A STATE TRUST
28 COMPANY--FEDERAL AND INTERSTATE PARITY. (1) Notwithstanding any
29 restrictions, limitations, and requirements of law, in addition to all
30 powers, express or implied, that a state trust company has under the
31 laws of this state, a state trust company has the powers and
32 authorities conferred as of the effective date of this section, upon a
33 federally chartered trust company doing business in this state. A
34 state trust company may exercise the powers and authorities conferred
35 on a federally chartered trust company after this date only if the
36 director finds that the exercise of such powers and authorities:

1 (a) Serves the convenience and advantage of trustors and
2 beneficiaries, or the general public; and

3 (b) Maintains the fairness of competition and parity between state
4 trust companies and federally chartered trust companies.

5 (2) Notwithstanding any other provisions of law, a state trust
6 company has the trust-related and fiduciary-related powers and
7 authorities of an out-of-state trust institution approved by the
8 director under chapter 30B.-- RCW (sections 366 through 375 of this
9 act).

10 (3) As used in this section, "powers and authorities" include
11 without limitation powers and authorities in corporate governance and
12 operational matters.

13 (4) The restrictions, limitations, and requirements applicable to
14 specific powers and authorities of federally chartered trust companies
15 and out-of-state state trust institutions, as applicable, shall apply
16 to state trust companies exercising those powers or authorities
17 permitted under this section but only insofar as the restrictions,
18 limitations, and requirements relate to exercising the powers or
19 authorities granted trust companies solely under this section.

20 (5) Notwithstanding any other provisions of law, in addition to all
21 powers enumerated by this title, and those necessarily implied
22 therefrom, a state trust company may engage in other business
23 activities that have been determined by the board of governors of the
24 federal reserve system or by the United States congress to be closely
25 related to the business of banking, as of the effective date of this
26 section.

27 (6) A state trust company that desires to perform an activity that
28 is not authorized by subsection (5) of this section shall first apply
29 to the director for authorization to conduct such activity. Within
30 thirty days of the receipt of this application, the director shall
31 determine whether the activity is closely related to the business of
32 banking, whether the public convenience and advantage will be promoted,
33 whether the activity is apt to create an unsafe and unsound practice by
34 the state trust company, and whether the applicant is capable of
35 performing such an activity. If the director finds the activity to be
36 closely related to the business of banking and the state trust company
37 is otherwise qualified, he or she shall immediately inform the
38 applicant that the activity is authorized. If the director determines

1 that such activity is not closely related to the business of banking or
2 that the state trust company is not otherwise qualified, he or she
3 shall promptly inform the applicant in writing. The applicant shall
4 have the right to appeal from an unfavorable determination in
5 accordance with the procedures of the administrative procedure act,
6 chapter 34.05 RCW. In determining whether a particular activity is
7 closely related to the business of banking, the director shall be
8 guided by the rulings of the board of governors of the federal reserve
9 system and the comptroller of the currency in making determinations in
10 connection with the powers exercisable by bank holding companies, and
11 the activities performed by other commercial banks or their holding
12 companies.

13 NEW SECTION. **Sec. 331.** SCOPE OF REGULATED ACTIVITIES OF A STATE
14 TRUST COMPANY. Notwithstanding the definition of "trust business" as
15 set forth in section 302 of this act, the director has the authority to
16 regulate the exercise of all powers and authorities of a state trust
17 company which are enumerated in section 329 of this act and which may
18 be conferred by way of parity under section 372 of this act.

19 NEW SECTION. **Sec. 332.** INTERNET TRUST BUSINESS. (1) A person
20 engaged in trust business in this state by use of the internet is
21 subject to regulation by the department under this title, unless it is:
22 (a) An out-of-state trust institution approved under chapter 30B.--
23 RCW (sections 366 through 375 of this act) or acting under authority of
24 section 402 of this act; or
25 (b) An exempt person under section 306 of this act.
26 (2) The director may adopt rules specific to the regulation of
27 internet trust businesses in the interest of protecting Washington
28 state citizens.

29 **DIRECTOR'S AUTHORITY--SUPERVISION AND EXAMINATION--ENFORCEMENT**

30 NEW SECTION. **Sec. 333.** DIRECTOR SUPERVISION OVER AUTHORIZED TRUST
31 INSTITUTIONS. (1) In addition to his or her supervision authority over
32 the trust business of state banks and state savings associations, the
33 director shall exercise supervision authority over state trust
34 companies and also over out-of-state trust institutions to the extent

1 provided for in cooperative agreements made by the director with the
2 home states of out-of-state trust institutions pursuant to section 372
3 of this act.

4 (2) The director shall execute and enforce through the department
5 and such other agents as exist on or after the effective date of this
6 section, all laws which exist on or after the effective date of this
7 section relating to state trust companies and out-of-state trust
8 institutions engaged in trust business in this state.

9 (3) For the more complete and thorough enforcement of the
10 provisions of this title, the department is authorized to adopt rules
11 not inconsistent with the provisions of this title, as may, in its
12 opinion, be necessary to carry out the provisions of this title and as
13 may be further necessary to insure safe and sound management of trust
14 institutions under its supervision taking into consideration the
15 appropriate interest of the creditors, stockholders, participants, and
16 the public in their relations with such trust institutions.

17 (4) A state trust company shall conduct its business in a manner
18 consistent with all laws relating to trust companies, and all rules,
19 regulations, and instructions that may be adopted or issued by the
20 department.

21 NEW SECTION. **Sec. 334.** FEE FOR EXAMINATION. Examination and
22 investigation fees, together with semiannual assessments of state trust
23 companies and all other miscellaneous fees for trust institutions, are
24 governed by RCW 30.04.070 (as recodified by this act) of the Washington
25 commercial bank act and by rules adopted by the director.

26 NEW SECTION. **Sec. 335.** DIRECTOR TO ACT UNDER AUTHORITY OF THE
27 DEPARTMENT'S DIVISION OF BANKS. All the powers, duties, and functions
28 granted to or imposed upon the director under this title shall be
29 exercised under the direction and supervision of the department's
30 division of banks, subject to the delegation, oversight, and
31 supervision of the director. Wherever provision is made in any law in
32 effect on the effective date of this section authorizing and permitting
33 the director to adopt rules and regulations with respect to any actions
34 or things required to be done under this title, such rules and
35 regulations shall be made by the department's division of banks, and
36 the words "the director" used in such statutes authorizing the director

1 to make rules and regulations, shall be construed to mean the
2 department's division of banks, and the words "department" substituted
3 in such statutes for "director."

4 NEW SECTION. **Sec. 336.** GENERALLY ACCEPTED ACCOUNTING PRINCIPLES.
5 Unless otherwise provided for by rule of the director or other
6 applicable rule or regulation, a state trust company shall conform to
7 generally accepted accounting principles and applicable rules of the
8 financial accounting standards board.

9 NEW SECTION. **Sec. 337.** EXAMINATION STANDARDS FOR STATE TRUST
10 COMPANIES. The director is authorized to adopt rules governing the
11 examination standards for state trust companies and other persons
12 subject to investigation and examination under this title, including
13 the application by rule of examination standards of other federal and
14 state financial institutions regulators and standards adopted incident
15 to cooperative agreements made by the director under section 372 of
16 this act.

17 NEW SECTION. **Sec. 338.** DUTIES OF PERSONS SUBJECT TO AUTHORITY OF
18 DIRECTOR--VIOLATIONS. (1) Each person subject to the authority of the
19 director, its subsidiaries, and their respective directors, officers,
20 employees, and agents, shall comply with:

- 21 (a) This title;
- 22 (b) The rules adopted by the director pertaining to this title;
- 23 (c) Any lawful directive or order of the director;
- 24 (d) Any lawful supervisory agreement with the director or
25 supervisory directive of the director; and
- 26 (e) All applicable federal laws and regulations affecting trust
27 institutions subject to the authority of the director.

28 (2) Each holding company of a person subject to the authority of
29 the director, and its directors, officers, employees, and agents, shall
30 comply with:

- 31 (a) The provisions of this title that are applicable to each of
32 them;
- 33 (b) The rules adopted by the director with respect to such holding
34 companies;
- 35 (c) Any lawful direction or order of the director;

1 (d) Any lawful supervisory agreement with the director; and

2 (e) All applicable federal laws and regulations affecting trust
3 institutions subject to the authority of the director.

4 (3) The violation of any supervisory agreement, directive, order,
5 statute, rule, or regulation referenced in this section, in addition to
6 any other penalty provided in this title, shall, at the option of the
7 director, subject the offender to a penalty of up to ten thousand
8 dollars for each offense, payable upon issuance of any order or
9 directive of the director, which may be recovered by the attorney
10 general in a civil action in the name of the department.

11 NEW SECTION. **Sec. 339.** GOVERNING ADMINISTRATIVE LAW AND
12 PROCEDURE. The powers and duties of the director and required
13 practices and procedures of the department with respect to all
14 enforcement authority conferred by this title shall be subject to the
15 Washington administrative procedure act, chapter 34.05 RCW, consistent
16 with the administrative procedures applicable to enforcement actions
17 against banks, their holding companies, and their officers, directors,
18 employees, and agents, as set forth in Title 30 RCW (as recodified by
19 this act), including but not limited to the following:

20 (1) Notice of administrative charges under RCW 30.04.450 (as
21 recodified by this act);

22 (2) The provisions relating to grounds for, procedure for
23 obtaining, and the effective date of emergency temporary orders under
24 RCW 30.04.455 through 30.04.465 (as recodified by this act), inclusive;

25 (3) Enforcement of department orders under RCW 30.04.470 and
26 30.04.475 (as recodified by this act);

27 (4) Grounds for removal of officers, directors, and employees under
28 RCW 30.12.040 (as recodified by this act);

29 (5) Procedure for suspension of an officer, director, or employee
30 under RCW 30.12.0401 (as recodified by this act); and

31 (6) Notice of charges for removal of officers, directors, and
32 employees under RCW 30.04.042 (as recodified by this act).

33 NEW SECTION. **Sec. 340.** ADMINISTRATIVE ORDERS--PENALTIES FOR
34 VIOLATION. In addition to any other powers conferred by this title,
35 the director shall have the power, consistent with the requirements of
36 section 339 of this act, to:

1 (1) Order any person under authority of the director under this
2 title, its holding company, its subsidiary, or any of their directors,
3 officers, employees, or agents to cease and desist violating any
4 provision of this title or any lawful rule;

5 (2) Order any authorized trust institution, its holding company,
6 its subsidiary, or any of their directors, officers, employees, or
7 agents to cease and desist from a course of conduct that is unsafe or
8 unsound and which is likely to cause insolvency or dissipation of
9 assets or is likely to jeopardize or otherwise seriously prejudice the
10 interests of the public in their relationship with the authorized trust
11 institution;

12 (3) Order any person to cease engaging in an unauthorized trust
13 activity; and

14 (4) Enter any order pursuant to section 373 of this act.

15 NEW SECTION. **Sec. 341.** SUSPENSION AND REMOVAL OF DIRECTORS,
16 OFFICERS, AND EMPLOYEES. The director has the power to require the
17 suspension and removal from office of any officer, director, or
18 employee of any trust institution subject to the director's authority,
19 its holding company, or its subsidiary, who shall be found to be
20 dishonest, incompetent, or reckless in the management of the affairs of
21 the institution, or who persistently violates the laws of this state or
22 the lawful orders, instructions, and rules issued or adopted by the
23 department.

24 NEW SECTION. **Sec. 342.** SUBPOENA POWER AND EXAMINATION UNDER OATH.
25 The director shall have the power to subpoena witnesses, compel their
26 attendance, require the production of evidence, administer oaths, and
27 examine any person under oath in connection with any subject related to
28 a duty imposed or a power vested in the director.

29 NEW SECTION. **Sec. 343.** EFFECT OF FINAL ORDERS AGAINST OFFICERS,
30 DIRECTORS, EMPLOYEES, AND AGENTS. Any present or former director,
31 officer, or employee of a trust institution or holding company under
32 authority of the director, or any other person against whom there is
33 outstanding an effective final order served upon the person and who
34 participates in any manner in the conduct of the affairs of a trust
35 institution involved, or who directly or indirectly solicits or

1 procures, transfers or attempts to transfer, or votes or attempts to
2 vote any proxies, consents, or authorizations with respect to any
3 voting rights in the trust institution, or who, without the prior
4 approval of the director, votes for a director or serves or acts as a
5 director, officer, employee, or agent of any bank, savings association,
6 trust company, or holding company shall upon conviction for a violation
7 of any order, be guilty of a gross misdemeanor punishable as prescribed
8 under chapter 9A.20 RCW.

9 NEW SECTION. **Sec. 344.** DIRECTOR'S AUTHORITY TO PROTECT THE PUBLIC
10 AND STATE TRUST INSTITUTIONS. (1) Notwithstanding any other provision
11 of this title, the director may by rule or order prohibit any person
12 from engaging in a trust business in this state contrary to the
13 requirements of this title if the conduct of the trust business in this
14 state by such person harms or is likely to harm the general public, or
15 if it adversely affects the business of state trust institutions.

16 (2) The director may issue a temporary cease and desist order
17 against such person in the manner provided for in this chapter if the
18 general public or state trust institutions are likely to be
19 substantially injured by delay in issuing a cease and desist order.

20 (3) An order or rule made by the director pursuant to this section
21 may require that any applicable person obtain a certificate of
22 authority under chapter 30B.-- RCW (sections 321 through 332 of this
23 act) as a condition of continuing to engage in a trust business in this
24 state, subject to meeting all qualifications for grant of a state trust
25 company certificate of authority under this title.

26 (4) This section does not apply to a person conducting business
27 pursuant to section 306 of this act, except for a person identifiable
28 solely by reason of section 306(1) of this act.

29 NEW SECTION. **Sec. 345.** DIRECTOR'S SUBPOENAS. (1) The director or
30 authorized assistants may apply for and obtain a superior court order
31 approving and authorizing a subpoena in advance of its issuance. The
32 application may be made in the county where the subpoenaed person
33 resides or is found, or the county where the subpoenaed documents,
34 records, or evidence are located, or in Thurston county. The
35 application must:

36 (a) State that an order is sought under this section;

1 (b) Adequately specify the documents, records, evidence, or
2 testimony; and

3 (c) Include a declaration made under oath that an investigation is
4 being conducted for a lawfully authorized purpose related to an
5 investigation within the department's authority and that the subpoenaed
6 documents, records, evidence, or testimony are reasonably related to an
7 investigation within the department's authority.

8 (2) When an application under this section is made to the
9 satisfaction of the court, the court must issue an order approving the
10 subpoena. An order under this subsection constitutes authority of law
11 for the agency to subpoena the documents, records, evidence, or
12 testimony.

13 (3) The director or authorized assistants may seek approval and a
14 court may issue an order under this section without prior notice to any
15 person, including the person to whom the subpoena is directed and the
16 person who is the subject of an investigation. An application for
17 court approval is subject to the fee and process set forth in RCW
18 36.18.012(3).

19 (4) Subsections (1) through (3) of this section are applicable to
20 the director's enforcement authority under this title against persons
21 engaged in unauthorized trust activity and persons, other than a state
22 trust company authorized under this title, whom the director has reason
23 to believe are in violation of this title. This section does not limit
24 the authority of the director to investigate or examine a state trust
25 company authorized under this title without applying for or obtaining
26 a superior court order or issuing a subpoena pursuant to this section.

27 **STATE TRUST COMPANIES--BOARD OF**
28 **DIRECTORS, OFFICERS, AND SHAREHOLDERS**

29 NEW SECTION. **Sec. 346.** VOTING SECURITIES HELD BY STATE TRUST
30 COMPANY. (1) Voting securities of a state trust company held by the
31 state trust company in a fiduciary capacity under a will or trust,
32 whether registered in its own name or in the name of its nominee, may
33 not be voted in the election of directors or managers or on a matter
34 affecting the compensation of directors, managers, officers, or
35 employees of the state trust company in that capacity, unless:

1 (a) Under the terms of the will or trust, the manner in which the
2 voting securities are to be voted may be determined by a donor or
3 beneficiary of the will or trust and the donor or beneficiary actually
4 makes the determination in the matter at issue;

5 (b) The terms of the will or trust expressly direct the manner in
6 which the securities must be voted to the extent that no discretion is
7 vested in the state trust company as fiduciary; or

8 (c) The securities are voted solely by a cofiduciary that is not an
9 affiliate of the state trust company, as if the cofiduciary were the
10 sole fiduciary.

11 (2) Voting securities of a state trust company that cannot be voted
12 under this section are considered to be authorized but unissued for
13 purposes of determining the procedures for and results of the affected
14 vote.

15 NEW SECTION. **Sec. 347.** BYLAWS. (1) A state trust company shall
16 adopt bylaws and may amend its bylaws from time to time for the
17 purposes and in accordance with the procedures set forth in the
18 Washington business corporation act.

19 (2) A limited liability trust company in which management is
20 retained by the participants is not required to adopt bylaws if
21 provisions required by law to be contained in the bylaws are contained
22 in the articles of association or the participation agreement. If a
23 limited liability trust company has adopted bylaws which designate each
24 full liability participant, the limited liability trust company shall
25 file with the director a copy of the bylaws. Solely that portion of
26 the bylaws designating each full liability participant is a public
27 record.

28 NEW SECTION. **Sec. 348.** BOARD OF DIRECTORS, MANAGERS, OR MANAGING
29 PARTICIPANTS. (1) The board of a state trust company must consist of
30 not fewer than five directors, managers, or managing participants.
31 Except for a limited liability trust company in which management has
32 been retained by its participants, the principal executive officer of
33 the state trust company is a member of the board. The principal
34 executive officer acting in the capacity of board member is the board's
35 presiding officer unless the board elects a different presiding officer
36 to perform the duties as designated by the board.

1 (2) Unless the director consents otherwise in writing, a person may
2 not serve as director, manager, or managing participant of a state
3 trust company if:

4 (a) The state trust company incurs an unreimbursed loss
5 attributable to a charged-off obligation of or holds a judgment against
6 the person or an entity that was controlled by the person at the time
7 of funding and at the time of default on the loan that gave rise to the
8 judgment or charged-off obligation;

9 (b) The person has been convicted of a felony; or

10 (c) The person has violated a provision of Washington state law,
11 relating to loan of trust funds and purchase or sale of trust property
12 by the trustee, and the violation has not been corrected.

13 (3) If a state trust company other than a limited liability trust
14 company operated by managing participants does not elect directors or
15 managers before the sixty-first day after the date of its regular
16 annual meeting, the director may appoint a conservator under this title
17 to operate the state trust company and elect directors or managers, as
18 appropriate. If the conservator is unable to locate or elect persons
19 willing and able to serve as directors or managers, the director may
20 close the state trust company for liquidation.

21 (4) A vacancy on the board that reduces the number of directors,
22 managers, or managing participants to fewer than five must be filed not
23 later than the thirtieth day after the date the vacancy occurs. A
24 limited liability trust company with fewer than five managing
25 participants must add one or more new participants or elect a board of
26 managers of not fewer than five persons to resolve the vacancy. After
27 thirty days after the date the vacancy occurs, the director may appoint
28 a conservator under this title to operate the state trust company and
29 elect a board of not fewer than five persons to resolve the vacancy.
30 If the conservator is unable to locate or elect five persons willing
31 and able to serve as directors or managers, the director may close the
32 state trust company for liquidation.

33 (5) Before each term to which a person is elected to serve as a
34 director or manager of a state trust company, or annually for a person
35 who is a managing participant, the person shall submit an affidavit for
36 filing in the minutes of the state trust company stating that the
37 person, to the extent applicable:

1 (a) Accepts the position and is not disqualified from serving in
2 the position;

3 (b) Will not violate or knowingly permit an officer, director,
4 manager, managing participant, or employee of the state trust company
5 to violate any law applicable to the conduct of business of the state
6 trust company; and

7 (c) Will diligently perform the duties of the position.

8 (6) An advisory director or manager is not considered a director if
9 the advisory director or manager:

10 (a) Is not elected by the shareholders or participants of the state
11 trust company;

12 (b) Does not vote on matters before the board or a committee of the
13 board and is not counted for purposes of determining a quorum of the
14 board or committee; and

15 (c) Provides solely general policy advice to the board.

16 NEW SECTION. **Sec. 349.** REQUIRED BOARD MEETINGS. The board of a
17 state trust company shall hold at least one regular meeting each
18 quarter. At each regular meeting the board shall review and approve
19 the minutes of the prior meeting and review the operations, activities,
20 and financial condition of the state trust company. The board may
21 designate committees from among its members to perform these duties and
22 approve or disapprove the committees' reports at each regular meeting.
23 All actions of the board must be recorded in its minutes.

24 NEW SECTION. **Sec. 350.** OFFICERS. (1) The board shall annually
25 appoint the officers of the state trust company, who serve at the
26 pleasure of the board. The state trust company must have a principal
27 executive officer primarily responsible for the execution of board
28 policies and operation of the state trust company and an officer
29 responsible for the maintenance and storage of all corporate books and
30 records of the state trust company and for required attestation of
31 signatures. These positions may not be held by the same person. The
32 board may appoint other officers of the state trust company as the
33 board considers necessary.

34 (2) Unless expressly authorized by a resolution of the board
35 recorded in its minutes, an officer or employee may not create or

1 dispose of a state trust company asset or create or incur a liability
2 on behalf of the state trust company.

3 (3) Unless otherwise approved by the director, the chief executive
4 officer, the president, the chief operating officer, or the chief
5 financial officer of a state trust company must be a Washington state
6 resident.

7 NEW SECTION. **Sec. 351.** CERTAIN CRIMINAL OFFENSES. (1) An
8 officer, director, manager, managing participant, employee,
9 shareholder, or participant of a state trust company commits an offense
10 if the person knowingly:

11 (a) Conceals information or a fact, or removes, destroys, or
12 conceals a book or record of the state trust company for the purpose of
13 concealing information or a fact from the director or an agent of the
14 director; or

15 (b) For the purpose of concealing, removes or destroys any book or
16 record of the state trust company that is material to a pending or
17 anticipated legal or administrative proceeding.

18 (2) An officer, director, manager, managing participant, or
19 employee of a state trust company commits an offense if the person
20 knowingly makes a false entry in the books or records or in any report
21 or statement of the state trust company.

22 (3) An offense under this section is a class B felony.

23 NEW SECTION. **Sec. 352.** BOARD'S RESPONSIBILITY. The board of a
24 state trust company is responsible for the proper exercise of fiduciary
25 powers by the state trust company and each matter pertinent to the
26 exercise of fiduciary powers, including:

27 (1) The determination of policies;

28 (2) The investment and disposition of property held in a fiduciary
29 capacity; and

30 (3) The direction and review of the actions of each officer,
31 employee, and committee used by the state trust company in the exercise
32 of its fiduciary powers.

33 NEW SECTION. **Sec. 353.** BONDING REQUIREMENTS. The board of a
34 state trust company shall require protection and indemnity for clients
35 in reasonable amounts consistent with the bonding requirements for a

1 state bank under RCW 30.12.030 (as recodified by this act) and as may
2 further be established by rule adopted under this chapter, against
3 dishonesty, fraud, defalcation, forgery, theft, and other similar
4 insurable losses, with corporate insurance or surety companies.

5 NEW SECTION. **Sec. 354.** REPORTS OF APPARENT CRIME. A trust
6 company that is the victim of a robbery, has a shortage of corporate or
7 fiduciary funds in excess of five thousand dollars, or is the victim of
8 an apparent or suspected misapplication of its corporate or fiduciary
9 funds or property in any amount by a director, manager, managing
10 participant, officer, or employee shall report such robbery, shortages,
11 or apparent or suspected misapplication to the director within
12 forty-eight hours after the time it is discovered. The initial report
13 may be oral if the report is promptly confirmed in writing. The trust
14 company or a director, manager, managing participant, officer,
15 employee, or agent is not subject to liability for defamation or
16 another charge resulting from information supplied in the report.

17 NEW SECTION. **Sec. 355.** ADMINISTRATION OF FIDUCIARY POWERS.
18 (1)(a) The board of directors is responsible for the proper exercise of
19 fiduciary powers by the trust company. All matters pertinent thereto,
20 including the determination of policies, the investment and disposition
21 of property held in a fiduciary capacity, and the direction and review
22 of the actions of all officers, employees, and committees utilized by
23 the trust company in the exercise of its fiduciary powers, are the
24 responsibility of the board. In discharging this responsibility, the
25 board of directors may assign, by action duly entered in the minutes,
26 the administration of such of the trust company's fiduciary powers as
27 it may consider proper to assign to such directors, officers,
28 employees, or committees as it may designate.

29 (b) A fiduciary account may not be accepted without the prior
30 approval of the board, or of the directors, officers, or committees to
31 whom the board may have designated the performance of that
32 responsibility.

33 (c) A written record shall be made of such acceptances and of the
34 relinquishment or closing out of all fiduciary accounts. Upon the
35 acceptance of an account for which the trust company has investment
36 responsibilities a prompt review of the assets shall be made. The

1 board shall also ensure that at least once during every calendar year
2 thereafter, all the assets held in or for each fiduciary account where
3 the bank has investment responsibilities are reviewed to determine the
4 advisability of retaining or disposing of such assets.

5 (2) All officers and employees taking part in the operation of the
6 state trust institution shall be adequately bonded.

7 (3) Every qualified fiduciary subject to this section and
8 exercising fiduciary powers in this state shall designate, employ, or
9 retain legal counsel who shall be readily available to pass upon
10 fiduciary matters and to advise the trust company and its state trust
11 institution.

12 (4)(a) The state trust institution may utilize personnel and
13 facilities of other departments of the trust company or its affiliates,
14 and other departments of the trust company may utilize the personnel
15 and facilities of the state trust institution or its affiliates only to
16 the extent not prohibited by law and as long as the separate identity
17 of the state trust institution is preserved.

18 (b) Pursuant to a written agreement, a trust company exercising
19 fiduciary powers may perform services related to the exercise of
20 fiduciary powers for another trust company or other entity, and may
21 purchase services related to the exercise of fiduciary powers from
22 another trust company or other entity.

23 (5) Fiduciary records shall be kept separate and distinct from
24 other records of the trust company and maintained in compliance with
25 section 315 of this act. All fiduciary records shall be kept and
26 retained for such time as to enable the fiduciary to furnish such
27 information or reports with respect thereto as may be required by the
28 director.

29 (6) Every such fiduciary shall keep an adequate record of all
30 pending litigation to which it is a party in connection with its
31 exercise of fiduciary powers.

32 NEW SECTION. **Sec. 356.** AUDIT COMMITTEE. A committee of
33 directors, exclusive of any active officers of the trust company, shall
34 at least once during each calendar year make suitable audits of the
35 state trust institution or cause suitable audits to be made by auditors
36 responsible only to the board of directors, and at such time shall
37 ascertain whether the department has been administered in accordance

1 with law, this section, and sound fiduciary principles. The board of
2 directors may elect, in lieu of such periodic audits, to adopt an
3 adequate continuous audit system. A report of the audits and
4 examination required under this section, together with the action taken
5 thereon, shall be noted in the minutes of the board of directors.

6 NEW SECTION. **Sec. 357.** SHAREHOLDERS--ACTIONS AUTHORIZED WITHOUT
7 MEETINGS--WRITTEN CONSENT. (1) Any action required by this title to be
8 taken at a meeting of the shareholders of a state trust company, or any
9 action that may be taken at a meeting of such shareholders, may be
10 taken without a meeting if a consent in writing, setting forth the
11 action so taken, is signed by all of the shareholders entitled to vote
12 with respect to the subject matter thereof.

13 (2) The consent has the same force and effect as a unanimous vote
14 of shareholders and may be stated as such in any articles or documents
15 filed under this title.

16 NEW SECTION. **Sec. 358.** DIRECTORS, COMMITTEES--ACTIONS AUTHORIZED
17 WITHOUT MEETINGS--WRITTEN CONSENT. (1) Unless otherwise provided by
18 the articles of incorporation or bylaws, any action required by this
19 title to be taken at a meeting of the directors of a state trust
20 company, or any action which may be taken at any meeting of the
21 directors or of a committee, may be taken without a meeting if
22 consented to in writing or by electronic transmission, setting forth
23 the action so taken, shall be signed by all of the directors, or all of
24 the members of the committee, as the case may be. Such consent has the
25 same effect as a unanimous vote.

26 (2) For purposes of this section, the term "electronic
27 transmission" means any form of communication not involving the
28 transmission of paper that creates a record that may be retained,
29 retrieved, and reviewed by a recipient thereof and that may be directly
30 reproduced in paper form by such recipient through an automated
31 process.

32 NEW SECTION. **Sec. 359.** DIRECTORS, COMMITTEES--MEETINGS AUTHORIZED
33 BY CONFERENCE TELEPHONE OR SIMILAR COMMUNICATIONS EQUIPMENT. Except as
34 may be otherwise restricted by the articles of incorporation or bylaws
35 of a state trust company, members of its board of directors or any

1 committee designated by its board of directors may participate in a
2 meeting of the board or committee by means of a conference telephone or
3 similar communications equipment by means of which all persons
4 participating in the meeting can hear each other at the same time.
5 Participation by such means shall constitute presence, in person, at a
6 meeting.

7 **STATE TRUST COMPANIES--TRUST DEPOSITS AND COMMON TRUST FUNDS**

8 NEW SECTION. **Sec. 360.** GENERAL PROHIBITION ON DEPOSIT TAKING.
9 Except as authorized by this chapter or other governing law, a trust
10 company may not take or hold deposits of funds in this state unless:

11 (1) It is authorized to do business in this state as a depository
12 institution; and

13 (2) Complies with all applicable federal and state laws and
14 regulations respecting the taking and handling of monetary deposits.

15 NEW SECTION. **Sec. 361.** TRUST DEPOSITS AS A CLIENT INVESTMENT--
16 SECURITY FUND. (1) The director may establish by rule a plan for the
17 safe and sound deposit of trust funds by a state trust company with
18 itself as an investment, if:

19 (a) The investment of the trust deposits is authorized in writing
20 by the settlor or the beneficiary;

21 (b) The state trust company maintains as security for the trust
22 deposits a separate fund of securities, which are permissible for trust
23 investments, under control of a federal reserve bank or a clearing
24 corporation, either in this state or elsewhere;

25 (c) The total market value of the security is at all times at least
26 equal to the amount of the deposit;

27 (d) The separate fund is designated as security for trust deposits;

28 (e) The separate fund is maintained under the control of a bank or
29 government agency; and

30 (f) The state trust company complies with such other terms and
31 conditions as the director may establish by rule in the interest of
32 safety and soundness and protection of the public.

33 (2) A state trust company may make periodic withdrawals from or
34 additions to the securities fund required by subsection (1) of this
35 section as long as the required value is maintained.

1 (3) Income from the securities in the fund belongs to the state
2 trust company.

3 NEW SECTION. **Sec. 362.** COMMON TRUST FUNDS. (1) Consistent with
4 RCW 11.102.010, a state trust company may establish common trust funds
5 to provide investment to itself as a fiduciary.

6 (2) The director may adopt rules to administer and carry out this
7 section and RCW 11.102.010, including but not limited to rules to
8 establish investment and participation limitations, disclosure of fees,
9 audit requirements, limit or expand investment authority for particular
10 classes or categories of securities or other property, advertising,
11 exemptions, and other requirements that may be necessary to carry out
12 this section.

13 **STATE TRUST COMPANIES--PRUDENTIAL FIDUCIARY STANDARDS**

14 NEW SECTION. **Sec. 363.** PRUDENTIAL FIDUCIARY STANDARDS. (1)
15 Except to the extent federal preemption of state law is applicable in
16 relation to trusts governed under the federal employment retirement
17 income security act, a state trust company acting as a trustee or other
18 fiduciary shall comply with all applicable provisions of this title and
19 with chapters 11.97, 11.98, 11.100, 11.102, 11.104A, 11.106, and 11.108
20 RCW, and with chapter 11.110 RCW, in the case of a charitable trust.

21 (2) The director has broad administrative authority to establish by
22 rule or interpretation principles-based standards for examination,
23 supervision, and enforcement of a state trust company by the department
24 in relation to compliance with this title, including subsection (1) of
25 this section.

26 NEW SECTION. **Sec. 364.** FEE DETERMINATION. (1) The compensation
27 arrangement between a client and a trustee or any other fiduciary
28 pursuant to this title shall be at arm's length and any compensation
29 pursuant to such arrangement shall be a reasonable amount with respect
30 to the services rendered.

31 (2) This section does not apply to arrangements not involving trust
32 or client assets.

1 NEW SECTION. **Sec. 365.** DISCLOSURE OF CONFLICTS OF INTEREST. In
2 addition to the provisions set out in RCW 11.98.078, if a conflict of
3 interest may reasonably be expected to have a material adverse impact
4 on the trustee's judgment in its provision of services to such client,
5 the trustee must provide a reasonable disclosure of such conflict to
6 such client.

7 **OUT-OF-STATE TRUST INSTITUTIONS**

8 NEW SECTION. **Sec. 366.** TRUST BUSINESS AT A TRUST OFFICE. An
9 out-of-state trust institution that meets the requirements of this
10 chapter is not required to maintain a physical trust office in this
11 state. An out-of-state trust institution that does not operate a trust
12 office in this state and that meets the requirements of this chapter
13 may establish and maintain a new trust office in this state.

14 NEW SECTION. **Sec. 367.** PREEXISTING APPROVED OUT-OF-STATE TRUST
15 INSTITUTIONS. Notwithstanding any other provision of this title, an
16 out-of-state trust institution that complies with sections 368(1) and
17 402 of this act is exempt from the requirements of sections 369 and 370
18 of this act.

19 NEW SECTION. **Sec. 368.** TRUST BUSINESS OF OUT-OF-STATE TRUST
20 INSTITUTION--PREREQUISITE OF RECIPROCITY. (1) Except as authorized by
21 federal law or by another law of this state, an out-of-state trust
22 institution shall not be permitted to engage in a trust business in
23 this state on more favorable terms and conditions than the terms and
24 conditions on which state trust companies incorporated under this title
25 and savings banks engaged in trust business under RCW 32.08.140,
26 32.08.142, 32.08.210, and 32.08.215 are permitted to engage in trust
27 business in such other state.

28 (2) The out-of-state trust institution may exercise additional
29 powers and authorities that are authorized under the laws of its home
30 state if the director determines in writing that the exercise of the
31 additional powers and authorities in this state will not threaten the
32 safety and soundness of trust institutions in this state and serves the
33 convenience and needs of Washington consumers.

1 NEW SECTION. **Sec. 369.** REQUIREMENT OF NOTICE. An out-of-state
2 trust institution desiring to engage in trust business in this state
3 shall provide, or cause its home state regulator to provide, written
4 notice to the director of its intent to engage in trust business in
5 this state, accompanied by:

6 (1) Satisfactory written evidence of a certificate of authority to
7 engage in trust business in its home state, or equivalent, from its
8 home state regulator;

9 (2) A copy of the resolution adopted by the board of directors of
10 such out-of-state trust institution authorizing the out-of-state trust
11 institution to engage in trust business in this state;

12 (3) Written evidence of compliance with the requirements of the
13 director set forth in subsection (1) of this section; and

14 (4) A filing fee, if any, as prescribed by the director under
15 authority of RCW 30.04.070 (as recodified by this act).

16 NEW SECTION. **Sec. 370.** CONDITIONS FOR APPROVAL. (1) Except as
17 authorized by section 402 of this act, an out-of-state trust
18 institution may not engage in trust business in this state unless:

19 (a) The out-of-state trust institution has confirmed in writing to
20 the director that for as long as it maintains a trust office in this
21 state, it will comply with all applicable laws of this state.

22 (b) The out-of-state trust institution has provided satisfactory
23 evidence to the director of compliance with (i) any applicable
24 requirements of chapter 23B.15 or 25.15 RCW and (ii) the applicable
25 requirements of its home state regulator for engaging in trust business
26 in both its home state and this state.

27 (c) The director, acting within sixty days after receiving notice
28 under section 369 of this act, has certified to the home state
29 regulator that the requirements of this chapter have been met and the
30 notice has been approved or, if applicable, that any conditions imposed
31 by the director pursuant to subsection (2) of this section have been
32 satisfied.

33 (2) The out-of-state trust institution may commence engaging in
34 trust business in this state on the sixty-first day after the date the
35 director receives the notice unless the director specifies an earlier
36 or later date.

1 (3) The period of review in subsection (2) of this section may be
2 extended by the director on a determination that the written notice
3 raises issues that require additional information or additional time
4 for analysis. If the period of review is extended, the out-of-state
5 trust institution may engage in trust business in this state only on
6 prior written approval by the director.

7 NEW SECTION. **Sec. 371.** ADDITIONAL TRUST OFFICES. An out-of-state
8 trust institution that maintains a trust office in this state under
9 this chapter may establish or acquire additional trust offices in this
10 state to the same extent that a state trust company may establish or
11 acquire additional offices in this state.

12 NEW SECTION. **Sec. 372.** EXAMINATIONS OF OUT-OF-STATE TRUST
13 INSTITUTIONS--PERIODIC REPORTS--COOPERATIVE AGREEMENTS--ASSESSMENT OF
14 FEES. (1) To the extent consistent with subsections (3), (4), and (5)
15 of this section, the director may make such examinations and
16 investigations of an out-of-state trust institution engaged in trust
17 business in this state as the director may deem necessary to determine
18 whether the out-of-state trust institution is being operated and
19 maintained in a safe and sound manner in a manner affecting this state.
20 Unless otherwise prescribed by rule, the provisions of Title 30 RCW (as
21 recodified by this act) applicable to examination or investigation of
22 banks shall apply to such examinations or investigations of
23 out-of-state trust institutions.

24 (2) The director may require periodic reports regarding any
25 out-of-state trust institution engaged in trust business in this state.
26 The required reports shall be provided by such out-of-state trust
27 institution or by the home state regulator. Any reporting requirements
28 prescribed by the director under this subsection shall be (a)
29 consistent with the reporting requirements applicable to state trust
30 companies and (b) appropriate for the purpose of enabling the director
31 to carry out his or her responsibilities under this chapter.

32 (3) The director may enter into cooperative, coordinating, and
33 information-sharing agreements with any other trust institution
34 supervisory agency with respect to the periodic examination or other
35 supervision of an out-of-state trust institution engaging in trust

1 business in this state, and the director may accept the report of
2 examination and report of investigation of such agency in lieu of
3 conducting his or her own examination or investigation.

4 (4) The director may enter into contracts with any trust
5 institution supervisory agency that has concurrent jurisdiction over an
6 out-of-state trust institution engaged in trust business in this state
7 to engage the services of such agency's examiners at a reasonable rate
8 of compensation, or to provide the services of the director's examiners
9 to such agency at a reasonable rate of compensation. Any such contract
10 shall be deemed a sole source contract to the extent permitted under
11 Washington state law.

12 (5) The director may enter into joint examinations or joint
13 enforcement actions with other trust institutions supervisory agencies
14 having concurrent jurisdiction over any out-of-state trust institution
15 engaged in trust business in this state or by a state trust company
16 doing business in any host state.

17 (6) Notwithstanding any other provision of this section, the
18 director may at any time take enforcement action independently if the
19 director deems such actions to be necessary or appropriate to carry out
20 his or her responsibilities under this title or to ensure compliance
21 with the laws of this state. However, in the case of an out-of-state
22 trust institution, the director shall recognize the exclusive authority
23 of the home state regulator over corporate governance matters and the
24 primary responsibility of the home state regulator with respect to
25 safety and soundness matters.

26 (7) An out-of-state trust institution that engages in trust
27 business in this state and which is subject to examination by the
28 director under any cooperative agreement between the director and the
29 home state of the out-of-state trust institution, may be subject to
30 supervisory, examination, and other fees, under authority of such
31 cooperative agreement, RCW 30.04.070 (as recodified by this act), and
32 as may be specified by rule.

33 NEW SECTION. **Sec. 373.** ENFORCEMENT. (1) Consistent with the
34 Washington administrative procedure act, chapter 34.05 RCW, and in the
35 manner provided for enforcement action against a state trust company
36 under this title, after notice and opportunity for hearing, the

1 director may determine an out-of-state trust institution engaging in
2 trust business in this state is in violation of any provision of the
3 laws of this state or is operating in an unsafe and unsound manner.

4 (2) The director shall have the authority to take all such
5 enforcement actions as he or she would be empowered to take if the
6 out-of-state trust institution were a state trust company, including
7 but not limited to issuing an order temporarily or permanently
8 prohibiting the out-of-state trust institution from engaging in trust
9 business in this state.

10 (3) The director may make a written finding that an out-of-state
11 trust institution engaging in or proposing to engage in a trust
12 business in this state does not meet the requirements for engaging in
13 trust business in this state pursuant to this chapter or section 402 of
14 this act, which finding shall be effective on the date of issuance or
15 such other date as the director shall determine.

16 (4) In cases involving extraordinary circumstances requiring
17 immediate action, the director may issue a temporary order without
18 advance notice or opportunity for hearing, subject to the out-of-state
19 trust institution's right to petition for judicial review in the same
20 manner as a state trust company under this title.

21 (5) The director will give notice to the home state regulator of
22 each enforcement action taken against an out-of-state trust institution
23 and, to the extent practicable, will consult and cooperate with the
24 home state regulator in pursuing and resolving such enforcement action.

25 NEW SECTION. **Sec. 374.** NOTICE OF SUBSEQUENT MERGER, CLOSING, ETC.
26 Each out-of-state trust institution that maintains an office in this
27 state pursuant to this chapter, or the home state regulator of such
28 trust institution, shall give at least thirty days' prior written
29 notice, or in the case of an emergency transaction, such shorter notice
30 as is consistent with applicable state or federal law, to the director
31 of:

32 (1) Any merger, consolidation, or other transaction that would
33 cause a change of control with respect to such out-of-state trust
34 institution or any bank holding company that controls such trust
35 institution, with the result that an application would be required to
36 be filed pursuant to the federal change in bank control act of 1978, 12

1 U.S.C. Sec. 1817(j), or the federal bank holding company act of 1956,
2 12 U.S.C. Sec. 1841 et seq., or any successor statutes thereto;

3 (2) Any transfer of all or substantially all of the trust accounts
4 or trust assets of the out-of-state trust institution to another
5 person; or

6 (3) The closing or disposition of any office in this state.

7 NEW SECTION. **Sec. 375.** FUNCTIONALLY UNREGULATED OUT-OF-STATE
8 TRUST INSTITUTIONS. Notwithstanding any other provision of this
9 chapter, an out-of-state trust institution engaging in trust business
10 in this state, which is not an exempt person under section 306 of this
11 act and which by reason of the laws of its home state is not subject to
12 any supervision, examination, or other safety and soundness oversight
13 by a home state regulator, shall be subject to all the requirements of
14 a state trust company under this title.

15 **STATE TRUST COMPANIES--VOLUNTARY DISSOLUTION AND LIQUIDATION**

16 NEW SECTION. **Sec. 376.** REQUIRED VOTE OF SHAREHOLDERS. A state
17 trust company may go into voluntary liquidation and be closed, and may
18 surrender its charter and franchise as a corporation of this state by
19 the affirmative votes of its shareholders owning two-thirds of its
20 stock or participation shares.

21 NEW SECTION. **Sec. 377.** CORPORATE PROCEDURE. Shareholder action
22 to liquidate a state trust company shall be taken at a meeting of the
23 shareholders or participants duly called by resolution of the board of
24 directors or members, written notice of which, stating the purpose of
25 the meeting, shall be mailed to each shareholder or participant, or in
26 case of a shareholder's or participant's death, to such shareholder's
27 or participant's legal representative or heirs at law, addressed to the
28 shareholder's or participant's last known residence ten days previous
29 to the date of such meeting. If stockholders or participants shall, by
30 the required vote, elect to liquidate a trust company, a certified copy
31 of all proceedings of the meeting at which such action shall have been
32 taken, verified by the oath of the president and secretary, shall be
33 transmitted to the director for approval.

1 NEW SECTION. **Sec. 378.** AUTHORITY TO LIQUIDATE--PUBLICATION. If
2 the director approves the liquidation, the director shall issue to the
3 state trust company a permit for such purpose. A permit shall not be
4 issued by the director until the director is satisfied that provision
5 has been made by the state trust company to satisfy and pay off all
6 creditors. If not so satisfied, the director shall refuse to issue a
7 permit, and is authorized to take possession of the state trust company
8 and its assets and business, and hold the same and liquidate the state
9 trust company in the manner provided in this title. When the director
10 approves the voluntary liquidation of a state trust company, the
11 directors of that state trust company shall cause to be published in a
12 newspaper in the county in which the same is located, or if no
13 newspaper is published in such county, then in a newspaper having a
14 general circulation in such county, a notice that the state trust
15 company is closing down its affairs and going into liquidation, and
16 notify its creditors to present their claims for payment. Such notice
17 shall be published once a week for four consecutive weeks.

18 NEW SECTION. **Sec. 379.** EXAMINATION AND REPORTS. When any state
19 trust company is in process of voluntary liquidation, it is subject to
20 examination by the director, and shall furnish such reports from time
21 to time as may be called for by the director.

22 NEW SECTION. **Sec. 380.** UNCLAIMED PROPERTY. All unclaimed
23 property remaining in the hands of a liquidated state trust company is
24 subject to the provisions of chapter 11.08 RCW.

25 NEW SECTION. **Sec. 381.** SELL OR TRANSFER OF PROPERTY. Any state
26 trust company may sell and transfer to any other trust institution,
27 whether state or federally chartered, all of its assets of every kind
28 upon such terms as may be agreed upon and approved by the director and
29 by two-thirds vote of its board of directors or members. A certified
30 copy of the minutes of any meeting at which such action is taken, under
31 the oath of the president and secretary, together with a copy of the
32 contract of sale and transfer, shall be filed with the director.
33 Whenever voluntary liquidation shall be approved by the director or the
34 sale and transfer of the assets of any state trust company shall be
35 approved by the director, a certified copy of such approval, filed in

1 the office of the secretary of state, shall authorize the cancellation
2 of the charter of such state trust company, subject, however, to its
3 continued existence, as provided by this title and the general law
4 relative to corporations.

5 **STATE TRUST COMPANIES--INVOLUNTARY**
6 **DISSOLUTION AND LIQUIDATION**

7 NEW SECTION. **Sec. 382.** WHEN DIRECTOR MAY TAKE POSSESSION. (1)
8 After the expiration of thirty days from the director's written notice
9 to correct an unsafe condition of the state trust company, the director
10 may take possession of the business and property of a state trust
11 company to which this title is applicable whenever it appears that the
12 state trust company:

13 (a) Has violated the terms of its certificate of authority or any
14 laws applicable thereto;

15 (b) Is conducting its business in an unauthorized or unsafe manner;

16 (c) Is in an unsafe or unsound condition to transact its business;

17 (d) Has an impairment of its capital;

18 (e) Has become otherwise insolvent;

19 (f) Has neglected or refused to comply with the terms of a duly
20 issued lawful order of the director;

21 (g) Has refused, upon proper demand, to submit its records,
22 affairs, and concerns for inspection and examination of a duly
23 appointed or authorized examiner of the director;

24 (h) Through its officers, has refused to be examined upon oath
25 regarding its affairs; or

26 (i) Has made a voluntary assignment of its assets to trustees.

27 (2) Notwithstanding the notice requirement in subsection (1) of
28 this section, the director may without notice seize and take immediate
29 possession of a state trust company if it appears to the director that
30 the conditions of the state trust company are so hazardous that they
31 pose an imminent threat to the general public or the interests of the
32 state trust company's clients.

33 NEW SECTION. **Sec. 383.** MUTUAL CONSENT TO DISSOLUTION AND
34 LIQUIDATION. If the director consents, any state trust company may
35 voluntarily place its assets and business under the control of the

1 director for liquidation by a resolution of a majority of its directors
2 or members upon notice to the director. Upon taking possession of the
3 state trust company, the director, or duly appointed agent, shall
4 retain possession thereof until the state trust company is authorized
5 by the director to resume business or until the affairs of the state
6 trust company are fully liquidated as provided in this chapter. A
7 state trust company shall not make any general assignment for the
8 benefit of its creditors except by surrendering possession of its
9 assets to the director, as provided in this section. Whenever any
10 state trust company for any reason suspends operations for any length
11 of time, the state trust company shall, immediately upon such
12 suspension of operations, be deemed in the possession of the director
13 and subject to liquidation under this chapter.

14 NEW SECTION. **Sec. 384.** OTHER REQUIREMENTS FOR INVOLUNTARY
15 DISSOLUTION AND LIQUIDATION. (1) To the greatest extent consistent
16 with this title, the standards, terms and conditions, and procedures
17 for involuntary dissolution and liquidation of a state trust company
18 shall conform to the provisions of chapter 30.44 RCW (as recodified by
19 this act), excluding RCW 30.44.010, 30.44.020, and 30.44.270 (as
20 recodified by this act) related to involuntary dissolution and
21 liquidation of a bank, including the right to judicially contest the
22 director's action as provided in RCW 30.44.030 (as recodified by this
23 act).

24 (2) The director may by rule establish a uniform set of procedures
25 consistent with this chapter.

26 **STATE TRUST COMPANIES--SUPERVISORY**
27 **DIRECTION AND CONSERVATORSHIP**

28 NEW SECTION. **Sec. 385.** SUPERVISORY DIRECTION. (1) If upon
29 examination or at any other time it appears to the director that a
30 state trust company is in an unsafe condition and its condition is such
31 as to render the continuance of its business hazardous to the public or
32 to its clients, or if the state trust company appears to have exceeded
33 its powers or has failed to comply with the law, or if the state trust
34 company gives its consent, then the director shall upon his or her
35 determination (a) notify the state trust company of his or her

1 determination, (b) furnish to the state trust company a written list of
2 the director's requirements to abate his or her determination, and (c)
3 if the director makes further determination to directly supervise, he
4 or she shall notify the state trust company that it is under the
5 supervisory direction of the director and that the director is invoking
6 the provisions of this chapter. If placed under supervisory direction
7 the state trust company shall comply with the lawful requirements of
8 the director within such time as provided in the notice of the
9 director, subject however, to the provisions of this chapter. If the
10 state trust company fails to comply within such time the director may
11 appoint a conservator.

12 (2) To the greatest extent consistent with this title, the
13 standards, terms and conditions, and procedures of supervisory
14 direction, and abatement therefrom, shall be consistent with chapter
15 30.46 RCW (as recodified by this act) related to supervisory direction
16 of banks.

17 (3) The director may establish rules related to supervisory
18 direction consistent with this section.

19 NEW SECTION. **Sec. 386.** CONSERVATORSHIP. (1) After the period of
20 supervisory direction specified by the director for compliance, if he
21 or she determines that the state trust company has failed to comply
22 with the lawful requirements imposed, the director may appoint a
23 conservator, who shall immediately take charge of such state trust
24 company and all of its property, books, records, and effects.

25 (2) The conservator shall conduct the business of the state trust
26 company and take such steps toward the removal of the causes and
27 conditions which have necessitated such order, as the director may
28 direct.

29 (3) During the pendency of the conservatorship, the conservator
30 shall make such reports to the director from time to time as may be
31 required by the director, and shall be empowered to take all necessary
32 measures to preserve, protect, and recover any assets or property of
33 the state trust company, including claims or causes of actions
34 belonging to or which may be asserted by the state trust company, and
35 to deal with the same in his or her own name as conservator, and shall
36 be empowered to file, prosecute, and defend any suit and suits which
37 have been filed or which may thereafter be filed by or against the

1 state trust company which are deemed by the conservator to be necessary
2 to protect all of the interested parties for a property affected
3 thereby.

4 (4) The director, or any newly appointed assistant, may be
5 appointed to serve as conservator.

6 (5) If the director, however, is satisfied that the state trust
7 company is not in condition to continue business in the interest of its
8 clients under the conservator, the director may proceed with
9 appropriate remedies provided by other provisions of this title.

10 (6) The powers, duties, privileges, and immunities of a conservator
11 appointed under this chapter shall be subject to all other applicable
12 provisions of this title related to appointment of conservators and to
13 all other provisions of chapter 30.46 RCW (as recodified by this act)
14 related to the appointment of and service by conservators in relation
15 to banks.

16 (7) The director may establish rules related to conservatorship of
17 state trust companies consistent with this section.

18 **STATE TRUST COMPANIES--MERGER, CONSOLIDATION, AND CONVERSION**

19 NEW SECTION. **Sec. 387.** APPLICABILITY OF CHAPTER. This chapter
20 applies to any merger or consolidation in which a state trust company
21 is a party.

22 NEW SECTION. **Sec. 388.** DEFINITIONS. Unless the context clearly
23 requires otherwise, the definitions in this section apply throughout
24 this chapter.

- 25 (1) "Merger" includes consolidation.
- 26 (2) "Merging trust company" means a party to a merger.
- 27 (3) "Resulting trust company" means the trust company resulting
28 from a merger.
- 29 (4) "Vote of stockholders" or "vote of classes of stockholders"
30 means only a vote of those entitled to vote under the terms of such
31 shares.

32 NEW SECTION. **Sec. 389.** APPROVAL BY DIRECTOR--REQUIRED. Upon
33 approval by the director, trust companies may be merged to result in a
34 trust company.

1 NEW SECTION. **Sec. 390.** CONTENTS OF MERGER AGREEMENT--APPROVAL BY
2 EACH BOARD OF DIRECTORS--REQUIREMENTS FOR DIRECTOR'S APPROVAL. (1) The
3 board of directors of each merging trust company shall, by a majority
4 of the entire board, approve a merger agreement that must contain:

5 (a) The name of each merging trust company and location of each
6 office;

7 (b) With respect to the resulting trust company, (i) the name and
8 location of the principal and other offices; (ii) the name and mailing
9 address of each director to serve until the next annual meeting of the
10 stockholders; (iii) the name and mailing address of each officer; (iv)
11 the amount of capital, the number of shares, and the par value, if any,
12 of each share; and (v) the amendments to its charters and bylaws;

13 (c) Provisions governing the exchange of shares of the merging
14 trust companies for such consideration as has been agreed to in the
15 merger agreement;

16 (d) A statement that the agreement is subject to approval by the
17 director and the stockholders of each merging trust company;

18 (e) Provisions governing the manner of disposing of the shares of
19 the resulting trust company if the shares are to be issued in the
20 transaction and are not taken by dissenting shareholders of merging
21 trust companies; and

22 (f) Any other provisions the director requires to discharge his or
23 her duties with respect to the merger.

24 (2) After approval by the board of directors of each merging trust
25 company, the merger agreement shall be submitted to the director for
26 approval, together with certified copies of the authorizing resolutions
27 of each board of directors showing approval by a majority of the entire
28 board. Within sixty days after receipt by the director of the merger
29 agreement and resolutions, the director shall approve or disapprove of
30 the merger agreement, and if no action is taken, the agreement is
31 deemed approved. The director shall approve the agreement if it
32 appears that the:

33 (a) Resulting trust company meets the requirements of state law as
34 to the formation of a new trust company;

35 (b) Agreement provides an adequate capital in relation to the
36 deposit liabilities, if any, of the resulting trust company and its
37 other activities which are to continue or are to be undertaken;

38 (c) Agreement is fair; and

1 (d) Merger is not contrary to the public interest.

2 If the director disapproves an agreement, he or she shall state his
3 or her objections and give an opportunity to the merging trust company
4 to amend the merger agreement to obviate such objections.

5 NEW SECTION. **Sec. 391.** APPROVAL BY STOCKHOLDERS--VOTING--NOTICE.

6 (1) To be effective, a merger that is to result in a trust company must
7 be approved by the stockholders of each merging trust company by a vote
8 of two-thirds of the outstanding voting stock of each class at a
9 meeting called to consider such action. This vote shall constitute the
10 adoption of the charter and bylaws of the resulting trust company,
11 including the amendments in the merger agreement.

12 (2) Unless waived in writing, notice of the meeting of stockholders
13 shall be given by publication in a newspaper of general circulation in
14 the place where the principal office of each merging trust company is
15 located, at least once each week for four successive weeks, and by
16 mail, at least fifteen days before the date of the meeting, to each
17 stockholder of record of each merging trust company at the address on
18 the books of the stockholder's trust company. No notice of publication
19 need be given if written waivers are received from the holders of
20 two-thirds of the outstanding shares of each class of stock. The
21 notice shall state that dissenting stockholders will be entitled to
22 payment of the value of only those shares which are voted against
23 approval of the plan.

24 NEW SECTION. **Sec. 392.** EFFECTIVE DATE OF MERGER--CERTIFICATE OF
25 MERGER. (1) A merger that is to result in a trust company shall,
26 unless a later date is specified in the agreement, become effective
27 after the filing with and upon the approval of the director of the
28 executed agreement together with copies of the resolutions of the
29 stockholders of each merging trust company approving it, certified by
30 the trust company's president or a vice president and a secretary. The
31 charters of the merging trust companies, other than the resulting trust
32 company, shall immediately after that automatically terminate.

33 (2) The director shall immediately after that issue to the
34 resulting trust company a certificate of merger specifying the name of
35 each merging trust company and the name of the resulting trust company.
36 The certificate shall be conclusive evidence of the merger and of the

1 correctness of all proceedings regarding the merger in all courts and
2 places, and may be recorded in any office for the recording of deeds to
3 evidence the new name in which the property of the merging trust
4 companies is held.

5 NEW SECTION. **Sec. 393.** RESULTING TRUST COMPANY--PROPERTY, RIGHTS,
6 POWERS, AND DUTIES. (1) A resulting trust company is the same business
7 and corporate entity as each merging trust company with all property,
8 rights, powers, and duties of each merging trust company, except as
9 affected by state law and by the charter and bylaws of the resulting
10 trust company. A resulting trust company has the right to use the name
11 of any merging trust company whenever it can do any act under such name
12 more conveniently.

13 (2) Any reference to a merging trust company in any writing,
14 whether executed or taking effect before or after the merger, is a
15 reference to the resulting trust company if not inconsistent with the
16 other provisions of that writing.

17 NEW SECTION. **Sec. 394.** DISSENTING SHAREHOLDERS--MAY RECEIVE VALUE
18 IN CASH--APPRAISAL. (1) The owner of shares of a trust company that
19 were voted against a merger to result in a trust company shall be
20 entitled to receive their value in cash, if and when the merger becomes
21 effective, upon written demand made to the resulting trust company at
22 any time within thirty days after the effective date of the merger,
23 accompanied by the surrender of the stock certificates. The value of
24 the shares shall be determined, as of the date of the stockholders'
25 meeting approving the merger, by three appraisers, one to be selected
26 by the owners of two-thirds of the dissenting shares, one by the board
27 of directors of the resulting trust company, and the third by the two
28 so chosen. The valuation agreed upon by any two appraisers shall
29 govern. If the appraisal is not completed within ninety days after the
30 merger becomes effective, the director shall cause an appraisal to be
31 made.

32 (2) The dissenting shareholders shall bear, on a pro rata basis
33 based on number of dissenting shares owned, the cost of their appraisal
34 and one-half of the cost of a third appraisal, and the resulting trust
35 company shall bear the cost of its appraisal and one-half of the cost
36 of the third appraisal. If the director causes an appraisal to be

1 made, the cost of that appraisal shall be borne equally by the
2 dissenting shareholders and the resulting trust company, with the
3 dissenting shareholders sharing their half of the cost on a pro rata
4 basis based on number of dissenting shares owned.

5 (3) The resulting trust company may fix an amount which it
6 considers to be not more than the fair market value of the shares of a
7 merging trust company at the time of the stockholders' meeting
8 approving the merger, that it will pay dissenting shareholders of the
9 trust company entitled to payment in cash. The amount due under an
10 accepted offer or under the appraisal shall constitute a debt of the
11 resulting trust company.

12 NEW SECTION. **Sec. 395.** VALUATION OF ASSETS--BOOKS OF MERGING
13 TRUST COMPANY. Without approval by the director, no asset shall be
14 carried on the books of the resulting trust company at a valuation
15 higher than that on the books of the merging trust company at the time
16 of its last examination by a state trust examiner before the effective
17 date of the merger or conversion.

18 NEW SECTION. **Sec. 396.** SALE OF ASSETS. (1) The board of a state
19 trust company, with the director's approval, may cause a state trust
20 company to sell all or substantially all of its assets, including the
21 right to control accounts established with the trust company, without
22 shareholder or participant approval if the director finds:

23 (a) The interests of the state trust company's clients, depositors,
24 and creditors are jeopardized because of insolvency or imminent
25 insolvency of the state trust company; and

26 (b) The sale is in the best interest of the state trust company's
27 clients and creditors.

28 (2) A sale under this section must include an assumption and
29 promise by the buyer to pay or otherwise discharge:

30 (a) All of the state trust company's liabilities to clients and
31 depositors;

32 (b) All of the state trust company's liabilities for salaries of
33 the state trust company's employees incurred before the date of the
34 sale;

35 (c) Obligations incurred by the director arising out of the
36 supervision or sale of the state trust company; and

1 (d) Fees and assessments due the department.

2 (3) This section does not limit the incidental power of a state
3 trust company to buy and sell assets in the ordinary course of
4 business.

5 (4) This section does not affect the director's authority to take
6 action under another law.

7 (5) The sale by a trust company of all or substantially all of its
8 assets with shareholder or participant approval is considered a
9 voluntary dissolution and liquidation and is governed by the voluntary
10 dissolution and liquidation provisions of chapter 30.44 RCW (as
11 recodified by this act).

12 **PRIVATE TRUSTS AND PRIVATE TRUST COMPANIES**

13 NEW SECTION. **Sec. 397.** DEFINITIONS. Unless the context clearly
14 requires otherwise, the definitions in this section apply to the
15 provisions of this chapter.

16 (1) "Change of control" means to transfer or sell control of a
17 private trust or private trust company to a person or persons other
18 than family members.

19 (2) "Common ancestor" has the same meaning as an individual
20 referred to as a common ancestor in the internal revenue code, 26
21 U.S.C. Sec. 1361(c)(1)(B)(ii), and excludes an individual who, on an
22 applicable date, is more than six generations removed from the youngest
23 generation of shareholders or holders of beneficial interests in a
24 private trust company.

25 (3) "Family member" means an individual who is a common ancestor,
26 a lineal descendant of such common ancestor, or a spouse or former
27 spouse of such common ancestor or such lineal descendant.

28 (4) "Private trust" means a trust created and maintained pursuant
29 to the Washington trust act, chapter 11.98 RCW, or the laws of another
30 state or foreign jurisdiction, in which:

31 (a) The trustee is a person who does not hold itself out to the
32 general public as being engaged in trust business; and

33 (b) Neither the trust nor the trustee, in the capacity of trustee
34 for the private trust, transacts business with the general public.

35 (5) "Private trust company" means a company acting as a private
36 trust.

1 (6) "Transact business with the general public" means any sales,
2 solicitations, arrangements, agreements, or transactions to provide
3 trust or other business services, whether or not for a fee, commission,
4 or any other type of remuneration, with any client that is not a family
5 member or a sole proprietorship, partnership, joint venture,
6 association, trust, estate, business trust, or other company that is
7 not one hundred percent owned or controlled by one or more family
8 members.

9 NEW SECTION. **Sec. 398.** PRIVATE TRUSTS AND PRIVATE TRUST COMPANIES
10 EXEMPT--EXCEPTION FOR CHANGE OF CONTROL. (1) A private trust or
11 private trust company is exempt from the requirement of a certificate
12 of authority or regulation under this title.

13 (2) Notwithstanding subsection (1) of this section, a transfer or
14 change of control of a private trust or private trust company to a
15 person or persons other than family members constitutes unauthorized
16 trust activity unless the resulting private trust company is a trust
17 institution authorized to do business in this state.

18 NEW SECTION. **Sec. 399.** CONVERSION TO PUBLIC TRUST COMPANY. A
19 private trust or private trust company which seeks to convert to one
20 transacting business with the general public in this state must apply
21 for and obtain a certificate of authority as a state trust company
22 under chapter 30B.-- RCW (sections 321 through 332 of this act) or a
23 federal charter or charter from another state which would permit it to
24 conduct trust business and fiduciary activities in this state without
25 engaging in unauthorized trust activity.

26 NEW SECTION. **Sec. 400.** OTHER EXEMPTIONS NOT AFFECTED BY CHAPTER.
27 The provisions of this chapter do not affect the exemptions for persons
28 acting pursuant to section 306 of this act.

29 **EFFECT ON PREEXISTING TRUST COMPANIES AND TRUST BUSINESSES**

30 NEW SECTION. **Sec. 401.** TRUST COMPANIES UNDER FORMER TITLE 30 RCW.
31 Trust companies under Title 30 RCW, as it existed on the effective date
32 of this section, shall automatically succeed to and be subject to all

1 powers and authorities, rights and obligations, privileges and
2 immunities, and discretions of a state trust company under this title.

3 NEW SECTION. **Sec. 402.** PREEXISTING APPROVED OUT-OF-STATE TRUST
4 INSTITUTIONS. (1) An out-of-state trust institution that has, prior to
5 the effective date of this section, obtained approval from the director
6 under authority of Title 30 RCW, as it existed on the effective date of
7 this section, to engage in trust business in this state and has
8 continuously since the date of such approval held itself out to the
9 public as engaging in trust business in this state, shall be exempt
10 from the requirement of notice to or obtaining approval from the
11 director pursuant to chapter 30B.-- RCW (sections 366 through 375 of
12 this act).

13 (2) For purposes of this section, the term "director" includes the
14 former office of the supervisor of banks that merged into the
15 department under authority of chapter 43.320 RCW.

16 (3) For purposes of this section, satisfactory evidence of approval
17 from the director may be established only by written evidence that the
18 director gave his or her approval prior to the effective date of this
19 section in the form of a certificate of authority, declaration of
20 reciprocity between this state and the home state of the out-of-state
21 trust institution, or the equivalent. Authorization from the secretary
22 of state to transact business in this state as a foreign corporation or
23 foreign limited liability company is not by itself satisfactory
24 evidence of such approval from the director.

25 (4) For purposes of this section, an out-of-state trust institution
26 with satisfactory evidence of the director's approval to engage in
27 trust business prior to the effective date of this section is presumed
28 to have:

29 (a) Complied with section 370(1) of this act; and

30 (b) Continuously held itself out to the public as engaging in trust
31 business in this state since the date of the director's approval by
32 demonstrating that it has maintained uninterrupted and without lapse
33 registration with the secretary of state as a foreign corporation under
34 chapter 23B.15 RCW or foreign limited liability company under chapter
35 25.15 RCW.

1 CONSTRUCTION

2 NEW SECTION. **Sec. 403.** CONTINUATION OF EXISTING LAW. The
3 provisions of this title, insofar as they are substantially the same as
4 statutory provisions repealed by this act and relating to the same
5 subject matter, shall be construed as restatements and continuations,
6 and not as new enactments.

7 NEW SECTION. **Sec. 404.** TITLE, CHAPTER, SECTION HEADINGS NOT PART
8 OF LAW. Title headings, chapter or subchapter headings, and section or
9 subsection headings as used in this title do not constitute any part of
10 the law.

11 NEW SECTION. **Sec. 405.** SEVERABILITY. If any provision of this
12 act or its application to any person or circumstance is held invalid,
13 the remainder of the act or the application of the provision to other
14 persons or circumstances is not affected.

15 NEW SECTION. **Sec. 406.** PRIOR INVESTMENTS OR TRANSACTIONS NOT
16 AFFECTED. This title does not affect the legality of investments, made
17 prior to January 5, 2015, or of transactions had before January 5,
18 2015, pursuant to any provisions of law in force when such investments
19 were made or transactions had.

20 SAVINGS BANK ACT

21 NEW SECTION. **Sec. 501.** A new section is added to chapter 32.04
22 RCW to read as follows:

23 This title may be known and cited as the Washington savings bank
24 act.

25 **Sec. 502.** RCW 32.08.210 and 1994 c 92 s 320 are each amended to
26 read as follows:

27 (1) A savings bank has the powers and authorities to engage in
28 trust business that a state commercial bank authorized under RCW
29 30.08.150 (as recodified by this act) and subject also to the
30 requirements and conditions for engaging in trust business set forth in
31 this section.

1 (2) A mutual savings bank shall have the power to act as trustee
2 under:

3 ~~((1))~~ (a) A trust established by an inter vivos trust agreement
4 or under the will of a deceased person.

5 ~~((2))~~ (b) A trust established in connection with any collective
6 bargaining agreement or labor negotiation wherein the beneficiaries of
7 the trust include the employees concerned under the agreement or
8 negotiation, or a trust established in connection with any pension,
9 profit sharing, or retirement benefit plan of any corporation,
10 partnership, association, or individual, including but not limited to
11 retirement plans established pursuant to the provisions of the act of
12 congress entitled "Self-Employed Individuals Tax Retirement Act of
13 1962", as now constituted or hereafter amended, or plans established
14 pursuant to the provisions of the act of congress entitled "Employee
15 Retirement Income Security Act of 1974", as now constituted or
16 hereafter amended.

17 (3) A mutual savings bank may be appointed to and accept the
18 appointment of personal representative of the last will and testament,
19 or administrator with will annexed, of the estate of any deceased
20 person and to be appointed and to act as guardian of the estate of
21 minors ~~(and)~~, incompetent persons, and ~~((disabled))~~ persons with a
22 disability.

23 (4) The restrictions, limitations and requirements in Title 30 RCW
24 (as recodified by this act) shall apply to a mutual savings bank
25 exercising the powers granted under this section insofar as the
26 restrictions, limitations, and requirements relate to exercising the
27 powers granted under this section. The incidental trust powers to act
28 as agent in the management of trust property and the transaction of
29 trust business in Title 30 RCW (as recodified by this act) shall apply
30 to a mutual savings bank exercising the powers granted under this
31 section insofar as the incidental powers relate to exercising the
32 powers granted under this section.

33 (5) Before engaging in trust business, a mutual savings bank shall
34 apply to the director on such form as he or she shall determine and pay
35 the same fee as required for a state bank to engage in trust business.
36 In considering such application the director shall ascertain from the
37 best source of information at his or her command and by such
38 investigation as he or she may deem necessary whether the management

1 and personnel of the mutual savings bank are such as to command
2 confidence and warrant belief that the trust business will be
3 adequately and efficiently conducted in accordance with law, whether
4 the resources in the neighborhood of such place and in the surrounding
5 country afford a reasonable promise of adequate support for the
6 proposed trust business and whether the resources of the mutual savings
7 bank are sufficient to support the conduct of such trust business, and
8 that the mutual savings bank has and maintains, in addition to its
9 guaranty fund, undivided profits against which the depositors have no
10 prior claim in an amount not less than would be required of a state
11 bank or trust company, which undivided profits shall be eligible for
12 investment in the same manner as the guaranty fund of a mutual savings
13 bank. Within sixty days after receipt of such application, the
14 director shall either approve or refuse the same and forthwith return
15 to the mutual savings bank a copy of the application upon which his or
16 her decision has been endorsed. The director shall not be required to
17 approve or refuse an application until thirty days after any
18 appropriate approval has been obtained from a federal regulatory
19 agency. The applicant shall have the right to appeal from an
20 unfavorable determination in accordance with the procedures of the
21 administrative procedure act, chapter 34.05 RCW, as now or hereafter
22 amended. A mutual savings bank shall not use the word "trust" in its
23 name, but may use the word "trust" in its business or advertising.

24 **SAVINGS ASSOCIATION ACT**

25 NEW SECTION. **Sec. 601.** A new section is added to chapter 33.04
26 RCW to read as follows:

27 This title may be known and cited as the Washington savings
28 association act.

29 **Sec. 602.** RCW 33.12.010 and 1994 c 92 s 435 are each amended to
30 read as follows:

31 An association shall have the same capacity to act as possessed by
32 natural persons. An association has authority to perform such acts as
33 are necessary or proper to accomplish its purposes.

34 In addition to any other power an association may have, an
35 association has authority:

- 1 (1) To have and alter a corporate seal;
- 2 (2) To continue as an association for the time limited in its
3 articles of incorporation or, if no such time limit is specified, then
4 perpetually;
- 5 (3) To sue or be sued in its corporate name;
- 6 (4) To acquire, hold, sell, dispose of, pledge, mortgage, or
7 encumber property, as its interests and purposes may require;
- 8 (5) To conduct business in this state and elsewhere as may be
9 permitted by law and, to this end, to comply with any law, regulation,
10 or other requirements incident thereto;
- 11 (6) To acquire capital in the form of deposits, shares, or other
12 accounts for fixed, minimum or indefinite periods of time as are
13 authorized by its bylaws, and may issue such passbooks, statements,
14 time certificates of deposit, or other evidence of accounts;
- 15 (7) To pay interest;
- 16 (8) To charge reasonable service fees for services provided as part
17 of its business;
- 18 (9) To borrow money and to pledge, mortgage, or hypothecate its
19 properties and securities in connection therewith;
- 20 (10) To collect or protest promissory notes or bills of exchange
21 owned or held as collateral by the association;
- 22 (11) To let vaults, safes, boxes, or other receptacles for the
23 safekeeping or storage of personal property, subject to the laws and
24 regulations applicable to and with the powers possessed by safe deposit
25 companies; and to act as escrow holder;
- 26 (12) To act as fiscal agent for the United States of America; to
27 purchase, own, vote, or sell stock in, or act as fiscal agent for any
28 federal home loan bank, the federal housing administration, home
29 owners' loan corporation, or other state or federal agency, organized
30 under the authority of the United States or of the state of Washington
31 and authorized to loan to or act as fiscal agent for associations or to
32 insure savings accounts or mortgages; and in the exercise of these
33 powers, to comply with any requirements of law or rules or orders
34 promulgated by such federal or state agency and to execute any
35 contracts and pay any charges in connection therewith;
- 36 (13) To procure insurance of its mortgages and of its accounts from
37 any state or federal corporation or agency authorized to write such

1 insurance and, in the exercise of these powers, to comply with any
2 requirements of law or rules or orders promulgated and to execute any
3 contracts and pay any premiums required in connection therewith;

4 (14) To loan money and to sell any of its notes or other evidences
5 of indebtedness, together with the collateral securing the same;

6 (15) To make, adopt, and amend bylaws for the management of its
7 property and the conduct of its business;

8 (16) To deposit moneys and securities in any other association or
9 any bank or savings bank or other like depository;

10 (17) To dissolve and wind up its business;

11 (18) To collect or compromise debts due to it and, in so doing, to
12 apply to the indebtedness the accounts of the debtors, and to receive,
13 as collateral or otherwise, other securities, property or property
14 rights of any kind or nature;

15 (19) To become a member of, deal with, or make reasonable payments
16 or contribution to any organization to the extent that such
17 organization assists in furthering or facilitating the association's
18 purposes, powers or community responsibilities, and to comply with any
19 reasonable conditions of eligibility;

20 (20) To sell money orders, travelers checks and similar instruments
21 as agent for any organization empowered to sell such instruments
22 through agents within this state and to receive money for transmission
23 through a federal home loan bank;

24 (21) To service loans and investments for others;

25 (22) To sell and to purchase mortgages or other loans, including
26 participating interests therein;

27 (23) To use abbreviations, words or symbols in connection with any
28 document of any nature and on checks, proxies, notices and other
29 instruments which abbreviations, words, or symbols shall have the same
30 force and legal effect as though the respective words and phrases for
31 which they stand were set forth in full for the purposes of all
32 statutes of the state and all other purposes;

33 (24) To conduct a trust business under rules adopted by the
34 director pursuant to chapter 34.05 RCW; (~~and~~)

35 (25) To exercise the powers and authorities of a state commercial
36 bank to engage in trust business under RCW 30.08.150 (as recodified by
37 this act) upon application to and approval by the director and subject

1 to requirements and conditions that the director may establish by rule;
2 and

3 (26) To exercise, by and through its board of directors and duly
4 authorized officers and agents, all such incidental powers as may be
5 necessary to carry on the business of the association.

6 The powers granted in this section shall not be construed as
7 limiting or enlarging any grant of authority made elsewhere by this
8 title.

9 **TITLE 30B CODIFICATION**

10 NEW SECTION. **Sec. 701.** The following is applicable to Title 30B
11 RCW as authorized by this act:

12 (1) Sections 301 through 320 of this act constitute a new chapter
13 in Title 30B RCW to be codified as chapter 30B.04 RCW;

14 (2) Sections 321 through 332 of this act constitute a new chapter
15 in Title 30B RCW to be codified as chapter 30B.08 RCW;

16 (3) Sections 333 through 345 of this act constitute a new chapter
17 in Title 30B RCW to be codified as chapter 30B.10 RCW;

18 (4) Sections 346 through 359 of this act constitute a new chapter
19 in Title 30B RCW to be codified as chapter 30B.12 RCW;

20 (5) Sections 360 through 362 of this act constitute a new chapter
21 in Title 30B RCW to be codified as chapter 30B.20 RCW;

22 (6) Sections 363 through 365 of this act constitute a new chapter
23 in Title 30B RCW to be codified as chapter 30B.24 RCW;

24 (7) Sections 366 through 375 of this act constitute a new chapter
25 in Title 30B RCW to be codified as chapter 30B.38 RCW;

26 (8) Sections 376 through 381 of this act constitute a new chapter
27 in Title 30B RCW to be codified as chapter 30B.44A RCW;

28 (9) Sections 382 through 384 of this act constitute a new chapter
29 in Title 30B RCW to be codified as chapter 30B.44B RCW;

30 (10) Sections 385 and 386 of this act constitute a new chapter in
31 Title 30B RCW to be codified as chapter 30B.46 RCW;

32 (11) Sections 387 through 396 of this act constitute a new chapter
33 in Title 30B RCW to be codified as chapter 30B.53 RCW;

34 (12) Sections 397 through 400 of this act constitute a new chapter
35 in Title 30B RCW to be codified as chapter 30B.64 RCW;

1 (13) Sections 401 and 402 of this act constitute a new chapter in
2 Title 30B RCW to be codified as chapter 30B.72 RCW; and
3 (14) Sections 403 through 406 of this act constitute a new chapter
4 in Title 30B RCW to be codified as chapter 30B.98 RCW.

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