
SENATE BILL 5737

State of Washington 52nd Legislature 1991 Regular Session

By Senators von Reichbauer, Owen, Rasmussen, Johnson, Moore, McCaslin, Sellar and West.

Read first time February 19, 1991. Referred to Committee on Financial Institutions & Insurance.

1 AN ACT Relating to financial institutions; amending RCW 43.19.010,
2 43.19.020, 43.19.030, 43.19.040, 43.19.050, 43.19.095, 30.04.010,
3 31.04.030, 31.04.050, 31.04.140, 31.08.010, 31.12.005, 31.12A.010,
4 32.04.020, 32.32.025, 32.40.010, and 33.04.010; creating new sections;
5 repealing RCW 43.19.100, 43.19.110, and 43.19.112; providing an
6 effective date; and declaring an emergency.

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

8 NEW SECTION. **Sec. 1.** The legislature finds that the
9 consolidation of the agencies regulating financial institutions into
10 one division within the department of general administration will
11 better serve the public interest through more efficient utilization of
12 staff expertise. Therefore, for the convenience of administration, the
13 centralization of control, and the more efficient utilization of state
14 resources, the state desires to combine the regulation of financial
15 institutions.

1 **Sec. 2.** RCW 43.19.010 and 1988 c 25 s 10 are each amended to read
2 as follows:

3 The department of general administration shall be organized into
4 divisions, which shall include (1) the division of (~~banking~~)
5 financial institutions, (2) (~~the division of savings and loan~~
6 ~~associations, (3)~~) the division of capitol buildings, (~~(4)~~) (3) the
7 division of purchasing, (~~(5)~~) (4) the division of engineering and
8 architecture, and (~~(6)~~) (5) the division of motor vehicle
9 transportation service.

10 The director of general administration shall have charge and
11 general supervision of the department. He or she may appoint and
12 deputize such clerical and other assistants as may be necessary for the
13 general administration of the department. The director of general
14 administration shall receive a salary in an amount fixed by the
15 governor.

16 **Sec. 3.** RCW 43.19.020 and 1977 ex.s. c 185 s 1 are each amended to
17 read as follows:

18 The director of general administration shall appoint and deputize
19 an assistant director to be known as the supervisor of (~~banking~~)
20 financial institutions, who shall have charge and supervision of the
21 division of (~~banking~~) financial institutions. With the approval of
22 the director, he or she may appoint and employ bank examiners and such
23 other assistants and personnel as may be necessary to carry on the work
24 of the division.

25 No person shall be eligible for appointment as supervisor of
26 (~~banking~~) financial institutions unless he or she is, and for the
27 last two years prior to his or her appointment has been, a citizen of
28 the United States and a resident of this state; nor if he or she is
29 interested in any bank (~~or~~), trust company, savings institution,

1 savings and loan association, or credit union as director, officer, or
2 stockholder. If the appointee has an interest in a financial
3 institution at the time of his or her appointment, the appointee shall
4 immediately resign as a director or officer, or dispose of the stock,
5 or shall do both if applicable.

6 In the event of the supervisor's absence the director of general
7 administration shall have the power to deputize one of the assistants
8 of the supervisor to exercise all the powers and perform all the duties
9 prescribed by law with respect to banks and trust companies, mutual
10 savings banks, loan agencies, and other similar institutions that are
11 performed by the supervisor so long as the supervisor is absent:
12 PROVIDED, That such deputized supervisor shall not have the power to
13 approve or disapprove new charters, licenses, branches, and satellite
14 facilities, unless such action has received the prior written approval
15 of the supervisor. Any person so deputized shall possess the same
16 qualifications as those set out in this section for the supervisor.

17 **Sec. 4.** RCW 43.19.030 and 1977 ex.s. c 270 s 8 are each amended to
18 read as follows:

19 Before entering upon his or her office each bank examiner shall
20 take and subscribe an oath faithfully to discharge the duties of his or
21 her office.

22 Oaths shall be filed with the secretary of state.

23 Neither the supervisor of (~~banking~~) financial institutions, any
24 deputy supervisor, nor any bank examiner shall be personally liable for
25 any act done by him or her in good faith in the performance of his or
26 her duties.

27 **Sec. 5.** RCW 43.19.040 and 1965 c 8 s 43.19.040 are each amended to
28 read as follows:

1 The director of general administration, through the division of
2 ((banking)) financial institutions, shall exercise all the powers and
3 perform all the duties prescribed by law with respect to banks and
4 trust companies, mutual savings banks, loan agencies, savings and loan
5 associations, credit unions, and other similar institutions.

6 **Sec. 6.** RCW 43.19.050 and 1965 c 8 s 43.19.050 are each amended to
7 read as follows:

8 The supervisor of ((banking)) financial institutions shall maintain
9 an office at the state capitol, but may with the consent of the
10 governor also maintain an office at some other convenient banking
11 center in this state. He or she shall keep books of record of all
12 moneys received or disbursed by him or her. He or she shall adopt an
13 official seal.

14 **Sec. 7.** RCW 43.19.095 and 1981 c 241 s 1 are each amended to read
15 as follows:

16 There is created a local fund known as the "((banking)) financial
17 institutions examination fund" which shall consist of all moneys
18 received by the division of ((banking)) financial institutions and
19 which shall be used for the purchase of supplies and necessary
20 equipment and the payment of salaries, wages, utilities, and other
21 incidental costs required for the proper maintenance of the division.
22 The state treasurer shall be the custodian of the fund. Disbursements
23 from the fund shall be on authorization of the director of general
24 administration or the supervisor of ((banking)) financial institutions
25 or the director's or supervisor's designee. In order to maintain an
26 effective expenditure and revenue control, the fund shall be subject in
27 all respects to chapter 43.88 RCW, but no appropriation is required to
28 permit expenditures and payment of obligations from the fund.

1 **Sec. 8.** RCW 30.04.010 and 1959 c 106 s 1 are each amended to read
2 as follows:

3 Certain terms used in this title shall have the meanings ascribed
4 in this section.

5 "Banking" shall include the soliciting, receiving or accepting of
6 money or its equivalent on deposit as a regular business.

7 "Bank," unless a different meaning appears from the context, means
8 any corporation organized under the laws of this state engaged in
9 banking, other than a trust company or a mutual savings bank.

10 "Branch bank" means any office of deposit or discount maintained by
11 any bank or trust company, domestic or otherwise, other than its
12 principal place of business, regardless of whether it be in the same
13 city or locality.

14 The term "trust business" shall include the business of doing any
15 or all of the things specified in RCW 30.08.150(2), (3), (4), (5), (6),
16 (7), (8), (9), (10) and (11).

17 "Trust company," unless a different meaning appears from the
18 context, means any corporation organized under the laws of this state
19 engaged in trust business.

20 A "savings account" is an account of a bank in respect of which,
21 (1) a passbook, certificate or other receipt may be required by the
22 bank to be presented whenever a deposit or withdrawal is made and (2)
23 the depositor at any time may be required by the bank to give notice of
24 an intended withdrawal before the withdrawal is made.

25 "Savings bank" shall include (1) any bank whose deposits shall be
26 limited exclusively to savings accounts, and (2) the department of any
27 bank or trust company that accepts, or offers to accept, deposits for
28 savings accounts in accordance with the provisions of this title.

29 "Commercial bank" shall include any bank other than one exclusively
30 engaged in accepting deposits for savings accounts.

1 "Person" unless a different meaning appears from the context, shall
2 include a firm, association, partnership or corporation, or the plural
3 thereof, whether resident, nonresident, citizen or not.

4 "Supervisor" means the state supervisor of (~~banking~~) financial
5 institutions.

6 "Foreign bank" and "foreign banker" shall include:

7 (1) Every corporation not organized under the laws of the territory
8 or state of Washington doing a banking business, except a national
9 bank;

10 (2) Every unincorporated company, partnership or association of two
11 or more individuals organized under the laws of another state or
12 country, doing a banking business;

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

17 (4) Every nonresident of this state doing a banking business in his
18 or her own name and right only.

19 **Sec. 9.** RCW 31.04.030 and 1923 c 172 s 2 are each amended to read
20 as follows:

21 (1) When authorized by the supervisor of (~~banking~~) financial
22 institutions, as hereinafter provided, five or more natural persons,
23 citizens of the United States, may incorporate an industrial loan
24 company in the manner herein prescribed.

25 (2) Persons desiring to incorporate an industrial loan company
26 shall execute articles of incorporation in quadruplicate, which shall
27 be submitted for examination to the supervisor of (~~banking~~) financial
28 institutions at his or her office in Olympia.

29 (3) Articles of incorporation shall state:

1 (a) The name of the industrial loan company.

2 (b) The city, village or locality and county where such corporation
3 is to be located.

4 (c) The nature of its business.

5 (d) The amount of its capital stock.

6 (e) The period for which such corporation is organized, which shall
7 not exceed fifty years.

8 (f) The names and places of residence of the persons who as
9 directors are to manage the corporation until the first annual meeting
10 of its stockholders, which meeting shall be held within six months
11 after the issuance of the certificate of authority.

12 (g) Such articles shall be acknowledged before an officer
13 authorized to take acknowledgments.

14 **Sec. 10.** RCW 31.04.050 and 1981 c 302 s 21 are each amended to
15 read as follows:

16 When articles of incorporation complying with the foregoing
17 requirements have been received by the supervisor of ~~((banking))~~
18 financial institutions, together with the fees required by law, ~~((he))~~
19 the supervisor shall ascertain from the best source of information at
20 his or her command and by ~~((such))~~ any necessary investigation ~~((as he~~
21 ~~may deem necessary))~~, whether the character, responsibility, and
22 general fitness of the persons named in such articles are such as to
23 command confidence and warrant belief that the business of the proposed
24 industrial loan company will be honestly and efficiently conducted in
25 accordance with the intent and purpose of this chapter, whether the
26 resources in the neighborhood of such place and in the surrounding
27 country afford a reasonable promise of adequate support for the
28 proposed company, and whether the proposed industrial loan company is
29 being formed for other than legitimate objects covered by this chapter.

1 After the supervisor (~~((shall have satisfied himself of))~~) determines the
2 above facts, and, within sixty days after the receipt of such articles
3 of incorporation for examination, (~~((he))~~) the supervisor shall endorse
4 upon each of the triplicates (~~((thereof))~~), over (~~((his))~~) the supervisor's
5 official signature, the word "Approved," or the word "Refused," with
6 the date of such endorsement. In case of refusal (~~((he))~~) the supervisor
7 shall forthwith return one of the triplicates, so endorsed, to the
8 person from whom the articles were received which refusal shall be
9 conclusive, unless the incorporators, within ten days of the issuance
10 of such notice of refusal, shall appeal to the superior court of
11 Thurston county, which appeal shall be triable de novo in said court.
12 In case of approval the supervisor shall forthwith give notice thereof
13 to the proposed incorporators, and file one of the triplicate articles
14 of incorporation in (~~((his own office))~~) the division of financial
15 institutions, and shall transmit another copy to the secretary of
16 state, and the last copy to the incorporators. Upon receipt from the
17 proposed incorporators of the same fees as are required for filing and
18 recording other articles of incorporation the secretary of state shall
19 file such articles and record the same. Upon the filing of articles of
20 incorporation in triplicate, approved (~~((as aforesaid))~~) by the
21 supervisor (~~((of banking))~~), with the secretary of state; all persons
22 named therein and their successors shall become and be a corporation,
23 which shall have the powers and be subject to the duties and
24 obligations prescribed by this chapter, and whose existence shall
25 continue for the period of fifty years from the date of the filing of
26 such articles, unless sooner terminated pursuant to law; but such
27 corporation shall not transact any business except as is necessarily
28 preliminary to its organization until it has received a certificate of
29 authority as provided herein.

1 **Sec. 11.** RCW 31.04.140 and 1981 c 312 s 4 are each amended to read
2 as follows:

3 Every corporation under the provisions of this chapter, shall make
4 to and file with, the supervisor of (~~banking~~) financial institutions
5 a regular report on, or before, March 1st of each year, showing the
6 true condition of the corporation as of the preceding December 31st,
7 according to form prescribed by said supervisor, verified by the
8 president, manager or treasurer and attested by at least two directors.
9 Every such corporation shall make and file special reports when and as
10 called for by said supervisor.

11 **Sec. 12.** RCW 31.08.010 and 1988 c 25 s 3 are each amended to read
12 as follows:

13 The following words and terms when used in this chapter shall have
14 the following meanings unless the context clearly requires a different
15 meaning. The meaning ascribed to the singular form shall apply also to
16 the plural.

17 (1) "Person" shall include individuals, copartnerships,
18 associations, trusts, corporations, and all other legal entities.

19 (2) "License" shall mean a single license issued under the
20 authority of this chapter with respect to a single place of business.

21 (3) "Licensee" shall mean a person to whom one or more licenses
22 have been issued.

23 (4) "Supervisor" the duly appointed supervisor of (~~banking~~)
24 financial institutions of the division of (~~banking~~) financial
25 institutions, department of general administration.

26 **Sec. 13.** RCW 31.12.005 and 1984 c 31 s 2 are each amended to read
27 as follows:

1 Unless the context clearly requires otherwise, as used in this
2 chapter:

3 (1) "Board" means the board of directors of a credit union.

4 (2) "Branch" means any office, other than the principal place of
5 business, maintained by a credit union for the purpose of providing
6 services directly to its members. "Branch" does not include a facility
7 that is limited to an electronic funds transferring machine that can be
8 operated without the assistance of an employee of a credit union.

9 (3) "Credit union" means a credit union organized and operating
10 under this chapter.

11 (4) "Employees" means the principal operating officer and other
12 operating personnel of a credit union.

13 (5) "Federal credit union" means a credit union organized and
14 operating under the laws of the United States.

15 (6) "Officers" means the officers of the board of a credit union
16 who are elected under RCW 31.12.265.

17 (7) "Shares" and "deposits" are synonymous and interchangeable.
18 Shares and deposits of a credit union shall be subject to such terms
19 and conditions as established by the board of the credit union.

20 (8) "Supervisor" means the supervisor of ~~((savings and loan~~
21 ~~associations))~~ financial institutions appointed under RCW ~~((43.19.100,~~
22 ~~or the duly authorized agent of the supervisor of savings and loan~~
23 ~~associations))~~ 43.19.020.

24 (9) "Supervisory committee" means a committee having the powers and
25 duties set forth in RCW 31.12.326 through 31.12.355. Supervisory
26 committees are the statutory successors of auditing committees.

27 **Sec. 14.** RCW 31.12A.010 and 1985 c 7 s 98 are each amended to read
28 as follows:

1 As used in this chapter, unless the context otherwise requires, the
2 terms defined in this section shall have the meanings indicated.

3 (1) "Assessment" means the amount levied by the association against
4 its members in order to carry out its stated purposes.

5 (2) "Association" means the credit union share guaranty association
6 created in RCW 31.12A.020.

7 (3) "Board" means board of directors of the guaranty association.

8 (4) "Contracted guarantees" means those liabilities specifically
9 agreed to by the association for providing assistance to member credit
10 unions or for indemnifying any other entity against loss because of its
11 participation in the absorption or liquidation of a distressed member
12 credit union.

13 (5) "Credit union" means a credit union organized and authorized
14 under laws contained in chapter 31.12 RCW, as now or hereafter amended.

15 (6) "Initial member" means a member qualified by the supervisor
16 within sixty days after September 1, 1975, but not yet ratified by the
17 board.

18 (7) "Member" means a member of the guaranty association, ratified
19 by the board.

20 (8) "Share account" of a credit union shareholder includes the
21 share and/or deposit accounts and the share and/or deposit certificates
22 of which the shareholder is owner of record with the credit union.

23 (9) "Shareholder" includes both members and nonmembers of a credit
24 union, who have either shares and/or deposits in the credit union,
25 including deposits of deferred compensation as referred to in RCW
26 31.12.125(10).

27 (10) "Supervisor" means the state supervisor of the division of
28 ~~((savings and loan associations))~~ financial institutions, or ~~((his))~~
29 the supervisor's successor in the event of a departmental
30 restructuring.

1 (11) "Transfer" means entering on the credit union's books of
2 account a decrease to one account and a corresponding increase to
3 another account.

4 **Sec. 15.** RCW 32.04.020 and 1985 c 56 s 1 are each amended to read
5 as follows:

6 The use of the term "savings bank" in this title refers to mutual
7 savings banks and converted mutual savings banks only.

8 The use of the words "mutual savings" as part of a name under which
9 business of any kind is or may be transacted by any person, firm, or
10 corporation, except such as were organized and in actual operation on
11 June 9, 1915, or as may be thereafter organized and operated under the
12 requirements of this title is hereby prohibited.

13 The use of the term "supervisor" in this title refers to the
14 supervisor of (~~(banking)~~) financial institutions.

15 The use of the word "branch" in this title refers to an established
16 manned place of business or manned mobile facility or other manned
17 facility of a savings bank, other than the principal office, at which
18 deposits may be taken.

19 **Sec. 16.** RCW 32.32.025 and 1985 c 56 s 16 are each amended to read
20 as follows:

21 As used in this chapter, the following definitions apply, unless
22 the context otherwise requires:

23 (1) Except as provided in RCW 32.32.230, an "affiliate" of, or a
24 person "affiliated" with, a specified person, is a person that
25 directly, or indirectly through one or more intermediaries, controls,
26 or is controlled by, or is under common control with, the person
27 specified.

1 (2) The term "amount", when used in regard to securities, means the
2 principal amount if relating to evidences of indebtedness, the number
3 of shares if relating to shares, and the number of units if relating to
4 any other kind of security.

5 (3) An "applicant" is a mutual savings bank which has applied to
6 convert pursuant to this chapter.

7 (4) The term "associate", when used to indicate a relationship with
8 any person, means (a) any corporation or organization (other than the
9 applicant or a majority-owned subsidiary of the applicant) of which the
10 person is an officer or partner or is, directly or indirectly, the
11 beneficial owner of ten percent or more of any class of equity
12 securities, (b) any trust or other estate in which the person has a
13 substantial beneficial interest or as to which the person serves as
14 trustee or in a similar fiduciary capacity, and (c) any relative who
15 would be a "class A beneficiary" under RCW 83.08.005 if the person were
16 a decedent.

17 (5) The term "broker" means any person engaged in the business of
18 effecting transactions in securities for the account of others.

19 (6) The term "capital stock" includes permanent stock, guaranty
20 stock, permanent reserve stock, any similar certificate evidencing
21 nonwithdrawable capital, or preferred stock, of a savings bank
22 converted under this chapter or of a subsidiary institution or holding
23 company.

24 (7) The term "charter" includes articles of incorporation, articles
25 of reincorporation, and certificates of incorporation, as amended,
26 effecting (either with or without filing with any governmental agency)
27 the organization or creation of an incorporated person.

28 (8) Except as provided in RCW 32.32.230, the term "control"
29 (including the terms "controlling", "controlled by", and "under common
30 control with") means the possession, direct or indirect, of the power

1 to direct or cause the direction of the management and policies of a
2 person, whether through the ownership of voting securities, by
3 contract, or otherwise.

4 (9) The term "dealer" means any person who engages either for all
5 or part of (~~his~~) the person's time, directly or indirectly, as agent,
6 broker, or principal, in the business of offering, buying, selling, or
7 otherwise dealing or trading in securities issued by another person.

8 (10) The term "director" means any director of a corporation, any
9 trustee of a mutual savings bank, or any person performing similar
10 functions with respect to any organization whether incorporated or
11 unincorporated.

12 (11) The term "eligibility record date" means the record date for
13 determining eligible account holders of a converting mutual savings
14 bank.

15 (12) The term "eligible account holder" means any person holding a
16 qualifying deposit as determined in accordance with RCW 32.32.180.

17 (13) The term "employee" does not include a director or officer.

18 (14) The term "equity security" means any stock or similar
19 security; or any security convertible, with or without consideration,
20 into such a security, or carrying any warrant or right to subscribe to
21 or purchase such a security; or any such warrant or right.

22 (15) The term "market maker" means a dealer who, with respect to a
23 particular security, (a) regularly publishes bona fide, competitive bid
24 and offer quotations in a recognized interdealer quotation system; or
25 (b) furnishes bona fide competitive bid and offer quotations on
26 request; and (c) is ready, willing, and able to effect transaction in
27 reasonable quantities at his or her quoted prices with other brokers or
28 dealers.

29 (16) The term "material", when used to qualify a requirement for
30 the furnishing of information as to any subject, limits the information

1 required to those matters as to which an average prudent investor ought
2 reasonably to be informed before purchasing an equity security of the
3 applicant.

4 (17) The term "mutual savings bank" means a mutual savings bank
5 organized and operating under Title 32 RCW.

6 (18) Except as provided in RCW 32.32.435, the term "offer", "offer
7 to sell", or "offer of sale" shall include every attempt or offer to
8 dispose of, or solicitation of an offer to buy, a security or interest
9 in a security, for value. These terms shall not include preliminary
10 negotiations or agreements between an applicant and any underwriter or
11 among underwriters who are or are to be in privity of contract with an
12 applicant.

13 (19) The term "officer", for purposes of the purchase of stock in
14 a conversion under this chapter or the sale of this stock, means the
15 chairman of the board, president, vice president, secretary, treasurer
16 or principal financial officer, comptroller or principal accounting
17 officer, and any other person performing similar functions with respect
18 to any organization whether incorporated or unincorporated.

19 (20) Except as provided in RCW 32.32.435, the term "person" means
20 an individual, a corporation, a partnership, an association, a joint-
21 stock company, a trust, any unincorporated organization, or a
22 government or political subdivision thereof.

23 (21) The term "proxy" includes every form of authorization by which
24 a person is or may be deemed to be designated to act for a stockholder
25 in the exercise of his or her voting rights in the affairs of an
26 institution. Such an authorization may take the form of failure to
27 dissent or object.

28 (22) The terms "purchase" and "buy" include every contract to
29 purchase, buy, or otherwise acquire a security or interest in a
30 security for value.

1 (23) The terms "sale" and "sell" include every contract to sell or
2 otherwise dispose of a security or interest in a security for value;
3 but these terms do not include an exchange of securities in connection
4 with a merger or acquisition approved by the supervisor.

5 (24) The term "savings account" means deposits established in a
6 mutual savings bank and includes certificates of deposit.

7 (25) Except as provided in RCW 32.32.435, the term "security"
8 includes any note, stock, treasury stock, bond, debenture, transferable
9 share, investment contract, voting-trust certificate, or in general,
10 any instrument commonly known as a "security"; or any certificate of
11 interest or participation in, temporary or interim certificate for,
12 receipt for, or warrant or right to subscribe to or purchase any of the
13 foregoing.

14 (26) The term "subscription offering" refers to the offering of
15 shares of capital stock, through nontransferable subscription rights
16 issued to: (a) Eligible account holders as required by RCW 32.32.045;
17 (b) supplemental eligible account holders as required by RCW 32.32.055;
18 (c) directors, officers, and employees, as permitted by RCW 32.32.140;
19 and (d) eligible account holders and supplemental eligible account
20 holders as permitted by RCW 32.32.145.

21 (27) A "subsidiary" of a specified person is an affiliate
22 controlled by the person, directly or indirectly through one or more
23 intermediaries.

24 (28) The term "supervisor" means the supervisor of (~~banking~~)
25 financial institutions.

26 (29) The term "supplemental eligibility record date" means the
27 supplemental record date for determining supplemental eligible account
28 holders of a converting savings bank required by RCW 32.32.055. The
29 date shall be the last day of the calendar quarter preceding supervisor
30 approval of the application for conversion.

1 (30) The term "supplemental eligible account holder" means any
2 person holding a qualifying deposit, except officers, directors, and
3 their associates, as of the supplemental eligibility record date.

4 (31) The term "underwriter" means any person who has purchased from
5 an applicant with a view to, or offers or sells for an applicant in
6 connection with, the distribution of any security, or participates or
7 has a direct or indirect participation in the direct or indirect
8 underwriting of any such undertaking; but the term does not include a
9 person whose interest is limited to a commission from an underwriter or
10 dealer not in excess of the usual and customary distributors' or
11 sellers commission. The term "principal underwriter" means an
12 underwriter in privity of contract with the applicant or other issuer
13 of securities as to which that person is the underwriter.

14 Terms defined in other chapters of this title, when used in this
15 chapter, shall have the meanings given in those definitions, to the
16 extent those definitions are not inconsistent with the definitions
17 contained in this chapter unless the context otherwise requires.

18 **Sec. 17.** RCW 32.40.010 and 1985 c 329 s 8 are each amended to read
19 as follows:

20 (1) In conducting an examination of a savings bank chartered under
21 Title 32 RCW, the supervisor of (~~banking~~) financial institutions,
22 deputy supervisor, or examiner shall investigate and assess the record
23 of performance of the savings bank in meeting the credit needs of the
24 savings bank's entire community, including low and moderate-income
25 neighborhoods. The supervisor shall accept, in lieu of an
26 investigation or part of an investigation required by this section, any
27 report or document that the savings bank is required to prepare or file
28 with one or more federal agencies by the act of Congress entitled the
29 "Community Reinvestment Act of 1977" and the regulations promulgated in

1 accordance with that act, to the extent such reports or documents
2 assist the supervisor in making an assessment based upon the factors
3 outlined in subsection (2) of this section.

4 (2) In making an investigation required under subsection (1) of
5 this section, the supervisor shall consider, independent of any federal
6 determination, the following factors in assessing the savings bank's
7 record of performance:

8 (a) Activities conducted by the institution to ascertain credit
9 needs of its community, including the extent of the institution's
10 efforts to communicate with members of its community regarding the
11 credit services being provided by the institution;

12 (b) The extent of the institution's marketing and special credit
13 related programs to make members of the community aware of the credit
14 services offered by the institution;

15 (c) The extent of participation by the institution's board of
16 directors or board of trustees in formulating the institution's
17 policies and reviewing its performance with respect to the purposes of
18 the Community Reinvestment Act of 1977;

19 (d) Any practices intended to discourage applications for types of
20 credit set forth in the institution's community reinvestment act
21 statement(s);

22 (e) The geographic distribution of the institution's credit
23 extensions, credit applications, and credit denials;

24 (f) Evidence of prohibited discriminatory or other illegal credit
25 practices;

26 (g) The institution's record of opening and closing offices and
27 providing services at offices;

28 (h) The institution's participation, including investments, in
29 local community development projects;

1 (i) The institution's origination of residential mortgage loans,
2 housing rehabilitation loans, home improvement loans and small business
3 or small farm loans within its community, or the purchase of such loans
4 originated in its community;

5 (j) The institution's participation in governmentally insured,
6 guaranteed, or subsidized loan programs for housing, small businesses,
7 or small farms;

8 (k) The institution's ability to meet various community credit
9 needs based on its financial condition, size, legal impediments, local
10 economic condition, and other factors;

11 (l) Other factors that, in the judgment of the supervisor,
12 reasonably bear upon the extent to which an institution is helping to
13 meet the credit needs of its entire community.

14 (3) The supervisor shall include as part of the examination report,
15 a summary of the results of the assessment required under subsection
16 (1) of this section and shall assign annually to each savings bank a
17 numerical community reinvestment rating based on a one through five
18 scoring system. Such numerical scores shall represent performance
19 assessments as follows:

- | | |
|----------------------------------|---|
| 20 (a) Excellent performance: | 1 |
| 21 (b) Good performance: | 2 |
| 22 (c) Satisfactory performance: | 3 |
| 23 (d) Inadequate performance: | 4 |
| 24 (e) Poor performance: | 5 |

25 **Sec. 18.** RCW 33.04.010 and 1982 c 3 s 3 are each amended to read
26 as follows:

27 Whenever, in this title or any prior acts relating to savings and
28 loan associations, the term "Supervisor" or "Supervisor of (~~Savings~~
29 ~~and Loans~~)) Financial Institutions" appears, it is understood that the

1 director of the department of general administration may act for and in
2 lieu of the supervisor of (~~savings and loans~~) financial institutions,
3 if there is no supervisor (~~of savings and loan associations~~) duly
4 qualified to act.

5 NEW SECTION. **Sec. 19.** The following acts or parts of acts are
6 each repealed:

7 (1) RCW 43.19.100 and 1982 c 3 s 113, 1977 ex.s. c 185 s 2, & 1965
8 c 8 s 43.19.100;

9 (2) RCW 43.19.110 and 1965 c 8 s 43.19.110; and

10 (3) RCW 43.19.112 and 1981 c 241 s 2.

11 NEW SECTION. **Sec. 20.** This act shall not be construed as
12 affecting any existing right acquired or liability or obligation
13 incurred under the sections amended or repealed in this act or under
14 any rule or order adopted under those sections, nor as affecting any
15 proceeding instituted under those sections.

16 NEW SECTION. **Sec. 21.** This act is necessary for the immediate
17 preservation of the public peace, health, or safety, or support of the
18 state government and its existing public institutions, and shall take
19 effect July 1, 1991.