
SENATE BILL 6286

State of Washington

53rd Legislature

1994 Regular Session

By Senator A. Smith

Read first time 01/18/94. Referred to Committee on Labor & Commerce.

1 AN ACT Relating to technical corrections made necessary by the
2 creation of the department of financial institutions; and amending RCW
3 11.102.010, 11.110.073, 19.100.010, 19.110.020, 21.30.010, 21.30.380,
4 30.04.010, 30.04.060, 30.04.075, 30.04.230, 30.04.232, 30.04.240,
5 30.04.550, 30.04.565, 30.04.570, 30.04.575, 30.04.900, 30.08.095,
6 30.12.060, 30.12.240, 30.20.090, 30.42.020, 30.42.140, 30.43.010,
7 30.44.020, 30.44.050, 30.44.130, 30.44.270, 30.44.280, 30.46.040,
8 30.49.060, 30.49.070, 30.49.090, 30.49.100, 30.49.110, 30.49.120,
9 30.56.020, 30.60.010, 30.60.020, 30.60.030, 30.60.901, 31.04.015,
10 31.12.005, 31.12.905, 31.12A.010, 31.24.120, 31.30.010, 31.30.020,
11 31.30.150, 31.30.180, 31.30.190, 31.35.010, 31.35.020, 31.35.070,
12 31.40.010, 31.40.020, 31.45.010, 32.04.020, 32.04.080, 32.04.085,
13 32.04.110, 32.04.211, 32.04.220, 32.08.210, 32.08.230, 32.12.050,
14 32.16.140, 32.24.020, 32.24.090, 32.24.100, 32.32.025, 32.32.415,
15 32.32.425, 32.32.450, 32.32.485, 32.32.500, 32.34.020, 32.34.040,
16 32.40.010, 32.40.020, 32.40.030, 33.08.010, 33.40.120, 33.40.150,
17 33.44.020, 33.44.090, 33.44.125, 33.44.130, 33.46.020, 33.46.030,
18 33.46.040, 33.46.050, 33.46.060, 33.46.080, 33.46.130, 39.58.010,
19 43.19.015, 43.24.020, 43.24.024, 43.163.010, 43.163.110, 46.01.011,
20 46.01.050, 48.18A.060, 48.18A.070, 58.19.030, and 70.37.020.

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

2 **Sec. 1.** RCW 11.102.010 and 1985 c 30 s 79 are each amended to read
3 as follows:

4 Any bank or trust company qualified to act as fiduciary in this
5 state, or in any other state if affiliated with a bank or trust company
6 qualified to act as fiduciary in this state, may establish common trust
7 funds for the purpose of furnishing investments to itself and its
8 affiliated or related bank or trust company as fiduciary, or to itself
9 and its affiliated or related bank or trust company, and others, as
10 cofiduciaries; and may, as such fiduciary or cofiduciary, invest funds
11 which it lawfully holds for investment in interests in such common
12 trust funds, if such investment is not prohibited by the instrument,
13 judgment, decree, or order creating such fiduciary relationship, and
14 if, in the case of cofiduciaries, the bank or trust company procures
15 the consent of its cofiduciary or cofiduciaries to such investment:
16 PROVIDED, That any bank or trust company qualified to act as fiduciary
17 in the state of its charter, which is not a member of the federal
18 reserve system, shall, in the operation of such common trust fund,
19 comply with the rules and regulations as made from time to time by the
20 (~~supervisor of banking~~) director of financial institutions or the
21 director's designee in the state where chartered and in Washington the
22 (~~supervisor~~) director is hereby authorized and empowered to make such
23 rules and regulations as he or she may deem necessary and proper in the
24 premises.

25 "Affiliated" as used in this section means two or more banks or
26 trust companies:

27 (1) In which twenty-five percent or more of their voting shares,
28 excluding shares owned by the United States or by any company wholly
29 owned by the United States, are directly or indirectly owned or
30 controlled by a holding company; or

31 (2) In which the election of a majority of the directors is
32 controlled in any manner by a holding company.

33 **Sec. 2.** RCW 11.110.073 and 1985 c 30 s 119 are each amended to
34 read as follows:

35 The following trustees shall be exempt from the provisions of RCW
36 11.110.070, but shall file the information required in RCW 11.110.060:

1 (1) A bank or trust company subject to examination by the
2 (~~supervisor of banking~~) director of financial institutions or the
3 director's designee of the state of Washington, the comptroller of the
4 currency of the United States or the board of governors of the federal
5 reserve system; which such bank or trust company is acting as trustee,
6 executor or court-appointed fiduciary: PROVIDED, That a bank or trust
7 company which is a co-fiduciary of a trust shall be deemed to be the
8 sole fiduciary of such trust under this section, if the bank or trust
9 company is custodian of the books and records of the trust and has the
10 responsibility for preparing the reports and returns which are filed
11 with the internal revenue service;

12 (2) The governing body of a nonprofit community foundation or other
13 nonprofit foundation incorporated for charitable purposes,
14 contributions to which are currently allowed as charitable deductions
15 under the United States income tax laws;

16 (3) The governing body of a hospital which is nonprofit and
17 charitable, other than a hospital initially formed as a trustee
18 pursuant to or in connection with the terms of a charitable trust.

19 **Sec. 3.** RCW 19.100.010 and 1991 c 226 s 1 are each amended to read
20 as follows:

21 When used in this chapter, unless the context otherwise requires:

22 (1) "Advertisement" means any written or printed communication or
23 any communication by means of recorded telephone messages or spoken on
24 radio, television, or similar communication media published in
25 connection with an offer or sale of a franchise.

26 (2) "Affiliate" means a person controlling, controlled by, or under
27 common control with another person, every officer or director of such
28 person, and every person occupying a similar status or performing
29 similar functions.

30 (3) "Director" means the director of (~~licensing~~) financial
31 institutions.

32 (4) "Franchise" means:

33 (a) An agreement, express or implied, oral or written, by which:

34 (i) A person is granted the right to engage in the business of
35 offering, selling, or distributing goods or services under a marketing
36 plan prescribed or suggested in substantial part by the grantor or its
37 affiliate;

1 (ii) The operation of the business is substantially associated with
2 a trademark, service mark, trade name, advertising, or other commercial
3 symbol designating, owned by, or licensed by the grantor or its
4 affiliate; and

5 (iii) The person pays, agrees to pay, or is required to pay,
6 directly or indirectly, a franchise fee.

7 (b) The following shall not be construed as a franchise within the
8 meaning of this chapter:

9 (i) The payment of a reasonable service charge to the issuer of a
10 credit card by an establishment accepting or honoring such credit card
11 or any transaction relating to a bank credit card plan;

12 (ii) Actions or transactions otherwise permitted, prohibited or
13 regulated under laws administered by the insurance commissioner of this
14 state;

15 (iii) Any motor vehicle dealer franchise subject to the provisions
16 of chapter 46.70 RCW.

17 (5) "Marketing plan" means a plan or system concerning an aspect of
18 conducting business. A marketing plan may include one or more of the
19 following:

20 (a) Price specifications, special pricing systems or discount
21 plans;

22 (b) Sales or display equipment or merchandising devices;

23 (c) Sales techniques;

24 (d) Promotional or advertising materials or cooperative
25 advertising;

26 (e) Training regarding the promotion, operation, or management of
27 the business; or

28 (f) Operational, managerial, technical, or financial guidelines or
29 assistance.

30 (6) "Bank credit card plan" means a credit card plan in which the
31 issuer of credit cards is a national bank, state bank, trust company or
32 any other banking institution subject to the supervision of the
33 (~~supervisor of banking~~) director of this state or any parent or
34 subsidiary of such bank.

35 (7) "Franchisee" means a person to whom a franchise is offered or
36 granted.

37 (8) "Franchisor" means a person who grants a franchise to another
38 person.

1 (9) "Subfranchise" means an agreement, express or implied, oral or
2 written, by which a person pays or agrees to pay, directly or
3 indirectly, a franchisor or affiliate for the right to grant, sell or
4 negotiate the sale of a franchise.

5 (10) "Subfranchisor" means a person to whom a subfranchise is
6 granted.

7 (11) "Franchise broker" means a person who directly or indirectly
8 engages in the business of the offer or sale of franchises. The term
9 does not include a franchisor, subfranchisor, or their officers,
10 directors, or employees.

11 (12) "Franchise fee" means any fee or charge that a franchisee or
12 subfranchisor is required to pay or agrees to pay for the right to
13 enter into a business or to continue a business under a franchise
14 agreement, including, but not limited to, the payment either in lump
15 sum or by installments of an initial capital investment fee, any fee or
16 charges based upon a percentage of gross or net sales whether or not
17 referred to as royalty fees, any payment for the mandatory purchase of
18 goods or services or any payment for goods or services available only
19 from the franchisor, or any training fees or training school fees or
20 charges; however, the following shall not be considered payment of a
21 franchise fee: (a) the purchase or agreement to purchase goods at a
22 bona fide wholesale price; (b) the purchase or agreement to purchase
23 goods by consignment; if, and only if the proceeds remitted by the
24 franchisee from any such sale shall reflect only the bona fide
25 wholesale price of such goods; (c) a bona fide loan to the franchisee
26 from the franchisor; (d) the purchase or agreement to purchase goods at
27 a bona fide retail price subject to a bona fide commission or
28 compensation plan that in substance reflects only a bona fide wholesale
29 transaction; (e) the purchase or lease or agreement to purchase or
30 lease supplies or fixtures necessary to enter into the business or to
31 continue the business under the franchise agreement at their fair
32 market or rental value; (f) the purchase or lease or agreement to
33 purchase or lease real property necessary to enter into the business or
34 to continue the business under the franchise agreement at the fair
35 market or rental value; (g) amounts paid for trading stamps redeemable
36 in cash only; (h) amounts paid for trading stamps to be used as
37 incentives only and not to be used in, with, or for the sale of any
38 goods.

1 (13) "Person" means a natural person, corporation, partnership,
2 trust, or other entity and in the case of an entity, it shall include
3 any other entity which has a majority interest in such an entity or
4 effectively controls such other entity as well as the individual
5 officers, directors, and other persons in act of control of the
6 activities of each such entity.

7 (14) "Publish" means publicly to issue or circulate by newspaper,
8 mail, radio, or television or otherwise to disseminate to the public.

9 (15) "Sale or sell" includes every contract of sale, contract to
10 sell, or disposition of a franchise.

11 (16) "Offer or offer to sell" includes every attempt or offer to
12 dispose of or solicitation of an offer to buy a franchise or an
13 interest in a franchise.

14 **Sec. 4.** RCW 19.110.020 and 1981 c 155 s 2 are each amended to read
15 as follows:

16 Unless the context clearly requires otherwise, the definitions in
17 this section apply throughout this chapter.

18 (1) "Business opportunity" means the sale or lease of any product,
19 equipment, supply, or service which is sold or leased to enable the
20 purchaser to start a business; and:

21 (a) The seller represents that the seller will provide locations or
22 assist the purchaser in finding locations, on premises neither owned
23 nor leased by the purchaser or seller, for the use or operation of
24 vending machines, display racks, cases, or similar devices or coin-
25 operated amusement machines or similar devices; or

26 (b) The seller represents that the seller will purchase any product
27 made, produced, fabricated, assembled, modified, grown, or bred by the
28 purchaser using, in whole or part, any product, equipment, supply, or
29 service sold or leased to the purchaser by the seller; or

30 (c) The seller guarantees that the purchaser will earn an income
31 greater than or equal to the price paid for the business opportunity;
32 or

33 (d) The seller represents that if the purchaser pays a fee
34 exceeding three hundred dollars directly or indirectly for the purpose
35 of the seller providing a sales or marketing program, the seller will
36 provide such a program which will enable the purchaser to derive income
37 from the business opportunity which exceeds the price paid for the
38 business opportunity.

1 (2) "Person" includes an individual, corporation, partnership,
2 joint venture, or any business entity.

3 (3) "Seller" means a person who sells or leases a business
4 opportunity.

5 (4) "Purchaser" means a person who buys or leases a business
6 opportunity.

7 (5) "Director" means the director of (~~the department of~~
8 ~~licensing~~) financial institutions.

9 (6) "Guarantee" means an undertaking by the seller to refund all or
10 a portion of the purchase price paid for the business opportunity.

11 **Sec. 5.** RCW 21.30.010 and 1987 c 243 s 2 are each amended to read
12 as follows:

13 Unless the context clearly requires otherwise, the definitions in
14 this section apply throughout this chapter.

15 (1) "Administrator" means the person designated by the director in
16 accordance with the provisions of RCW 21.20.460.

17 (2) "Board of trade" means any person or group of persons engaged
18 in buying or selling any commodity or receiving any commodity for sale
19 on consignment, whether such person or group of persons is
20 characterized as a board of trade, exchange, or other form of
21 marketplace.

22 (3) "Director" means the director of (~~the department of~~
23 ~~licensing~~) financial institutions.

24 (4) "Commodity broker-dealer" means, for the purposes of
25 registration in accordance with this chapter, any person engaged in the
26 business of making offers, sales, or purchases of commodities under
27 commodity contracts or under commodity options.

28 (5) "Commodity sales representative" means, for the purposes of
29 registration in accordance with this chapter, any person authorized to
30 act and acting for a commodity broker-dealer in effecting or attempting
31 to effect a transaction in a commodity contract or commodity option.

32 (6) "Commodity exchange act" means the act of congress known as the
33 commodity exchange act, as amended, codified at 7 U.S.C. Sec. 1 et seq.

34 (7) "Commodity futures trading commission" means the independent
35 regulatory agency established by congress to administer the commodity
36 exchange act.

37 (8) "CFTC rule" means any rule, regulation, or order of the
38 commodity futures trading commission in effect on October 1, 1986, and

1 all subsequent amendments, additions, or other revisions thereto,
2 unless the administrator, within ten days following the effective date
3 of any such amendment, addition, or revision, disallows the application
4 thereof by rule or order.

5 (9) "Commodity" means, except as otherwise specified by the
6 director by rule or order, any agricultural, grain, or livestock
7 product or by-product, any metal or mineral (including a precious metal
8 set forth in subsection (17) of this section), any gem or gemstone
9 (whether characterized as precious, semiprecious, or otherwise), any
10 fuel (whether liquid, gaseous, or otherwise), any foreign currency, and
11 all other goods, articles, products, or items of any kind. However,
12 the term commodity does not include (a) a numismatic coin whose fair
13 market value is at least fifteen percent higher than the value of the
14 metal it contains, (b) real property or any timber, agricultural, or
15 livestock product grown or raised on real property and offered or sold
16 by the owner or lessee of such real property, or (c) any work of art
17 offered or sold by art dealers, at public auction, or offered or sold
18 through a private sale by the owner thereof.

19 (10) "Commodity contract" means any account, agreement, or contract
20 for the purchase or sale, primarily for speculation or investment
21 purposes and not for use or consumption by the offeree or purchaser, of
22 one or more commodities, whether for immediate or subsequent delivery
23 or whether delivery is intended by the parties, and whether
24 characterized as a cash contract, deferred shipment or deferred
25 delivery contract, forward contract, futures contract, installment or
26 margin contract, leverage contract, or otherwise. Any commodity
27 contract offered or sold shall, in the absence of evidence to the
28 contrary, be presumed to be offered or sold for speculation or
29 investment purposes. A commodity contract shall not include any
30 contract or agreement which requires, and under which the purchaser
31 receives, within twenty-eight calendar days from the payment in good
32 funds of any portion of the purchase price, physical delivery of the
33 total amount of each commodity to be purchased under the contract or
34 agreement.

35 (11) "Commodity option" means any account, agreement, or contract
36 giving a party thereto the right to purchase or sell one or more
37 commodities and/or one or more commodity contracts, whether
38 characterized as an option, privilege, indemnity, bid, offer, put,
39 call, advance guaranty, decline guaranty or otherwise, but does not

1 include a commodity option traded on a national securities exchange
2 registered with the United States securities and exchange commission.

3 (12) "Commodity merchant" means any of the following, as defined or
4 described in the commodity exchange act or by CFTC rule:

5 (a) Futures commission merchant;

6 (b) Commodity pool operator;

7 (c) Commodity trading advisor;

8 (d) Introducing broker;

9 (e) Leverage transaction merchant;

10 (f) An associated person of any of the foregoing;

11 (g) Floor broker; and

12 (h) Any other person (other than a futures association) required to
13 register with the commodity futures trading commission.

14 (13) "Financial institution" means a bank, savings institution, or
15 trust company organized under, or supervised pursuant to, the laws of
16 the United States or of any state.

17 (14) "Offer" or "offer to sell" includes every offer, every attempt
18 to offer to dispose of, or solicitation of an offer to buy, to
19 purchase, or to acquire, for value.

20 (15) "Sale" or "sell" includes every sale, contract of sale,
21 contract to sell, or disposition, for value.

22 (16) "Person" means an individual, a corporation, a partnership, an
23 association, a joint-stock company, a trust where the interests of the
24 beneficiaries are evidenced by a security, an unincorporated
25 organization, a government, or a political subdivision of a government,
26 but does not include a contract market designated by the commodity
27 futures trading commission or any clearinghouse thereof or a national
28 securities exchange registered with the United States securities and
29 exchange commission (or any employee, officer, or director of such
30 contract market, clearinghouse, or exchange acting solely in that
31 capacity).

32 (17) "Precious metal" means:

33 (a) Silver, in either coin, bullion, or other form;

34 (b) Gold, in either coin, bullion, or other form;

35 (c) Platinum, in either coin, bullion, or other form; and

36 (d) Such other items as the director may specify by rule or order.

37 **Sec. 6.** RCW 21.30.380 and 1986 c 14 s 39 are each amended to read
38 as follows:

1 The administration of this chapter shall be under the director of
2 the department of (~~licensing~~) financial institutions.

3 **Sec. 7.** RCW 30.04.010 and 1959 c 106 s 1 are each amended to read
4 as follows:

5 Certain terms used in this title shall have the meanings ascribed
6 in this section.

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

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

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

16 The term "trust business" shall include the business of doing any
17 or all of the things specified in RCW 30.08.150 (2), (3), (4), (5),
18 (6), (7), (8), (9), (10) and (11).

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

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

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

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

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

36 (~~("Supervisor" means the state supervisor of banking)~~) "Director"
37 means the director of financial institutions or the director's
38 designee.

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

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

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

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

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

14 **Sec. 8.** RCW 30.04.060 and 1989 c 180 s 1 are each amended to read
15 as follows:

16 (1) The ((~~supervisor, the deputy supervisor, or a bank examiner~~))
17 director or the director's designee shall visit each bank and each
18 trust company at least once every eighteen months, and oftener if
19 necessary, for the purpose of making a full investigation into the
20 condition of such corporation, and for that purpose they are hereby
21 empowered to administer oaths and to examine under oath any director,
22 officer, employee, or agent of such corporation. The ((~~supervisor~~))
23 director or the director's designee may make such other full or partial
24 examinations as deemed necessary and may examine any bank holding
25 company that owns any portion of a bank or trust company chartered by
26 the state of Washington and obtain reports of condition for any bank
27 holding company that owns any portion of a bank or trust company
28 chartered by the state of Washington. The ((~~supervisor~~)) director or
29 the director's designee may visit and examine into the affairs of any
30 nonpublicly held corporation in which the bank, trust company, or bank
31 holding company has an investment or any publicly held corporation the
32 capital stock of which is controlled by the bank, trust company, or
33 bank holding company; may appraise and revalue such corporations'
34 investments and securities; and shall have full access to all the
35 books, records, papers, securities, correspondence, bank accounts, and
36 other papers of such corporations for such purposes. The
37 ((~~supervisor~~)) director or the director's designee may, in his or her
38 discretion, accept in lieu of the examinations required in this section

1 the examinations conducted at the direction of the federal reserve
2 board or the Federal Deposit Insurance Corporation. Any willful false
3 swearing in any examination is perjury in the second degree.

4 (2) The (~~supervisor~~) director or the director's designee may
5 enter into cooperative and reciprocal agreements with the bank
6 regulatory authorities of the United States, any state, the District of
7 Columbia, or any trust territory of the United States for the periodic
8 examination of domestic bank holding companies owning banking
9 institutions in other states, the District of Columbia, or trust
10 territories, and subsidiaries of such domestic bank holding companies,
11 or of out-of-state bank holding companies owning a bank or trust
12 company the principal operations of which are conducted in this state.
13 The (~~supervisor~~) director or the director's designee may accept
14 reports of examination and other records from such authorities in lieu
15 of conducting his or her own examinations. The (~~supervisor~~) director
16 or the director's designee may enter into joint actions with other
17 regulatory bodies having concurrent jurisdiction or may enter into such
18 actions independently to carry out his or her responsibilities under
19 this title and assure compliance with the laws of this state.

20 **Sec. 9.** RCW 30.04.075 and 1989 c 180 s 2 are each amended to read
21 as follows:

22 (1) All examination reports and all information obtained by the
23 (~~supervisor~~) director and the (~~supervisor's~~) director's staff in
24 conducting examinations of banks, trust companies, or alien banks, and
25 information obtained by the (~~supervisor~~) director and the
26 (~~supervisor's~~) director's staff from other state or federal bank
27 regulatory authorities with whom the (~~supervisor~~) director has
28 entered into agreements pursuant to RCW 30.04.060(2), and information
29 obtained by the (~~supervisor~~) director and the (~~supervisor's~~)
30 director's staff relating to examination and supervision of bank
31 holding companies owning a bank in this state or subsidiaries of such
32 holding companies, is confidential and privileged information and shall
33 not be made public or otherwise disclosed to any person, firm,
34 corporation, agency, association, governmental body, or other entity.

35 (2) Subsection (1) of this section notwithstanding, the
36 (~~supervisor~~) director or the director's designee may furnish all or
37 any part of examination reports prepared by the (~~supervisor's~~)
38 director's office to:

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

3 (b) Bank regulatory authorities with whom the ((~~supervisor~~))
4 director or the director's designee has entered into agreements
5 pursuant to RCW 30.04.060(2), and other bank regulatory authorities who
6 are the primary regulatory authority or insurer of accounts for a bank
7 holding company owning a bank, trust company, or national banking
8 association the principal operations of which are conducted in this
9 state or a subsidiary of such holding company; provided that the
10 ((~~supervisor~~)) director or the director's designee shall first find
11 that the reports of examination to be furnished shall receive
12 protection from disclosure comparable to that accorded by this section;

13 (c) Officials empowered to investigate criminal charges subject to
14 legal process, valid search warrant, or subpoena. If the
15 ((~~supervisor~~)) director or the director's designee furnishes any
16 examination report to officials empowered to investigate criminal
17 charges, the ((~~supervisor~~)) director or the director's designee may
18 only furnish that part of the report which is necessary and pertinent
19 to the investigation, and the ((~~supervisor~~)) director or the director's
20 designee may do this only after notifying the affected bank, trust
21 company, or alien bank and any customer of the bank, trust company, or
22 alien bank who is named in that part of the examination or report
23 ordered to be furnished unless the officials requesting the report
24 first obtain a waiver of the notice requirement from a court of
25 competent jurisdiction for good cause;

26 (d) The examined bank, trust company, or alien bank, or holding
27 company thereof;

28 (e) The attorney general in his or her role as legal advisor to the
29 ((~~supervisor~~)) director or the director's designee;

30 (f) Liquidating agents of a distressed bank, trust company, or
31 alien bank;

32 (g) A person or organization officially connected with the bank as
33 officer, director, attorney, auditor, or independent attorney or
34 independent auditor;

35 (h) The Washington public deposit protection commission as provided
36 by RCW 39.58.105.

37 (3) All examination reports furnished under subsections (2) and (4)
38 of this section shall remain the property of the ((~~division of~~
39 ~~banking~~)) department of financial institutions, and be confidential and

1 no person, agency, or authority to whom reports are furnished or any
2 officer, director, or employee thereof shall disclose or make public
3 any of the reports or any information contained therein except in
4 published statistical material that does not disclose the affairs of
5 any individual or corporation: PROVIDED, That nothing herein shall
6 prevent the use in a criminal prosecution of reports furnished under
7 subsection (2) of this section.

8 (4) The examination report made by the (~~division of banking~~)
9 department of financial institutions is designed for use in the
10 supervision of the bank, trust company, or alien bank. The report
11 shall remain the property of the (~~supervisor~~) director or the
12 director's designee and will be furnished to the bank, trust company,
13 or alien bank solely for its confidential use. Under no circumstances
14 shall the bank, trust company, or alien bank or any of its directors,
15 officers, or employees disclose or make public in any manner the report
16 or any portion thereof, to any person or organization not connected
17 with the bank as officer, director, employee, attorney, auditor, or
18 candidate for executive office with the bank. The bank may also, after
19 execution of an agreement not to disclose information in the report,
20 disclose the report or relevant portions thereof to a party proposing
21 to acquire or merge with the bank.

22 (5) Examination reports and information obtained by the
23 (~~supervisor~~) director and the (~~supervisor's~~) director's staff in
24 conducting examinations, or obtained from other state and federal bank
25 regulatory authorities with whom the (~~supervisor~~) director or the
26 director's designee has entered into agreements pursuant to RCW
27 30.04.060(2), or relating to examination and supervision of bank
28 holding companies owning a bank, trust company, or national banking
29 association the principal operations of which are conducted in this
30 state or a subsidiary of such holding company, or information obtained
31 as a result of applications or investigations pursuant to RCW
32 30.04.230, shall not be subject to public disclosure under chapter
33 42.17 RCW.

34 (6) In any civil action in which the reports are sought to be
35 discovered or used as evidence, any party may, upon notice to the
36 (~~supervisor~~) director, petition the court for an in camera review of
37 the report. The court may permit discovery and introduction of only
38 those portions of the report which are relevant and otherwise

1 unobtainable by the requesting party. This subsection shall not apply
2 to an action brought or defended by the (~~supervisor~~) director.

3 (7) This section shall not apply to investigation reports prepared
4 by the (~~supervisor~~) director and the (~~supervisor's~~) director's
5 staff concerning an application for a new bank or trust company or an
6 application for a branch of a bank, trust company, or alien bank:
7 PROVIDED, That the (~~supervisor~~) director may adopt rules making
8 confidential portions of the reports if in the (~~supervisor's~~)
9 director's opinion the public disclosure of the portions of the report
10 would impair the ability to obtain the information which the
11 (~~supervisor~~) director considers necessary to fully evaluate the
12 application.

13 (8) Every person who violates any provision of this section shall
14 be guilty of a gross misdemeanor.

15 **Sec. 10.** RCW 30.04.230 and 1987 c 420 s 2 are each amended to read
16 as follows:

17 (1) A corporation or association organized under the laws of this
18 state or licensed to transact business in the state may acquire any or
19 all shares of stock of any bank, trust company, or national banking
20 association. Nothing in this section shall be construed to prohibit
21 the merger, consolidation, or reorganization of a bank or trust company
22 in accordance with this title.

23 (2) Unless the terms of this section or RCW 30.04.232 are complied
24 with, an out-of-state bank holding company shall not acquire more than
25 five percent of the shares of the voting stock or all or substantially
26 all of the assets of a bank, trust company, or national banking
27 association the principal operations of which are conducted within this
28 state.

29 (3) As used in this section a "bank holding company" means a
30 company that is a bank holding company as defined by the Bank Holding
31 Company Act of 1956, as amended (12 U.S.C. Sec. 1841 et seq.). An
32 "out-of-state bank holding company" is a bank holding company that
33 principally conducts its operations outside this state, as measured by
34 total deposits held or controlled by its bank subsidiaries on the date
35 on which it became a holding company. A "domestic bank holding
36 company" is a bank holding company that principally conducts its
37 operations within this state, as measured by total deposits held or

1 controlled by its bank subsidiaries on the date on which it became a
2 bank holding company.

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

7 (a) An out-of-state bank holding company desiring to make an
8 acquisition referred to under subsection (2) of this section and the
9 bank, trust company, national banking association, or domestic bank
10 holding company parent thereof, if any, proposed to be acquired shall
11 file an application in writing with the (~~(supervisor of banking)~~)
12 director. The (~~(supervisor)~~) director shall by rule establish the fee
13 schedule to be collected from the applicant in connection with the
14 application. The fee shall not exceed the cost of processing the
15 application. The application shall contain such information as the
16 (~~(supervisor of banking)~~) director may prescribe by rule as necessary
17 or appropriate for the purpose of making a determination under this
18 section. The application and supporting information and all
19 examination reports and information obtained by the (~~(supervisor)~~)
20 director and the (~~(supervisor's)~~) director's staff in conducting its
21 investigation shall be confidential and privileged and not subject to
22 public disclosure under chapter 42.17 RCW. The application and
23 information may be disclosed to federal bank regulatory agencies and to
24 officials empowered to investigate criminal charges, subject to legal
25 process, valid search warrant, or subpoena. In any civil action in
26 which such application or information is sought to be discovered or
27 used as evidence, any party may, upon notice to the (~~(supervisor)~~)
28 director and other parties, petition for an in camera review. The
29 court may permit discovery and introduction of only those portions that
30 are relevant and otherwise unobtainable by the requesting party. The
31 application and information shall be discoverable in any judicial
32 action challenging the approval of an acquisition by the (~~(supervisor)~~)
33 director as arbitrary and capricious or unlawful.

34 (b) The (~~(supervisor of banking)~~) director shall find that:

35 (i) The bank, trust company, or national banking association that
36 is proposed to be acquired or the domestic bank holding company
37 controlling such bank, trust company, or national banking association
38 is in such a liquidity or financial condition as to be in danger of
39 closing, failing, or insolvency. In making any such determination the

1 ((~~supervisor~~)) director shall be guided by the criteria developed by
2 the federal regulatory agencies with respect to emergency acquisitions
3 under the provisions of 12 U.S.C. Sec. 1828(c);

4 (ii) There is no state bank, trust company, or national banking
5 association doing business in the state of Washington or domestic bank
6 holding company with sufficient resources willing to acquire the entire
7 bank, trust company, or national banking association on at least as
8 favorable terms as the out-of-state bank holding company is willing to
9 acquire it;

10 (iii) The applicant out-of-state bank holding company has provided
11 all information and documents requested by the ((~~supervisor~~)) director
12 in relation to the application; and

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

17 (c) The ((~~supervisor~~)) director shall consider:

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

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

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

23 **Sec. 11.** RCW 30.04.232 and 1985 c 310 s 1 are each amended to read
24 as follows:

25 (1) In addition to an acquisition pursuant to RCW 30.04.230, an
26 out-of-state bank holding company may acquire more than five percent of
27 the voting stock or all or substantially all of the assets of a bank,
28 trust company, or national banking association, the principal
29 operations of which are conducted within this state, if the following
30 terms or conditions are fulfilled:

31 (a) The bank, trust company, or national banking association, the
32 voting stock of which is to be acquired, shall have been conducting
33 business for a period of not less than three years;

34 (b) The laws of the state in which the out-of-state bank holding
35 company principally conducts its operations permit a domestic bank
36 holding company to acquire more than five percent of the shares of the
37 voting stock or all or substantially all of the assets of a bank, trust
38 company, or national banking association, the principal operations of

1 which are conducted within that state, and permit the operation of the
2 acquired bank, trust company, or national banking association within
3 that state on terms and conditions no less favorable than other banks,
4 trust companies, or national banking associations doing a banking
5 business within that state;

6 (c) The (~~supervisor of banking~~) director, upon the request of any
7 person, shall adopt a rule making a determination whether the law, of
8 a particular state or states meets the qualifications of (b) of this
9 subsection.

10 (2) As used in this section, the terms "bank holding company,"
11 "domestic bank holding company," and "out-of-state bank holding
12 company" shall have the meanings provided in RCW 30.04.230.

13 **Sec. 12.** RCW 30.04.240 and 1979 c 45 s 1 are each amended to read
14 as follows:

15 (1) Every corporation doing a trust business shall maintain in its
16 office a trust department in which it shall keep books and accounts of
17 its trust business, separate and apart from its other business. Such
18 books and accounts shall specify the cash, securities and other
19 properties, real and personal, held in each trust, and such securities
20 and properties shall be at all times segregated from all other
21 securities and properties except as otherwise provided in this section.
22 Any person connected with a bank or trust company who shall, contrary
23 to this section or any other provision of law, commingle any funds or
24 securities of any kind held by such corporation in trust, for
25 safekeeping or as agent for another, with the funds or assets of the
26 corporation shall be guilty of a felony.

27 (2) Notwithstanding any other provisions of law, any fiduciary
28 holding securities in its fiduciary capacity or any state bank,
29 national bank, or trust company holding securities as fiduciary or as
30 custodian for a fiduciary is authorized to deposit or arrange for the
31 deposit of such securities: (a) In a clearing corporation (as defined
32 in Article 8 of the Uniform Commercial Code, chapter 62A.8 RCW); (b)
33 within another state bank, national bank, or trust company having trust
34 power whether located inside or outside of this state; or (c) within
35 itself. When such securities are so deposited, certificates
36 representing securities of the same class of the same issuer may be
37 merged and held in bulk in the name of the nominee of such clearing
38 corporation or state bank, national bank, or trust company holding the

1 securities as the depository, with any other such securities deposited
2 in such clearing corporation or depository by any person, regardless of
3 the ownership of such securities, and certificates of small
4 denomination may be merged into one or more certificates of larger
5 denomination. The records of such fiduciary and the records of such
6 state bank, national bank, or trust company as a fiduciary or as
7 custodian for a fiduciary shall at all times show the name of the party
8 for whose account the securities are so deposited. Ownership of, and
9 other interests in, such securities may be transferred by bookkeeping
10 entries on the books of such clearing corporation, state bank, national
11 bank, or trust company without physical delivery or alteration of
12 certificates representing such securities. A state bank, national
13 bank, or trust company so depositing securities pursuant to this
14 section shall be subject to such rules and regulations as, in the case
15 of state chartered banks and trust companies, the (~~supervisor of~~
16 ~~banking~~) director and, in the case of national banking associations,
17 the comptroller of the currency may from time to time issue. A state
18 bank, national bank, or trust company acting as custodian for a
19 fiduciary shall, on demand by the fiduciary, certify in writing to the
20 fiduciary the securities so deposited by such state bank, national
21 bank, or trust company in such clearing corporation or state bank,
22 national bank, or trust company acting as such depository for the
23 account of such fiduciary. A fiduciary shall, on demand by any party
24 to a judicial proceeding for the settlement of such fiduciary's account
25 or on demand by the attorney for such party, certify in writing to such
26 party the securities deposited by such fiduciary in such clearing
27 corporation or state bank, national bank, or trust company acting as
28 such depository for its account as such fiduciary.

29 This subsection shall apply to any fiduciary holding securities in
30 its fiduciary capacity, and to any state bank, national bank, or trust
31 company holding securities as a custodian, managing agent, or custodian
32 for a fiduciary, acting on March 14, 1973 or who thereafter may act
33 regardless of the date of the agreement, instrument, or court order by
34 which it is appointed and regardless of whether or not such fiduciary,
35 custodian, managing agent, or custodian for a fiduciary owns capital
36 stock of such clearing corporation.

37 **Sec. 13.** RCW 30.04.550 and 1986 c 279 s 40 are each amended to
38 read as follows:

1 A state banking corporation may, with the approval of the
2 (~~supervisor of banking~~) director and the affirmative vote of the
3 shareholders of such corporation owning at least two-thirds of each
4 class of shares entitled to vote under the terms of such shares, be
5 reorganized to become a subsidiary of a bank holding company or a
6 company that will, upon consummation of such reorganization, become a
7 bank holding company, as defined in the federal bank holding company
8 act of 1956, as amended.

9 **Sec. 14.** RCW 30.04.565 and 1982 c 196 s 4 are each amended to read
10 as follows:

11 The value of the shares of a dissenting shareholder who has
12 properly perfected dissenter's rights shall be ascertained as of the
13 day prior to the date of the shareholder action approving such
14 reorganization by three appraisers, one to be selected by the owners of
15 two-thirds of the dissenting shares, one by the board of directors of
16 the acquiring bank holding company, and the third by the two so chosen.
17 The valuation agreed upon by any two appraisers shall govern. If the
18 appraisal is not completed within ninety days after the effective date
19 of the reorganization, the (~~supervisor of banking~~) director shall
20 cause an appraisal to be made which shall be final and binding upon all
21 parties.

22 **Sec. 15.** RCW 30.04.570 and 1982 c 196 s 5 are each amended to read
23 as follows:

24 The reorganization and exchange authorized by RCW 30.04.550 through
25 30.04.570 shall become effective as follows:

26 (1) If the board of directors and shareholders of the state banking
27 corporation and the board of directors of the acquiring corporation
28 approve the plan of reorganization, then both corporations shall apply
29 for the approval of the (~~supervisor of banking~~) director, providing
30 such information as the (~~supervisor~~) director by (~~regulation~~) rule
31 may prescribe.

32 (2) If the (~~supervisor~~) director approves the reorganization, the
33 (~~supervisor~~) director shall issue a certificate of reorganization to
34 the state banking corporation.

35 (3) Upon the issuance of a certificate of reorganization by the
36 (~~supervisor~~) director, or on such later date as shall be provided for
37 in the plan of reorganization, the shares of the state banking

1 corporation shall be deemed to be exchanged in accordance with the plan
2 of reorganization, subject to the rights of dissenters under RCW
3 30.04.560 and 30.04.565.

4 **Sec. 16.** RCW 30.04.575 and 1986 c 279 s 44 are each amended to
5 read as follows:

6 Prior to the approval of the reorganization, the ((~~supervisor~~))
7 director, upon request of the board of directors of the bank, or not
8 less than ten percent of its shareholders, shall hold a public hearing
9 at which bank shareholders and other interested parties may appear.
10 Notice of the public hearing shall be sent to each shareholder and
11 otherwise publicized in accordance with the administrative procedure
12 act, chapter 34.05 RCW.

13 The approval of the reorganization by the ((~~supervisor of banking~~))
14 director shall be conditioned on a finding that the terms of the
15 reorganization are fair to the shareholders and other interested
16 parties.

17 **Sec. 17.** RCW 30.04.900 and 1987 c 498 s 2 are each amended to read
18 as follows:

19 (1) The director ((~~of general administration~~)) shall study the
20 financial institution structure in the state and report to the governor
21 and the appropriate standing committees of the house of representatives
22 and the senate on changes which should be made to enable state
23 chartered financial institutions to remain safe and sound and yet be
24 competitive with other federally chartered and nonchartered financial
25 institutions. In conducting the study the director shall consider:

26 (a) The powers which financial institutions under state regulatory
27 authority should be entitled to exercise;

28 (b) The level of supervision that is necessary to assure safe and
29 sound financial institutions without unnecessarily restricting the
30 operation of the institutions;

31 (c) Whether the distinction among commercial banks, savings banks,
32 and savings and loan associations should be retained, and if so,
33 whether there should continue to be differences in their powers;

34 (d) The general corporate powers that should be authorized for
35 financial institutions; and

36 (e) Any other matters deemed by the director to be relevant.

1 (2) The director, in conducting the study required by subsection
2 (1) of this section shall consult with (~~the supervisor of banking,~~
3 ~~with the supervisor of savings and loans and with~~) representatives
4 from all types of financial institutions, including large and small,
5 urban and rural, commercial banks, savings banks, and savings and loan
6 associations and credit unions. The director shall also advise the
7 appropriate standing committees of the house of representatives and the
8 senate of all meetings held to consider the study conducted under this
9 section.

10 (3) The director shall submit the report required by subsection (1)
11 of this section not later than November 1, 1987.

12 **Sec. 18.** RCW 30.08.095 and 1981 c 302 s 19 are each amended to
13 read as follows:

14 The (~~supervisor~~) director shall collect in advance fees for the
15 following services:

16 For filing application for certificate of authority and attendant
17 investigation as outlined in the law;

18 For filing application for certificate conferring trust powers upon
19 a state or national bank;

20 For filing articles of incorporation, or amendments thereof, or
21 other certificates required to be filed in his or her office;

22 For filing merger agreement and attendant investigation;

23 For filing application to relocate main office or branch and
24 attendant investigation;

25 For issuing a certificate of increase or decrease of capital stock;

26 For issuing each certificate of authority;

27 For furnishing copies of papers filed in his or her office, per
28 page.

29 The (~~supervisor~~) director shall establish the amount of the fee
30 for each of the above transactions, and for other services rendered
31 (~~by the division of banking by rules and regulations promulgated~~
32 ~~pursuant to the Administrative Procedure Act, chapter 34.05 RCW, as now~~
33 ~~or hereafter amended~~).

34 Every bank or trust company shall also pay to the secretary of
35 state for filing any instrument with him or her the same fees as are
36 required of general corporations for filing corresponding instruments,
37 and also the same license fees as are required of general corporations.

1 **Sec. 19.** RCW 30.12.060 and 1985 c 305 s 6 are each amended to read
2 as follows:

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

38 Each bank or trust company shall at such times and in such form as
39 may be required by the (~~supervisor~~) director, report to the

1 ((~~supervisor~~)) director all outstanding loans to directors of such bank
2 or trust company.

3 The amount of any endorsement or agreement of suretyship or
4 guaranty of any such director to the corporation shall be construed to
5 be a loan within the provisions of this section. Any modification of
6 the terms of an existing obligation (excepting only such modifications
7 as merely extend or renew the indebtedness) shall be construed to be a
8 loan within the meaning of this section.

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

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

12 (b) Subordinated notes and debentures;

13 (c) Surplus;

14 (d) Undivided profits; and

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

17 **Sec. 20.** RCW 30.12.240 and 1989 c 180 s 7 are each amended to read
18 as follows:

19 If the directors of any bank shall knowingly violate, or knowingly
20 permit any of the officers, agents, or servants of the bank to violate
21 any of the provisions of this title or any lawful regulation or
22 directive of the ((~~supervisor of banking~~)) director, and if the
23 directors are aware that such facts and circumstances constitute such
24 violations, then each director who participated in or assented to the
25 violation is personally and individually liable for all damages which
26 the state or any insurer of the deposits sustains due to the violation.

27 **Sec. 21.** RCW 30.20.090 and 1981 c 192 s 25 are each amended to
28 read as follows:

29 Notice to any national bank, state bank, trust company, mutual
30 savings bank or bank under the supervision of the ((~~supervisor of~~
31 ~~banking~~)) director, doing business in this state of an adverse claim to
32 a deposit standing on its books to the credit of any person may be
33 disregarded without liability by said bank or trust company unless said
34 adverse claimant shall also either procure a restraining order,
35 injunction or other appropriate process against said bank or trust
36 company from a court of competent jurisdiction in a cause therein
37 instituted by him or her wherein the person to whose credit the deposit

1 stands is made a party and served with summons or shall execute to said
2 bank or trust company, in form and with sureties acceptable to it, a
3 bond, in an amount which is double either the amount of said deposit or
4 said adverse claim, whichever is the lesser, indemnifying said bank or
5 trust company from any and all liability, loss, damage, costs and
6 expenses, for and on account of the payment of such adverse claim or
7 the dishonor of the check or other order of the person to whose credit
8 the deposit stands on the books of said bank or trust company:
9 PROVIDED, That where the person to whose credit the deposit stands is
10 a fiduciary for such adverse claimant, and the facts constituting such
11 relationship, and also the facts showing reasonable cause of belief on
12 the part of said claimant that the said fiduciary is about to
13 misappropriate said deposit, are made to appear by the affidavit of
14 such claimant, the bank or trust company shall without liability refuse
15 to deliver such property for a period of not more than five business
16 days from the date that the bank received the adverse claimant's
17 affidavit, without liability for the sufficiency or truth of the facts
18 alleged in the affidavit, after which time the claim shall be treated
19 as any other claim under this section.

20 This section shall not apply to accounts subject to chapter 30.22
21 RCW.

22 **Sec. 22.** RCW 30.42.020 and 1983 c 3 s 48 are each amended to read
23 as follows:

24 For the purposes of this chapter, the following terms shall be
25 defined as follows:

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

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

32 (3) "Branch" means an office of an alien bank that is exercising
33 the powers authorized by RCW 30.42.105, 30.42.115, and 30.42.155.

34 (4) "Agency" means an office of an alien bank that is exercising
35 the powers authorized by RCW 30.42.180.

36 (5) "Bureau" means an alien bank's operation in this state
37 exercising the powers authorized by RCW 30.42.230.

1 (~~(6) "Supervisor" means the supervisor of banking of the state of~~
2 Washington.)

3 **Sec. 23.** RCW 30.42.140 and 1982 c 95 s 3 are each amended to read
4 as follows:

5 The (~~supervisor, deputy supervisor, or a bank examiner~~) director
6 or the director's designee, without previous notice, shall visit the
7 office of an alien bank doing business in this state pursuant to this
8 chapter at least once in each year, and more often if necessary, for
9 the purpose of making a full investigation into the condition of such
10 office, and for that purpose they are hereby empowered to administer
11 oaths and to examine under oath any director or member of its governing
12 body, officer, employee, or agent of such alien bank or office. The
13 (~~supervisor~~) director or the director's designee shall make such
14 other full or partial examination as he or she deems necessary. The
15 (~~supervisor~~) director or the director's designee shall collect, from
16 each alien bank for each examination of the conditions of its office in
17 this state, the estimated actual cost of such examination.

18 **Sec. 24.** RCW 30.43.010 and 1986 c 279 s 45 are each amended to
19 read as follows:

20 As used in this chapter the term "financial institution" means any
21 bank or trust company established in this state pursuant to Title 12,
22 United States Code, chapter 2, or Title 30 RCW, any mutual savings bank
23 established in this state pursuant to Title 32 RCW, any savings and
24 loan association established in this state pursuant to Title 12, United
25 States Code, chapter 12, or Title 33 RCW, and any credit union
26 established in this state pursuant to Title 12, United States Code,
27 chapter 14 or chapters 31.12 and 31.13 RCW.

28 (~~As used in this chapter, the term "supervisor" means, if~~
29 ~~applicable to banks, trust companies, or mutual savings banks, the~~
30 ~~supervisor of banking and, if applicable to savings and loan~~
31 ~~associations and credit unions, the supervisor of savings and loan~~
32 ~~associations, or the National Credit Union Administration in the case~~
33 ~~of federally chartered credit unions.~~)

34 As used in this chapter, the term "satellite facility" means an
35 unmanned facility at which transactions, including, but not being
36 limited to account transfers, payments, and instructions for deposits
37 and withdrawals may be conducted and which is not a part of a branch or

1 main office of the financial institution: PROVIDED, That such a
2 facility shall not be construed to be the establishment of a branch:
3 PROVIDED FURTHER, That an unmanned facility which is connected to a
4 dispenser of goods or services and that originates or communicates
5 funds transfer instructions for the payment of such goods or services
6 shall not be a "satellite facility."

7 **Sec. 25.** RCW 30.44.020 and 1955 c 33 s 30.44.020 are each amended
8 to read as follows:

9 Whenever it shall in any manner appear to the (~~supervisor of~~
10 ~~banking~~) director that any offense or delinquency referred to in RCW
11 30.44.010 renders a bank or trust company in an unsound or unsafe
12 condition to continue its business or that its capital or surplus is
13 reduced or impaired below the amount required by its articles of
14 incorporation or by this title, or that it has suspended payment of its
15 obligations or is insolvent, (~~said supervisor~~) the director may
16 notify such bank or trust company to levy an assessment on its stock or
17 otherwise to make good such impairment or offense or other delinquency
18 within such time and in such manner as he or she may specify or if he
19 or she deems necessary he or she may take possession thereof without
20 notice.

21 The board of directors of any such bank or trust company, with the
22 consent of the holders of record of two-thirds of the capital stock
23 expressed either in writing or by vote at a stockholders' meeting
24 called for that purpose, shall have power and authority to levy such
25 assessment upon the stockholders pro rata and to forfeit the stock upon
26 which any such assessment is not paid, in the manner prescribed in RCW
27 30.12.180.

28 **Sec. 26.** RCW 30.44.050 and 1955 c 33 s 30.44.050 are each amended
29 to read as follows:

30 Upon taking possession of any bank or trust company, the
31 (~~supervisor~~) director shall proceed to collect the assets thereof and
32 to preserve, administer and liquidate the business and assets of such
33 corporation. With the approval of the superior court of the county in
34 which such corporation is located, he or she may sell, compound or
35 compromise bad or doubtful debts, and upon such terms as the court
36 shall direct borrow, mortgage, pledge or sell all or any part of the
37 real estate and personal property of such corporation. He or she shall

1 deliver to each purchaser or lender an appropriate deed, mortgage,
2 agreement of pledge or other instrument of title or security. If real
3 estate is situated outside of said county, a certified copy of the
4 orders authorizing and confirming the sale or mortgage thereof shall be
5 filed for record in the office of the auditor of the county in which
6 such property is situated. He or she may appoint special (~~deputy~~
7 ~~supervisors~~) assistants and other necessary agents to assist in the
8 administration and liquidation of such corporation, a certificate of
9 such appointment to be filed with the clerk of the county in which such
10 corporation is located. He or she shall require each special
11 (~~deputy~~) assistant to give a surety company bond, conditioned as he
12 or she shall provide, the premium of which shall be paid out of the
13 assets of such corporation. He or she may also employ an attorney for
14 legal assistance in such administration and liquidation.

15 **Sec. 27.** RCW 30.44.130 and 1955 c 33 s 30.44.130 are each amended
16 to read as follows:

17 All expenses incurred by the (~~supervisor~~) director in taking
18 possession, administering and winding up any such corporation,
19 including the expenses of (~~deputies and other~~) assistants and
20 reasonable fees for any attorney who may be employed (~~by him~~) in
21 connection therewith, and the reasonable compensation of any special
22 (~~deputy~~) assistant placed in charge of such corporation shall be a
23 first charge upon the assets thereof. Such charges shall be fixed by
24 the (~~supervisor~~) director, subject to the approval of the court.

25 **Sec. 28.** RCW 30.44.270 and 1973 1st ex.s. c 54 s 1 are each
26 amended to read as follows:

27 The federal deposit insurance corporation is hereby authorized and
28 empowered to be and act without bond as receiver or liquidator of any
29 bank or trust company the deposits in which are to any extent insured
30 by that corporation and which shall have been closed on account of
31 inability to meet the demands of its depositors. In the event of such
32 closing, the (~~supervisor of banking~~) director may appoint the federal
33 deposit insurance corporation as receiver or liquidator of such bank or
34 trust company. If the corporation accepts such appointment, it shall
35 have and possess all the powers and privileges provided by the laws of
36 this state with respect to a liquidator of a bank or trust company, its
37 depositors and other creditors, and be subject to all the duties of

1 such liquidator, except insofar as such powers, privileges, or duties
2 are in conflict with the provisions of the federal deposit insurance
3 act, as now or hereafter amended.

4 **Sec. 29.** RCW 30.44.280 and 1973 1st ex.s. c 54 s 2 are each
5 amended to read as follows:

6 The pendency of any proceedings for judicial review of the
7 (~~supervisor's~~) director's actions in taking possession and control of
8 a bank or trust company and its assets for the purpose of liquidation
9 shall not operate to defer, delay, impede, or prevent the payment or
10 acquisition by the federal deposit insurance corporation of the deposit
11 liabilities of the bank or trust company which are insured by the
12 corporation. During the pendency of any proceedings for judicial
13 review, the (~~supervisor of banking~~) director shall make available to
14 the federal deposit insurance corporation such facilities in or of the
15 bank or trust company and such books, records, and other relevant data
16 of the bank or trust company as may be necessary or appropriate to
17 enable the corporation to pay out or to acquire the insured deposit
18 liabilities of the bank or trust company. The federal deposit
19 insurance corporation and its directors, officers, agents, and
20 employees, and the (~~supervisor of banking,~~) director and his or her
21 agents and employees shall be free from liability to the bank or trust
22 company, its directors, stockholders, and creditors for or on account
23 of any action taken in connection herewith.

24 **Sec. 30.** RCW 30.46.040 and 1975 1st ex.s. c 87 s 4 are each
25 amended to read as follows:

26 After the period of supervisory direction specified by the
27 (~~supervisor~~) director for compliance, if he or she determines that
28 such bank has failed to comply with the lawful requirements imposed,
29 upon due notice and hearing or by consent of the bank, the
30 (~~supervisor~~) director may appoint a conservator, who shall
31 immediately take charge of such bank and all of its property, books,
32 records, and effects. The conservator shall conduct the business of
33 the bank and take such steps toward the removal of the causes and
34 conditions which have necessitated such order, as the (~~supervisor~~)
35 director may direct. During the pendency of the conservatorship the
36 conservator shall make such reports to the (~~supervisor~~) director from
37 time to time as may be required by the (~~supervisor~~) director, and

1 shall be empowered to take all necessary measures to preserve, protect,
2 and recover any assets or property of such bank, including claims or
3 causes of actions belonging to or which may be asserted by such bank,
4 and to deal with the same in his or her own name as conservator, and
5 shall be empowered to file, prosecute, and defend any suit and suits
6 which have been filed or which may thereafter be filed by or against
7 such bank which are deemed by the conservator to be necessary to
8 protect all of the interested parties for a property affected thereby.
9 The ~~((supervisor))~~ director, or any newly appointed ~~((deputy))~~
10 assistant, may be appointed to serve as conservator. If the
11 ~~((supervisor))~~ director, however, is satisfied that such bank is not in
12 condition to continue business in the interest of its depositors or
13 creditors under the conservator as above provided, the ~~((supervisor))~~
14 director may proceed with appropriate remedies provided by other
15 provisions of this title.

16 **Sec. 31.** RCW 30.49.060 and 1955 c 33 s 30.49.060 are each amended
17 to read as follows:

18 A merger which is to result in a state bank shall, unless a later
19 date is specified in the agreement, become effective after the filing
20 with and upon the approval of the ~~((supervisor of banking))~~ director of
21 the executed agreement together with copies of the resolutions of the
22 stockholders of each merging state or national bank approving it,
23 certified by the bank's president or a vice president and a secretary.
24 The charters of the merging banks, other than the resulting bank, shall
25 thereupon automatically terminate.

26 The ~~((supervisor of banking))~~ director shall thereupon issue to the
27 resulting state bank a certificate of merger specifying the name of
28 each merging state or national bank and the name of the resulting state
29 bank. Such certificate shall be conclusive evidence of the merger and
30 of the correctness of all proceedings therefor in all courts and
31 places, and may be recorded in any office for the recording of deeds to
32 evidence the new name in which the property of the merging state or
33 national bank is held.

34 **Sec. 32.** RCW 30.49.070 and 1955 c 33 s 30.49.070 are each amended
35 to read as follows:

36 Except as provided in RCW 30.49.100, a national bank located in
37 this state which follows the procedure prescribed by the laws of the

1 United States to convert into a state bank shall be granted a state
2 charter by the ((~~supervisor of banking~~)) director if he or she finds
3 that the bank meets the standards as to location of offices, capital
4 structures, and business experience and character of officers and
5 directors for the incorporation of a state bank.

6 The national bank may apply for such charter by filing with the
7 ((~~supervisor of banking~~)) director a certificate signed by its
8 president and cashier and by a majority of the entire board of
9 directors, setting forth the corporate action taken in compliance with
10 the provisions of the laws of the United States governing the
11 conversion of a national to a state bank, and the articles of
12 incorporation, approved by the stockholders, for the government of the
13 bank as a state bank.

14 **Sec. 33.** RCW 30.49.090 and 1955 c 33 s 30.49.090 are each amended
15 to read as follows:

16 The owner of shares of a state bank which were voted against a
17 merger to result in a state bank, or against the conversion of a state
18 bank into a national bank, shall be entitled to receive their value in
19 cash, if and when the merger or conversion becomes effective, upon
20 written demand made to the resulting state or national bank at any time
21 within thirty days after the effective date of the merger or
22 conversion, accompanied by the surrender of the stock certificates.
23 The value of such shares shall be determined, as of the date of the
24 shareholders' meeting approving the merger or conversion, by three
25 appraisers, one to be selected by the owners of two-thirds of the
26 dissenting shares, one by the board of directors of the resulting state
27 or national bank, and the third by the two so chosen. The valuation
28 agreed upon by any two appraisers shall govern. If the appraisal is
29 not completed within ninety days after the merger or conversion becomes
30 effective, the ((~~supervisor of banking~~)) director shall cause an
31 appraisal to be made.

32 The expenses of appraisal shall be paid by the resulting state
33 bank.

34 The resulting state or national bank may fix an amount which it
35 considers to be not more than the fair market value of the shares of a
36 merging or the converting bank at the time of the stockholders' meeting
37 approving the merger or conversion, which it will pay dissenting
38 shareholders of the bank entitled to payment in cash. The amount due

1 under such accepted offer or under the appraisal shall constitute a
2 debt of the resulting state or national bank.

3 **Sec. 34.** RCW 30.49.100 and 1955 c 33 s 30.49.100 are each amended
4 to read as follows:

5 Where a resulting state bank is not to exercise trust powers, the
6 (~~supervisor of banking~~) director shall not approve a merger or
7 conversion until satisfied that adequate provision has been made for
8 successors to fiduciary positions held by the merging state or national
9 banks or the converting state or national bank.

10 **Sec. 35.** RCW 30.49.110 and 1955 c 33 s 30.49.110 are each amended
11 to read as follows:

12 If a merging or converting state or national bank has assets which
13 do not conform to the requirements of state law for the resulting state
14 bank or carries on business activities which are not permitted for the
15 resulting state bank, the (~~supervisor of banking~~) director may permit
16 a reasonable time to conform with state law.

17 **Sec. 36.** RCW 30.49.120 and 1955 c 33 s 30.49.120 are each amended
18 to read as follows:

19 Without approval by the (~~supervisor of banking~~) director no asset
20 shall be carried on the books of the resulting state bank at a
21 valuation higher than that on the books of the merging or converting
22 state or national bank at the time of its last examination by a state
23 examiner or national bank examiner before the effective date of the
24 merger or conversion.

25 **Sec. 37.** RCW 30.56.020 and 1955 c 33 s 30.56.020 are each amended
26 to read as follows:

27 The (~~supervisor of banking~~) director is hereby empowered, upon
28 the written application of the directors of a bank, if in his or her
29 judgment the circumstances warrant it, to authorize a bank to postpone,
30 for a period of ninety days and for such further period or periods as
31 he or she may deem expedient, the payment of such proportions or
32 amounts of the demands of its depositors from time to time as he or she
33 may deem necessary. The period or periods of postponement and the
34 proportions or amounts of the demands to be deferred shall be
35 determined by him or her according to the ability of the bank to pay

1 withdrawals. By the regulations prescribed for deferred payments, the
2 (~~supervisor~~) director may classify accounts and limit payments to
3 depositors of the several classes differently. The (~~supervisor's~~)
4 director's orders, regulations and directions shall be in writing and
5 be filed in his or her office, and copies thereof shall be delivered to
6 the bank and be forthwith posted in a conspicuous place in the banking
7 room.

8 **Sec. 38.** RCW 30.60.010 and 1985 c 329 s 2 are each amended to read
9 as follows:

10 (1) In conducting an examination of a bank chartered under Title 30
11 RCW, the (~~supervisor of banking, deputy supervisor, or examiner~~)
12 director or the director's designee shall investigate and assess the
13 record of performance of the bank in meeting the credit needs of the
14 bank's entire community, including low and moderate-income
15 neighborhoods. The (~~supervisor~~) director shall accept, in lieu of an
16 investigation or part of an investigation required by this section, any
17 report or document that the bank is required to prepare or file with
18 one or more federal agencies by the act of Congress entitled the
19 "Community Reinvestment Act of 1977" and the regulations promulgated in
20 accordance with that act, to the extent such reports or documents
21 assist the (~~supervisor~~) director in making an assessment based upon
22 the factors outlined in subsection (2) of this section.

23 (2) In making an investigation required under subsection (1) of
24 this section, the (~~supervisor~~) director shall consider, independent
25 of any federal determination, the following factors in assessing the
26 bank's record of performance:

27 (a) Activities conducted by the institution to ascertain credit
28 needs of its community, including the extent of the institution's
29 efforts to communicate with members of its community regarding the
30 credit services being provided by the institution;

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

34 (c) The extent of participation by the institution's board of
35 directors in formulating the institution's policies and reviewing its
36 performance with respect to the purposes of the Community Reinvestment
37 Act of 1977;

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

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

6 (f) Evidence of prohibited discriminatory or other illegal credit
7 practices;

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

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

12 (i) The institution's origination of residential mortgage loans,
13 housing rehabilitation loans, home improvement loans, and small
14 business or small farm loans within its community, or the purchase of
15 such loans originated in its community;

16 (j) The institution's participation in governmentally insured,
17 guaranteed, or subsidized loan programs for housing, small businesses,
18 or small farms;

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

22 (l) Other factors that, in the judgment of the ((~~supervisor~~))
23 director, reasonably bear upon the extent to which an institution is
24 helping to meet the credit needs of its entire community.

25 (3) The ((~~supervisor~~)) director shall include as part of the
26 examination report, a summary of the results of the assessment required
27 under subsection (1) of this section and shall assign annually to each
28 bank a numerical community reinvestment rating based on a one through
29 five scoring system. Such numerical scores shall represent performance
30 assessments as follows:

- | | |
|----------------------------------|---|
| 31 (a) Excellent performance: | 1 |
| 32 (b) Good performance: | 2 |
| 33 (c) Satisfactory performance: | 3 |
| 34 (d) Inadequate performance: | 4 |
| 35 (e) Poor performance: | 5 |

36 **Sec. 39.** RCW 30.60.020 and 1985 c 329 s 3 are each amended to read
37 as follows:

1 Whenever the ((~~supervisor of banking~~)) director must approve or
2 disapprove of an application for a new branch or satellite facility;
3 for a purchase of assets, a merger, an acquisition or a conversion not
4 required for solvency reasons; or for authority to engage in a business
5 activity, the ((~~supervisor~~)) director shall consider, among other
6 factors, the record of performance of the applicant in helping to meet
7 the credit needs of the applicant's entire community, including low and
8 moderate-income neighborhoods. Assessment of an applicant's record of
9 performance may be the basis for denying an application.

10 **Sec. 40.** RCW 30.60.030 and 1985 c 329 s 7 are each amended to read
11 as follows:

12 The ((~~supervisor of banking~~)) director shall adopt all rules
13 necessary to implement sections 2 through 6 of this act by January 1,
14 1986.

15 **Sec. 41.** RCW 30.60.901 and 1985 c 329 s 13 are each amended to
16 read as follows:

17 This act shall take effect on January 1, 1986, but the ((~~supervisor
18 of banking and the supervisor of savings and loans~~)) director may
19 immediately take such steps as are necessary to ensure that this act is
20 implemented on its effective date.

21 **Sec. 42.** RCW 31.04.015 and 1991 c 208 s 2 are each amended to read
22 as follows:

23 The definitions set forth in this section apply throughout this
24 chapter unless the context clearly requires a different meaning.

25 (1) "Person" includes individuals, partnerships, associations,
26 trusts, corporations, and all other legal entities.

27 (2) "License" means a single license issued under the authority of
28 this chapter with respect to a single place of business.

29 (3) "Licensee" means a person to whom one or more licenses have
30 been issued.

31 (4) ((~~"Supervisor" means the supervisor of banking of the
32 department of general administration~~)) "Director" means the director of
33 financial institutions.

34 (5) "Insurance" means life insurance, disability insurance,
35 property insurance, involuntary unemployment insurance, and such other
36 insurance as may be authorized by the insurance commissioner.

1 (6) "Add-on method" means the method of precomputing interest
2 payable on a loan whereby the interest to be earned is added to the
3 principal balance and the total plus any charges allowed under this
4 chapter is stated as the loan amount, without further provision for the
5 payment of interest except for failure to pay according to loan terms.
6 The (~~supervisor~~) director may adopt by rule a more detailed
7 explanation of the meaning and use of this method.

8 (7) "Simple interest method" means the method of computing interest
9 payable on a loan by applying the annual percentage interest rate or
10 its periodic equivalent to the unpaid balances of the principal of the
11 loan outstanding for the time outstanding with each payment applied
12 first to any unpaid penalties, fees, or charges, then to accumulated
13 interest, and the remainder of the payment applied to the unpaid
14 balance of the principal until paid in full. In using such method,
15 interest shall not be payable in advance nor compounded. The
16 (~~supervisor~~) director may adopt by rule a more detailed explanation
17 of the meaning and use of this method.

18 **Sec. 43.** RCW 31.12.005 and 1984 c 31 s 2 are each amended to read
19 as follows:

20 Unless the context clearly requires otherwise, as used in this
21 chapter:

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

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

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

30 (4) "Director" means the director of financial institutions.

31 (5) "Employees" means the principal operating officer and other
32 operating personnel of a credit union.

33 (~~(+5)~~) (6) "Federal credit union" means a credit union organized
34 and operating under the laws of the United States.

35 (~~(+6)~~) (7) "Officers" means the officers of the board of a credit
36 union who are elected under RCW 31.12.265.

37 (~~(+7)~~) (8) "Shares" and "deposits" are synonymous and
38 interchangeable. Shares and deposits of a credit union shall be

1 subject to such terms and conditions as established by the board of the
2 credit union.

3 ~~((8)) "Supervisor" means the supervisor of savings and loan
4 associations appointed under RCW 43.19.100, or the duly authorized
5 agent of the supervisor of savings and loan associations.))~~

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

9 **Sec. 44.** RCW 31.12.905 and 1984 c 31 s 81 are each amended to read
10 as follows:

11 This act shall take effect on July 1, 1984. The ~~((supervisor of
12 savings and loans))~~ director may immediately take such steps as are
13 necessary to ensure that this act is implemented on its effective date.

14 **Sec. 45.** RCW 31.12A.010 and 1985 c 7 s 98 are each amended to read
15 as follows:

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

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

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

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

23 (4) "Contracted guarantees" means those liabilities specifically
24 agreed to by the association for providing assistance to member credit
25 unions or for indemnifying any other entity against loss because of its
26 participation in the absorption or liquidation of a distressed member
27 credit union.

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

30 (6) "Director" means the director of financial institutions.

31 (7) "Initial member" means a member qualified by the ((supervisor))
32 director within sixty days after September 1, 1975, but not yet
33 ratified by the board.

34 ~~((7))~~ (8) "Member" means a member of the guaranty association,
35 ratified by the board.

36 ~~((8))~~ (9) "Share account" of a credit union shareholder includes
37 the share and/or deposit accounts and the share and/or deposit

1 certificates of which the shareholder is owner of record with the
2 credit union.

3 ~~((9))~~ (10) "Shareholder" includes both members and nonmembers of
4 a credit union, who have either shares and/or deposits in the credit
5 union, including deposits of deferred compensation as referred to in
6 RCW 31.12.125(10).

7 ~~((10) "Supervisor" means the state supervisor of the division of
8 savings and loan associations, or his successor in the event of a
9 departmental restructuring.)~~

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

13 **Sec. 46.** RCW 31.24.120 and 1963 c 162 s 12 are each amended to
14 read as follows:

15 The corporation shall be examined at least once annually by the
16 ~~((state supervisor of banking))~~ director or the director's designee and
17 shall make reports of its condition not less than annually to ~~((said~~
18 ~~state supervisor of banking))~~ the director or the director's designee
19 and more frequently upon call of the ~~((state supervisor of banking))~~
20 director or the director's designee, who in turn shall make copies of
21 such reports available to the state insurance commissioner and the
22 governor; and the corporation shall also furnish such other information
23 as may from time to time be required by the ~~((state supervisor of~~
24 ~~banking))~~ director or the director's designee and secretary of state.
25 The corporation shall pay the actual cost of ~~((said))~~ the examinations.
26 The ~~((state supervisor of banking))~~ director or the director's designee
27 shall exercise the same power and authority over corporations organized
28 under this chapter as is now exercised over banks and trust companies
29 by the provisions of the Title 30 RCW, where the provisions of Title 30
30 RCW are not in conflict with this chapter.

31 **Sec. 47.** RCW 31.30.010 and 1986 c 284 s 1 are each amended to read
32 as follows:

33 The director of ~~((general administration))~~ financial institutions,
34 by rule, shall provide for the establishment, incorporation, operation,
35 and regulation of a borrower-owned corporate entity to be known as the
36 Washington land bank. The Washington land bank shall be patterned
37 after the federal land banks organized under the Farm Credit Act of

1 1971, as amended, within state constitutional limits. The Washington
2 land bank shall be organized by eligible borrowers and shall be
3 designed to accomplish the objective of furnishing sound, adequate, and
4 constructive long-term credit to farmer and rancher borrowers in the
5 state of Washington. For purposes of this chapter, "farmer and
6 rancher" includes producers of privately cultured aquatic products.

7 **Sec. 48.** RCW 31.30.020 and 1986 c 284 s 2 are each amended to read
8 as follows:

9 The Washington land bank shall be a body corporate and, subject to
10 regulation as provided by rules promulgated by the director of
11 (~~general administration~~) financial institutions, shall have the power
12 to:

13 (1) Adopt and use a corporate seal.

14 (2) Have succession until dissolved under this chapter or rules
15 promulgated pursuant to RCW 31.30.010.

16 (3) Make contracts.

17 (4) Sue and be sued.

18 (5) Acquire, hold, dispose, and otherwise exercise all the usual
19 incidents of ownership of real and personal property necessary or
20 convenient to its business.

21 (6) Make and participate in loans, make commitments for credit,
22 accept advance payments, and provide services and other assistance as
23 authorized in this chapter, and charge fees therefor.

24 (7) Operate under the direction of its board of directors.

25 (8) Elect by its board of directors a president, any
26 vice-president, a secretary, and a treasurer, and provide for such
27 other officers, employees, and agents as may be necessary, define their
28 duties, and require surety bonds or make other provision against losses
29 occasioned by employees.

30 (9) Prescribe by its board of directors its bylaws not inconsistent
31 with law providing for the classes of its stock and the manner in which
32 its stock shall be issued, transferred, and retired; its officers,
33 employees, and agents are elected or provided for; its property
34 acquired, held, and transferred; its loans and appraisals made; its
35 general business conducted; and the privileges granted it by law
36 exercised and enjoyed.

1 (10) Borrow money and issue notes, bonds, debentures, or other
2 obligations of such character, terms, conditions, and rates of interest
3 as may be determined.

4 (11) Participate with one or more other lenders, including federal
5 land banks existing under the Farm Credit Act of 1971, as amended, in
6 loans that the corporation is authorized to make under this chapter.

7 (12) Deposit its securities and its current funds with any member
8 bank of the federal reserve system or any insured state nonmember bank
9 as defined in section 2 of the Federal Deposit Insurance Act and pay
10 fees therefor and receive interest thereon as may be agreed.

11 (13) Buy and sell obligations of or insured by the United States or
12 of any agency thereof, and, as may be authorized by its board of
13 directors and by rule promulgated pursuant to RCW 31.30.010, (a) sell
14 to other lenders interests in loans, (b) buy from other lenders
15 interests in loans which the corporation could make directly under this
16 chapter, and (c) make other investments.

17 (14) Conduct studies and make and adopt standards for lending.

18 (15) Amend and modify loan contracts, documents, and payment
19 schedules, and release, subordinate, or substitute security for any of
20 them.

21 (16) Exercise by its board of directors or authorized officers,
22 employees, or agents all such incidental powers as may be necessary or
23 expedient to carry on the business of the corporation.

24 **Sec. 49.** RCW 31.30.150 and 1987 c 420 s 5 are each amended to read
25 as follows:

26 (1) The Washington land bank shall be examined by the ((department
27 of general administration, division of banking)) director of financial
28 institutions or the director's designee, at such times as the
29 ((supervisor)) director or the director's designee may determine, but
30 in no event less than once each year. Such examinations shall include,
31 but are not limited to, an analysis of credit and collateral quality
32 and capitalization of the institution, and an appraisal of the
33 effectiveness of the institution's management and application of
34 policies for the carrying out (({of})) of the requirements of chapter
35 31.30 RCW, and servicing all eligible borrowers. At the direction of
36 the ((supervisor)) director, the ((division of banking)) director's
37 designee shall examine the condition of any organization with which the
38 Washington land bank contemplates making a loan or discounting paper.

1 For the purposes of this chapter, bank analysts shall be subject to the
2 same requirements, responsibilities, and penalties as are applicable to
3 examiners under Title 30 RCW, the Federal Reserve Act, and Federal
4 Deposit Insurance Act, and other provisions of law and shall have the
5 same powers and privileges as are vested in such examiners by law.

6 (2) The Washington land bank shall make and publish an annual
7 report of condition. Each such report shall contain financial
8 statements prepared in accordance with generally accepted accounting
9 principles and contain such additional information as may be required
10 by the board of directors. Such financial statements shall be audited
11 by an independent certified public accountant.

12 **Sec. 50.** RCW 31.30.180 and 1987 c 420 s 8 are each amended to read
13 as follows:

14 The (~~supervisor~~) director of financial institutions shall collect
15 from the Washington land bank for application and investigations and
16 for each examination of its condition a fee as set by (~~applicable~~
17 ~~regulation of the division of banking~~) rule.

18 **Sec. 51.** RCW 31.30.190 and 1987 c 420 s 9 are each amended to read
19 as follows:

20 (1) All examination reports and all information obtained by the
21 (~~supervisor~~) director of financial institutions and the
22 (~~supervisor's~~) director's staff in conducting examinations of the
23 Washington land bank is confidential and privileged information and
24 shall not be made public or otherwise disclosed to any person, firm,
25 corporation, agency, association, governmental body, or other entity.

26 (2) Subsection (1) of this section notwithstanding, the
27 (~~supervisor~~) director may furnish all or any part of examination
28 reports prepared by the (~~supervisor's~~) director's office to:

29 (a) Officials empowered to investigate criminal charges subject to
30 legal process, valid search warrant, or subpoena. If the
31 (~~supervisor~~) director furnishes any examination report to officials
32 empowered to investigate criminal charges, the (~~supervisor~~) director
33 may only furnish that part of the report which is necessary and
34 pertinent to the investigation, and the (~~supervisor~~) director may do
35 this only after notifying the Washington land bank and any customer of
36 the Washington land bank who is named in that part of the examination
37 or report ordered to be furnished unless the officials requesting the

1 report first obtain a waiver of the notice requirement from a court of
2 competent jurisdiction for good cause;

3 (b) The Washington land bank;

4 (c) The attorney general in his or her role as legal advisor to the
5 (~~supervisor~~) director;

6 (d) A person or organization officially connected with the
7 Washington land bank as officer, director, attorney, auditor, or
8 independent attorney or independent auditor.

9 (3) All examination reports furnished under subsections (2) and (4)
10 of this section shall remain the property of the (~~division of~~
11 ~~banking~~) department of financial institutions, and be confidential and
12 no person, agency, or authority to whom reports are furnished or any
13 officer, director, or employee thereof shall disclose or make public
14 any of the reports or any information contained therein except in
15 published statistical material that does not disclose the affairs of
16 any individual or corporation: PROVIDED, That nothing herein shall
17 prevent the use in a criminal prosecution of reports furnished under
18 subsection (2) of this section.

19 (4) The examination report made by the (~~division of banking~~)
20 department of financial institutions is designed for use in the
21 supervision of the Washington land bank. The report shall remain the
22 property of the (~~supervisor~~) director and will be furnished to the
23 Washington land bank for its confidential use. Under no circumstances
24 shall the Washington land bank, or any of its directors, officers, or
25 employees disclose or make public in any manner the report or any
26 portion thereof, to any person or organization not connected with the
27 Washington land bank as officer, director, employee, attorney, auditor,
28 or candidate for executive office with the bank.

29 (5) Examination reports and information obtained by the
30 (~~supervisor~~) director and the (~~supervisor's~~) director's staff in
31 conducting examinations shall not be subject to public disclosure under
32 chapter 42.17 RCW.

33 (6) In any civil action in which the reports are sought to be
34 discovered or used as evidence, any party may, upon notice to the
35 (~~supervisor~~) director, petition the court for an in camera review of
36 the report. The court may permit discovery and introduction of only
37 those portions of the report which are relevant and otherwise
38 unobtainable by the requesting party. This subsection shall not apply
39 to an action brought or defended by the (~~supervisor~~) director.

1 (7) This section shall not apply to investigation reports prepared
2 by the ((~~supervisor~~)) director and the ((~~supervisor's~~)) director's
3 staff concerning an application for establishment of the Washington
4 land bank: PROVIDED, That the ((~~supervisor~~)) director may adopt rules
5 making confidential portions of the reports if in the ((~~supervisor's~~))
6 director's opinion the public disclosure of the portions of the report
7 would impair the ability to obtain the information which the
8 ((~~supervisor~~)) director considers necessary to fully evaluate the
9 application.

10 (8) Every person who violates any provision of this section shall
11 be guilty of a gross misdemeanor.

12 **Sec. 52.** RCW 31.35.010 and 1990 c 134 s 1 are each amended to read
13 as follows:

14 The legislature finds and declares that nondepository agricultural
15 lenders can enhance their access to working capital for the purpose of
16 financing agricultural borrowers by using the United States farmers
17 home administration loan guaranty program. The farmers home
18 administration loan guaranty program provides financing to agricultural
19 borrowers needing working capital and longer term financing for the
20 purchase of real estate, agricultural production expenses, debt
21 refinancing, equipment, and the purchase of other fixed assets. Loans
22 can be made to agricultural borrowers by nondepository lenders and
23 guaranteed by the farmers home administration only if the state
24 provides an ongoing opportunity for examination of such entities to
25 confirm good lending practices and solvency.

26 It is the intent of the legislature to empower the ((~~supervisor of~~
27 ~~banking~~)) director of financial institutions to examine nondepository
28 agricultural lenders for the purpose of allowing such lenders to
29 qualify for participation in the farmers home administration loan
30 guaranty program.

31 **Sec. 53.** RCW 31.35.020 and 1990 c 134 s 2 are each amended to read
32 as follows:

33 Unless the context clearly requires otherwise, the definitions in
34 this section apply throughout this chapter.

35 (1) "Agricultural lender" means a Washington corporation
36 incorporated under Title 23B or 24 RCW and qualified as such under this

1 chapter and the jurisdiction of the federal government agency
2 sponsoring the loan guaranty program.

3 (2) (~~"Supervisor" means the state supervisor of banking~~)
4 "Director" means the director of financial institutions.

5 (3) "Loan guaranty program" means the farmers home administration
6 loan guaranty program, or any other government program for which the
7 agricultural lender is eligible and which has as its function the
8 provision, facilitation, or financing of agricultural business
9 operations.

10 **Sec. 54.** RCW 31.35.070 and 1990 c 134 s 7 are each amended to read
11 as follows:

12 (1) The (~~supervisor, the deputy supervisor, or a bank examiner~~)
13 director or the director's designee shall visit each agricultural
14 lender at least every twenty-four months for the purpose of assuring
15 that the agricultural lender remains in compliance with and qualified
16 for the loan guaranty program.

17 (a) The (~~supervisor~~) director or the director's designee may
18 accept timely audited financial statements and other timely reports the
19 (~~supervisor~~) director or the director's designee determines to be
20 relevant and accurate as part of a full and complete examination of the
21 agricultural lender. The (~~supervisor~~) director or the director's
22 designee shall make an independent review of loans guaranteed by the
23 loan guaranty program.

24 (b) The agricultural lender shall be exempt from examination under
25 this subsection if it terminates its activities under the loan guaranty
26 program and no loans guaranteed by the loan guaranty program remain on
27 the books. This exemption becomes effective upon notification to the
28 (~~supervisor~~) director or the director's designee. The (~~supervisor~~)
29 director or the director's designee shall confirm termination of
30 activities under the loan guaranty program with the appropriate federal
31 agency.

32 (c) All examination reports and all information obtained by the
33 (~~supervisor~~) director and the (~~supervisor's~~) director's staff in
34 conducting examinations of an agricultural lender are confidential to
35 the same extent bank examinations are confidential under RCW 30.04.075.

36 (d) All examination reports may be shared with other state or
37 federal agencies consistent with chapter 30.04 RCW.

1 (2) A director, officer, or employee of an agricultural lender or
2 of a subsidiary of an agricultural lender being examined by the
3 (~~supervisor~~) director or the director's designee or a person having
4 custody of any of the books, accounts, or records of the agricultural
5 lender or of the subsidiary shall facilitate the examination so far as
6 it is in his or her power to do so.

7 (3) If in the (~~supervisor's~~) opinion of the director or the
8 director's designee it is necessary in the examination of an
9 agricultural lender or of a subsidiary of an agricultural lender, the
10 (~~supervisor~~) director or the director's designee may retain any
11 certified public accountant, attorney, appraiser, or other person to
12 assist the (~~supervisor~~) director or the director's designee. The
13 agricultural lender being examined shall pay the fees of a person
14 retained by the (~~supervisor~~) director or the director's designee
15 under this subsection.

16 **Sec. 55.** RCW 31.40.010 and 1989 c 212 s 1 are each amended to read
17 as follows:

18 The legislature finds and declares that small and moderate-size
19 companies can enhance their access to working capital and to capital
20 for acquiring and equipping commercial and industrial facilities by
21 using the United States small business administration national small
22 business loan program known as the 7(a) loan guaranty program. The
23 7(a) loan guaranty program provides financing to small firms needing
24 working capital and longer term financing for equipment and other fixed
25 assets. Such loans can be made to small businesses by nondepository
26 lenders and guaranteed by the small business administration only if the
27 state provides for the on-going regulation and examination of such
28 entities.

29 It is the intent of the legislature that the (~~supervisor of~~
30 ~~banking license~~) director of financial institutions, regulate, and
31 subject to on-going examination, nondepository lenders for the purpose
32 of allowing such lenders to participate in the small business
33 administration's 7(a) loan guaranty program.

34 **Sec. 56.** RCW 31.40.020 and 1989 c 212 s 2 are each amended to read
35 as follows:

36 Unless the context clearly requires otherwise, the definitions in
37 this section apply throughout this chapter.

1 (1) "Licensee" means a Washington corporation licensed under the
2 terms of this chapter.

3 (2) (~~("Supervisor" means the state supervisor of banking))~~
4 "Director" means the director of financial institutions.

5 **Sec. 57.** RCW 31.45.010 and 1993 c 143 s 1 are each amended to read
6 as follows:

7 Unless the context clearly requires otherwise, the definitions in
8 this section apply throughout this chapter.

9 (1) "Check casher" means an individual, partnership, unincorporated
10 association, or corporation that, for compensation, engages, in whole
11 or in part, in the business of cashing checks, drafts, money orders, or
12 other commercial paper serving the same purpose.

13 (2) "Check seller" means an individual, partnership, unincorporated
14 association, or corporation that, for compensation, engages, in whole
15 or in part, in the business of or selling checks, drafts, money orders,
16 or other commercial paper serving the same purpose.

17 (3) "Licensee" means a check casher or seller licensed by the
18 supervisor to engage in business in accordance with this chapter. For
19 purposes of the enforcement powers of this chapter, including the power
20 to issue cease and desist orders under RCW 31.45.110, "licensee" also
21 means a check casher or seller who fails to obtain the license required
22 by this chapter.

23 (4) (~~("Supervisor" means the supervisor of banking))~~ "Director"
24 means the director of financial institutions.

25 **Sec. 58.** RCW 32.04.020 and 1985 c 56 s 1 are each amended to read
26 as follows:

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

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

34 The use of the term (~~("supervisor"))~~ "director" in this title
35 refers to the (~~(supervisor of banking))~~ director of financial
36 institutions.

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

5 **Sec. 59.** RCW 32.04.080 and 1955 c 80 s 2 are each amended to read
6 as follows:

7 A mutual savings bank may provide for pensions for its disabled or
8 superannuated employees and may pay a part or all of the cost of
9 providing such pensions in accordance with a plan adopted by its board
10 of trustees and approved in writing by the (~~(supervisor of banking)~~)
11 director. Whenever the trustees of the bank shall have formulated and
12 adopted a plan providing for such pensions it shall, within ten days
13 thereafter, transmit the same to the (~~(supervisor of banking)~~)
14 director. The (~~(supervisor of banking)~~) director shall thereupon
15 examine such plan and investigate the feasibility and practicability
16 thereof and within thirty days of the receipt thereof by him or her
17 notify the bank in writing of his or her approval or rejection of the
18 same. After the approval of the (~~(supervisor)~~) director the mutual
19 savings bank shall be authorized and empowered to put such plan into
20 effect. The board of trustees of a savings bank may set aside from
21 current earnings reserves in such amounts as the board shall deem wise
22 to provide for the payment of future pensions.

23 **Sec. 60.** RCW 32.04.085 and 1971 ex.s. c 222 s 1 are each amended
24 to read as follows:

25 Any pension payment or retirement benefits payable by a mutual
26 savings bank to a former officer or employee, or to a person or persons
27 entitled thereto by virtue of service performed by such officer or
28 employee, in the discretion of a majority of all the trustees of such
29 bank, may be supplemented from time to time. Whenever the trustees of
30 the bank shall have formulated and adopted a plan providing for such
31 supplemental payments, within ten days thereafter (~~(said)~~) the trustees
32 shall transmit the same to the (~~(supervisor of banking)~~) director. The
33 (~~(supervisor of banking)~~) director shall thereupon examine such plan
34 and investigate the feasibility and practicability thereof and, within
35 thirty days of the receipt thereof by him or her, notify the bank in
36 writing of his or her approval or rejection of the same. After the
37 approval of the (~~(supervisor)~~) director the mutual savings bank shall

1 be authorized and empowered to put such plan into effect. The board of
2 trustees of a savings bank may set aside from current earnings,
3 reserves in such amounts as the board shall deem appropriate to provide
4 for the payments of future supplemental payments.

5 **Sec. 61.** RCW 32.04.110 and 1955 c 13 s 32.04.110 are each amended
6 to read as follows:

7 Every trustee, officer, employee, or agent of any savings bank who
8 for the purpose of concealing any fact suppresses any evidence against
9 himself or herself, or against any other person, or who abstracts,
10 removes, mutilates, destroys, or secretes any paper, book, or record of
11 any savings bank, or of the (~~supervisor of banking~~) director, or
12 anyone connected with his or her office shall be guilty of a felony.

13 **Sec. 62.** RCW 32.04.211 and 1989 c 180 s 4 are each amended to read
14 as follows:

15 (1) The (~~supervisor, the deputy supervisor, or a bank examiner~~)
16 director or the director's designee shall visit each savings bank at
17 least once every eighteen months, and oftener if necessary, for the
18 purpose of making a full investigation into the condition of such
19 corporation, and for that purpose they are hereby empowered to
20 administer oaths and to examine under oath any director, officer,
21 employee, or agent of such corporation. The (~~supervisor~~) director
22 may make such other full or partial examinations as deemed necessary
23 and may examine any holding company that owns any portion of a savings
24 bank chartered by the state of Washington and obtain reports of
25 condition for any holding company that owns any portion of a savings
26 bank chartered by the state of Washington. The (~~supervisor~~) director
27 may visit and examine into the affairs of any nonpublicly held
28 corporation in which the savings bank or holding company has an
29 investment or any publicly held corporation the capital stock of which
30 is controlled by the savings bank or holding company; may appraise and
31 revalue such corporations' investments and securities; and shall have
32 full access to all the books, records, papers, securities,
33 correspondence, bank accounts, and other papers of such corporations
34 for such purposes. The (~~supervisor~~) director may, in his or her
35 discretion, accept in lieu of the examinations required in this section
36 the examinations conducted at the direction of the federal reserve

1 board or the Federal Deposit Insurance Corporation. Any willful false
2 swearing in any examination is perjury in the second degree.

3 (2) The ((~~supervisor~~)) director may enter into cooperative and
4 reciprocal agreements with the bank regulatory authorities of the
5 United States, any state, the District of Columbia, or any trust
6 territory of the United States for the periodic examination of domestic
7 savings banks or holding companies owning banking institutions in other
8 states, the District of Columbia, or trust territories, and
9 subsidiaries of such domestic savings banks and holding companies, or
10 of out-of-state holding companies owning a savings bank the principal
11 operations of which are conducted in this state. The ((~~supervisor~~))
12 director may accept reports of examination and other records from such
13 authorities in lieu of conducting his or her own examinations. The
14 ((~~supervisor~~)) director may enter into joint actions with other
15 regulatory bodies having concurrent jurisdiction or may enter into such
16 actions independently to carry out his or her responsibilities under
17 this title and assure compliance with the laws of this state.

18 **Sec. 63.** RCW 32.04.220 and 1989 c 180 s 5 are each amended to read
19 as follows:

20 (1) All examination reports and all information obtained by the
21 ((~~supervisor~~)) director and the ((~~supervisor's~~)) director's staff in
22 conducting examinations of mutual savings banks, and information
23 obtained by the ((~~supervisor~~)) director and the ((~~supervisor's~~))
24 director's staff from other state or federal bank regulatory
25 authorities with whom the ((~~supervisor~~)) director has entered into
26 agreements pursuant to RCW 32.04.211, and information obtained by the
27 ((~~supervisor~~)) director and the ((~~supervisor's~~)) director's staff
28 relating to examination and supervision of holding companies owning a
29 savings bank in this state or subsidiaries of such holding companies,
30 is confidential and privileged information and shall not be made public
31 or otherwise disclosed to any person, firm, corporation, agency,
32 association, governmental body, or other entity.

33 (2) Subsection (1) of this section notwithstanding, the
34 ((~~supervisor~~)) director may furnish all or any part of examination
35 reports prepared by the ((~~supervisor's~~)) director's office to:

- 36 (a) Federal agencies empowered to examine mutual savings banks;
37 (b) Bank regulatory authorities with whom the ((~~supervisor~~))
38 director has entered into agreements pursuant to RCW 32.04.211, and

1 other bank regulatory authorities who are the primary regulatory
2 authority or insurer of accounts for a holding company owning a savings
3 bank the principal operations of which are conducted in this state or
4 a subsidiary of such holding company; provided that the ((supervisor))
5 director shall first find that the reports of examination to be
6 furnished shall receive protection from disclosure comparable to that
7 accorded by this section;

8 (c) Officials empowered to investigate criminal charges subject to
9 legal process, valid search warrant, or subpoena. If the
10 ((supervisor)) director furnishes any examination report to officials
11 empowered to investigate criminal charges, the ((supervisor)) director
12 may only furnish that part of the report which is necessary and
13 pertinent to the investigation, and the ((supervisor)) director may do
14 this only after notifying the affected mutual savings bank and any
15 customer of the mutual savings bank who is named in that part of the
16 report of the order to furnish the part of the examination report
17 unless the officials requesting the report first obtain a waiver of the
18 notice requirement from a court of competent jurisdiction for good
19 cause;

20 (d) The examined savings bank or holding company thereof;

21 (e) The attorney general in his or her role as legal advisor to the
22 ((supervisor)) director;

23 (f) Liquidating agents of a distressed savings bank;

24 (g) A person or organization officially connected with the savings
25 bank as officer, director, attorney, auditor, or independent attorney
26 or independent auditor;

27 (h) The Washington public deposit protection commission as provided
28 by RCW 39.58.105.

29 (3) All examination reports furnished under subsections (2) and (4)
30 of this section shall remain the property of the ((~~division of~~
31 ~~banking~~)) department of financial institutions, and be confidential,
32 and no person, agency, or authority to whom reports are furnished or
33 any officer, director, or employee thereof shall disclose or make
34 public any of the reports or any information contained therein except
35 in published statistical material that does not disclose the affairs of
36 any individual or corporation: PROVIDED, That nothing herein shall
37 prevent the use in a criminal prosecution of reports furnished under
38 subsection (2) of this section.

1 (4) The examination report made by the (~~(division of banking)~~)
2 department of financial institutions is designed for use in the
3 supervision of the mutual savings bank, and the (~~(supervisor)~~) director
4 may furnish a copy of the report to the mutual savings bank examined.
5 The report shall remain the property of the (~~(supervisor)~~) director and
6 will be furnished to the mutual savings bank solely for its
7 confidential use. Under no circumstances shall the mutual savings bank
8 or any of its trustees, officers, or employees disclose or make public
9 in any manner the report or any portion thereof, to any person or
10 organization not connected with the savings bank as officer, director,
11 employee, attorney, auditor, or candidate for executive office with the
12 bank. The savings bank may also, after execution of an agreement not
13 to disclose information in the report, disclose the report or relevant
14 portions thereof to a party proposing to acquire or merge with the
15 savings bank.

16 (5) Examination reports and information obtained by the
17 (~~(supervisor)~~) director and the (~~(supervisor's)~~) director's staff in
18 conducting examinations, or from other state and federal bank
19 regulatory authorities with whom the (~~(supervisor)~~) director has
20 entered into agreements pursuant to RCW 32.04.211, or relating to
21 examination and supervision of holding companies owning a savings bank
22 the principal operations of which are conducted in this state or a
23 subsidiary of such holding company, shall not be subject to public
24 disclosure under chapter 42.17 RCW.

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

32 (7) This section shall not apply to investigation reports prepared
33 by the (~~(supervisor)~~) director and the (~~(supervisor's)~~) director's
34 staff concerning an application for a new mutual savings bank or an
35 application for a branch of a mutual savings bank: PROVIDED, That the
36 (~~(supervisor)~~) director may adopt rules making confidential portions of
37 the reports if in the (~~(supervisor's)~~) director's opinion the public
38 disclosure of the portions of the report would impair the ability to

1 obtain the information which the ((~~supervisor~~)) director considers
2 necessary to fully evaluate the application.

3 (8) Every person who violates any provision of this section shall
4 forfeit the person's office or employment and be guilty of a gross
5 misdemeanor.

6 **Sec. 64.** RCW 32.08.210 and 1975 1st ex.s. c 265 s 1 are each
7 amended to read as follows:

8 A mutual savings bank shall have the power to act as trustee under:

9 (1) A trust established by an inter vivos trust agreement or under
10 the will of a deceased person.

11 (2) A trust established in connection with any collective
12 bargaining agreement or labor negotiation wherein the beneficiaries of
13 the trust include the employees concerned under the agreement or
14 negotiation, or a trust established in connection with any pension,
15 profit sharing, or retirement benefit plan of any corporation,
16 partnership, association, or individual, including but not limited to
17 retirement plans established pursuant to the provisions of the act of
18 congress entitled "Self-Employed Individuals Tax Retirement Act of
19 1962", as now constituted or hereafter amended, or plans established
20 pursuant to the provisions of the act of congress entitled "Employee
21 Retirement Income Security Act of 1974", as now constituted or
22 hereafter amended.

23 A mutual savings bank may be appointed to and accept the
24 appointment of personal representative of the last will and testament,
25 or administrator with will annexed, of the estate of any deceased
26 person and to be appointed and to act as guardian of the estate of
27 minors and incompetent and disabled persons.

28 The restrictions, limitations and requirements in Title 30 RCW
29 shall apply to a mutual savings bank exercising the powers granted
30 under this section insofar as the restrictions, limitations, and
31 requirements relate to exercising the powers granted under this
32 section. The incidental trust powers to act as agent in the management
33 of trust property and the transaction of trust business in Title 30 RCW
34 shall apply to a mutual savings bank exercising the powers granted
35 under this section insofar as the incidental powers relate to
36 exercising the powers granted under this section.

37 Before engaging in trust business, a mutual savings bank shall
38 apply to the ((~~supervisor of banking~~)) director on such form as he or

1 she shall determine and pay the same fee as required for a state bank
2 to engage in trust business. In considering such application the
3 (~~supervisor~~) director shall ascertain from the best source of
4 information at his or her command and by such investigation as he or
5 she may deem necessary whether the management and personnel of the
6 mutual savings bank are such as to command confidence and warrant
7 belief that the trust business will be adequately and efficiently
8 conducted in accordance with law, whether the resources in the
9 neighborhood of such place and in the surrounding country afford a
10 reasonable promise of adequate support for the proposed trust business
11 and whether the resources of the mutual savings bank are sufficient to
12 support the conduct of such trust business, and that the mutual savings
13 bank has and maintains, in addition to its guaranty fund, undivided
14 profits against which the depositors have no prior claim in an amount
15 not less than would be required of a state bank or trust company, which
16 undivided profits shall be eligible for investment in the same manner
17 as the guaranty fund of a mutual savings bank. Within sixty days after
18 receipt of such application, the (~~supervisor~~) director shall either
19 approve or refuse the same and forthwith return to the mutual savings
20 bank a copy of the application upon which his or her decision has been
21 endorsed. The (~~supervisor~~) director shall not be required to approve
22 or refuse an application until thirty days after any appropriate
23 approval has been obtained from a federal regulatory agency. The
24 applicant shall have the right to appeal from an unfavorable
25 determination in accordance with the procedures of the administrative
26 procedure act, chapter 34.05 RCW, as now or hereafter amended. A
27 mutual savings bank shall not use the word "trust" in its name, but may
28 use the word "trust" in its business or advertising.

29 **Sec. 65.** RCW 32.08.230 and 1981 c 86 s 13 are each amended to read
30 as follows:

31 Any mutual savings bank engaging in any activity contemplated in
32 RCW 32.08.225, whereby it holds or purchases subordinated securities,
33 issues letters of credit to secure a portion of any sale or issue of
34 loans sold or exchanged, or in any manner acts as a partial guarantor
35 or insurer or repurchaser of any loans sold or exchanged, shall do so
36 only in accordance with such reasonable restrictions and requirements
37 as the (~~supervisor of banking~~) director shall require and shall
38 report and carry such transactions on its books and records in such

1 manner as the ((~~supervisor~~)) director shall require. In establishing
2 any requirements and restrictions hereunder, the ((~~supervisor~~))
3 director shall consider the effect the transaction and the reporting
4 thereof will have on the safety and soundness of the mutual savings
5 bank engaging in it.

6 **Sec. 66.** RCW 32.12.050 and 1985 c 56 s 7 are each amended to read
7 as follows:

8 (1) No savings bank shall by any system of accounting, or any
9 device of bookkeeping, directly or indirectly, enter any of its assets
10 upon its books in the name of any other individual, partnership,
11 unincorporated association, or corporation, or under any title or
12 designation that is not in accordance with the actual facts.

13 (2) The bonds, notes, mortgages, or other interest bearing
14 obligations purchased or acquired by a savings bank, shall not be
15 entered on its books at more than the actual cost thereof, and shall
16 not thereafter be carried upon its books for a longer period than until
17 the next declaration of dividends, or in any event for more than one
18 year, at a valuation exceeding their present cost as determined by
19 amortization, that is, by deducting from the cost of any such security
20 purchased for a sum in excess of the amount payable thereon at maturity
21 and charging to "profit and loss" a sufficient sum to bring it to par
22 at maturity, or adding to the cost of any such security purchased at
23 less than the amount payable thereon at maturity and crediting to
24 "profit and loss" a sufficient sum to bring it to par at maturity.

25 (3) No such bank shall enter, or at any time carry on its books,
26 the real estate and the building or buildings thereon used by it as its
27 place of business at a valuation exceeding their actual cost to the
28 bank.

29 (4) Every such bank shall conform its methods of keeping its books
30 and records to such orders in respect thereof as shall have been made
31 and promulgated by the ((~~supervisor~~)) director. Any officer, agent, or
32 employee of any savings bank who refuses or neglects to obey any such
33 order shall be punished as hereinafter provided.

34 (5) Real estate acquired by a savings bank, other than that
35 acquired for use as a place of business, may be entered on the books of
36 the bank at the actual cost thereof but shall not be carried beyond the
37 current dividend period at an amount in excess of the amount of the

1 debt in protection of which such real estate was acquired, plus the
2 cost of any improvements thereto.

3 An appraisal shall be made by a qualified person of every such
4 parcel of real estate within six months from the date of conveyance.
5 If the value at which such real estate is carried on the books is in
6 excess of the value found on appraisal the book value shall, at the end
7 of the dividend period during which such appraisal was made, be reduced
8 to an amount not in excess of such appraised value.

9 (6) No such bank shall enter or carry on its books any asset which
10 has been disallowed by the (~~supervisor~~) director or the trustees of
11 such bank, or any debt owing to it which has remained due without
12 prosecution and upon which no interest has been paid for more than one
13 year, or on which a judgment has been recovered which has remained
14 unsatisfied for more than two years, unless the (~~supervisor~~) director
15 upon application by such savings bank has fixed a valuation at which
16 such debt may be carried as an asset, or unless such debt is secured by
17 first mortgage upon real estate, in which latter case it may be carried
18 at the actual cash value of such real estate as determined by written
19 appraisal signed by two or more persons appointed by the board of
20 trustees and filed with it.

21 (7) Notwithstanding the prohibitions of this section, a savings
22 bank may maintain its books and records and may enter and carry on its
23 books any asset or liability at any valuation in accordance with any
24 accounting rules promulgated or adopted by the federal deposit
25 insurance corporation or the financial accounting standards board or
26 the (~~supervisor of banking~~) director.

27 **Sec. 67.** RCW 32.16.140 and 1989 c 180 s 9 are each amended to read
28 as follows:

29 If the directors of any bank shall knowingly violate, or knowingly
30 permit any of the officers, agents, or servants of the bank to violate
31 any of the provisions of this title or any lawful regulation or
32 directive of the (~~supervisor of banking~~) director, and if the
33 directors are aware that such facts and circumstances constitute such
34 violations, then each director who participated in or assented to the
35 violation is personally and individually liable for all damages which
36 the state or any insurer of the deposits sustains due to the violation.

1 **Sec. 68.** RCW 32.24.020 and 1981 c 302 s 29 are each amended to
2 read as follows:

3 When the trustees, acting under the provisions of RCW 32.24.010,
4 have paid the sums due respectively to all creditors and depositors,
5 who, after such notice as the (~~supervisor of banking~~) director shall
6 prescribe, claim the money due and their deposits, the trustees shall
7 make a transcript or statement from the books in the bank of the names
8 of all depositors and creditors who have not claimed or have not
9 received the balance of the credit due them, and of the sums due them,
10 respectively, and shall file such transcript with the (~~supervisor~~)
11 director and pay over and transfer all such unclaimed and unpaid
12 deposits, credits, and moneys to the (~~supervisor~~) director. The
13 trustees shall then report their proceedings, duly verified, to the
14 superior court of the county wherein the bank is located, and upon such
15 report and the petition of the trustees, and after notice to the
16 attorney general and the (~~supervisor~~) director, and such other notice
17 as the court may deem necessary, the court shall adjudge the franchise
18 surrendered and the existence of the corporation terminated. Certified
19 copies of the judgment shall be filed in the offices of the secretary
20 of state and the (~~supervisor of banking~~) director and shall be
21 recorded in the office of the secretary of state.

22 **Sec. 69.** RCW 32.24.090 and 1973 1st ex.s. c 54 s 3 are each
23 amended to read as follows:

24 The federal deposit insurance corporation is hereby authorized and
25 empowered to be and act without bond as receiver or liquidator of any
26 mutual savings bank the deposits in which are to any extent insured by
27 that corporation and which shall have been closed on account of
28 inability to meet the demands of its depositors. In the event of such
29 closing, the (~~supervisor of banking~~) director may appoint the federal
30 deposit insurance corporation as receiver or liquidator of such mutual
31 savings bank. If the corporation accepts such appointment, it shall
32 have and possess all the powers and privileges provided by the laws of
33 this state with respect to a liquidator of a mutual savings bank, its
34 depositors and other creditors, and be subject to all the duties of
35 such liquidator, except insofar as such powers, privileges, or duties
36 are in conflict with the provisions of the federal deposit insurance
37 act, as now or hereafter amended.

1 **Sec. 70.** RCW 32.24.100 and 1973 1st ex.s. c 54 s 4 are each
2 amended to read as follows:

3 The pendency of any proceedings for judicial review of the
4 (~~supervisor's~~) director's actions in taking possession and control of
5 a mutual savings bank and its assets for the purpose of liquidation
6 shall not operate to defer, delay, impede, or prevent the payment or
7 acquisition by the federal deposit insurance corporation of the deposit
8 liabilities of the mutual savings bank which are insured by the
9 corporation. During the pendency of any proceedings for judicial
10 review, the (~~supervisor of banking~~) director shall make available to
11 the federal deposit insurance corporation such facilities in or of the
12 mutual savings bank and such books, records, and other relevant data of
13 the mutual savings bank as may be necessary or appropriate to enable
14 the corporation to pay out or to acquire the insured deposit
15 liabilities of the mutual savings bank. The federal deposit insurance
16 corporation and its directors, officers, agents, and employees, the
17 (~~supervisor of banking~~) director, and his or her agents and employees
18 shall be free from liability to the mutual savings bank, its directors,
19 stockholders, and creditors for or on account of any action taken in
20 connection herewith.

21 **Sec. 71.** RCW 32.32.025 and 1985 c 56 s 16 are each amended to read
22 as follows:

23 As used in this chapter, the following definitions apply, unless
24 the context otherwise requires:

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

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

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

36 (4) The term "associate", when used to indicate a relationship with
37 any person, means (a) any corporation or organization (other than the
38 applicant or a majority-owned subsidiary of the applicant) of which the

1 person is an officer or partner or is, directly or indirectly, the
2 beneficial owner of ten percent or more of any class of equity
3 securities, (b) any trust or other estate in which the person has a
4 substantial beneficial interest or as to which the person serves as
5 trustee or in a similar fiduciary capacity, and (c) any relative who
6 would be a "class A beneficiary" (~~under RCW 83.08.005~~) if the person
7 were a decedent.

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

10 (6) The term "capital stock" includes permanent stock, guaranty
11 stock, permanent reserve stock, any similar certificate evidencing
12 nonwithdrawable capital, or preferred stock, of a savings bank
13 converted under this chapter or of a subsidiary institution or holding
14 company.

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

19 (8) Except as provided in RCW 32.32.230, the term "control"
20 (including the terms "controlling", "controlled by", and "under common
21 control with") means the possession, direct or indirect, of the power
22 to direct or cause the direction of the management and policies of a
23 person, whether through the ownership of voting securities, by
24 contract, or otherwise.

25 (9) The term "dealer" means any person who engages either for all
26 or part of his or her time, directly or indirectly, as agent, broker,
27 or principal, in the business of offering, buying, selling, or
28 otherwise dealing or trading in securities issued by another person.

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

33 (11) The term "eligibility record date" means the record date for
34 determining eligible account holders of a converting mutual savings
35 bank.

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

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

1 (14) The term "equity security" means any stock or similar
2 security; or any security convertible, with or without consideration,
3 into such a security, or carrying any warrant or right to subscribe to
4 or purchase such a security; or any such warrant or right.

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

12 (16) The term "material", when used to qualify a requirement for
13 the furnishing of information as to any subject, limits the information
14 required to those matters as to which an average prudent investor ought
15 reasonably to be informed before purchasing an equity security of the
16 applicant.

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

19 (18) Except as provided in RCW 32.32.435, the term "offer", "offer
20 to sell", or "offer of sale" shall include every attempt or offer to
21 dispose of, or solicitation of an offer to buy, a security or interest
22 in a security, for value. These terms shall not include preliminary
23 negotiations or agreements between an applicant and any underwriter or
24 among underwriters who are or are to be in privity of contract with an
25 applicant.

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

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

36 (21) The term "proxy" includes every form of authorization by which
37 a person is or may be deemed to be designated to act for a stockholder
38 in the exercise of his or her voting rights in the affairs of an

1 institution. Such an authorization may take the form of failure to
2 dissent or object.

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

6 (23) The terms "sale" and "sell" include every contract to sell or
7 otherwise dispose of a security or interest in a security for value;
8 but these terms do not include an exchange of securities in connection
9 with a merger or acquisition approved by the (~~supervisor~~) director of
10 financial institutions.

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

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

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

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

30 (~~(28) (The term "supervisor" means the supervisor of banking.~~

31 ~~(29))~~) The term "supplemental eligibility record date" means the
32 supplemental record date for determining supplemental eligible account
33 holders of a converting savings bank required by RCW 32.32.055. The
34 date shall be the last day of the calendar quarter preceding
35 (~~supervisor~~) director approval of the application for conversion.

36 (~~(30)~~) (29) The term "supplemental eligible account holder" means
37 any person holding a qualifying deposit, except officers, directors,
38 and their associates, as of the supplemental eligibility record date.

1 (~~(31)~~) (30) The term "underwriter" means any person who has
2 purchased from an applicant with a view to, or offers or sells for an
3 applicant in connection with, the distribution of any security, or
4 participates or has a direct or indirect participation in the direct or
5 indirect underwriting of any such undertaking; but the term does not
6 include a person whose interest is limited to a commission from an
7 underwriter or dealer not in excess of the usual and customary
8 distributors' or sellers commission. The term "principal underwriter"
9 means an underwriter in privity of contract with the applicant or other
10 issuer of securities as to which that person is the underwriter.

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

15 **Sec. 72.** RCW 32.32.415 and 1981 c 85 s 82 are each amended to read
16 as follows:

17 The date on which any documents are actually received by the office
18 of the (~~(supervisor of banking)~~) director shall be the date of filing
19 thereof.

20 **Sec. 73.** RCW 32.32.425 and 1981 c 85 s 84 are each amended to read
21 as follows:

22 From the (~~(supervisor's)~~) director's refusal to approve an
23 application for conversion, the applicant may, within thirty days from
24 the date of the mailing by the (~~(supervisor)~~) director of notice of
25 refusal to approve, appeal to a board of appeal composed of the
26 governor or the governor's designee, the attorney general, and the
27 (~~(supervisor of banking)~~) director by filing in the office of the
28 (~~(supervisor)~~) director a notice that it appeals to this board from the
29 (~~(supervisor's)~~) director's refusal. The procedure upon the appeal
30 shall be such as the board may prescribe, and its determination shall
31 be certified, filed, and recorded in the same manner as the
32 (~~(supervisor's)~~) director's, and shall be final.

33 **Sec. 74.** RCW 32.32.450 and 1981 c 85 s 89 are each amended to read
34 as follows:

35 No person for a period of three years following the date of the
36 conversion may directly or indirectly offer to acquire or acquire the

1 beneficial ownership of more than ten percent of any class of an equity
2 security of any savings bank converted in accordance with this chapter
3 without the prior written approval of the ((~~supervisor of banking~~))
4 director.

5 **Sec. 75.** RCW 32.32.485 and 1981 c 85 s 96 are each amended to read
6 as follows:

7 (1) An application for conversion under this chapter shall include
8 amendments to the charter of the converting savings bank. The charter
9 of the converted savings bank, as amended, shall be known after the
10 conversion as the articles of incorporation of the converted savings
11 bank. The articles of incorporation may limit or permit the preemptive
12 rights of a shareholder to acquire unissued shares of the converted
13 savings bank and may thereafter by amendment limit, deny, or grant to
14 shareholders of any class of stock the preemptive right to acquire
15 additional shares of the converted savings bank whether then or
16 thereafter authorized. The articles of incorporation shall contain
17 such other provisions not inconsistent with this chapter as the board
18 of directors of the converting savings bank shall determine and as
19 shall be approved by the ((~~supervisor~~)) director.

20 (2) When all of the stock of a converting savings bank has been
21 subscribed for in accordance with the plan and any amendments thereto,
22 the board of trustees shall thereupon issue the stock and shall cause
23 to be filed with the ((~~supervisor of banking~~)) director, in
24 quadruplicate, a certificate subscribed and acknowledged by the persons
25 who are to be directors of the converted savings bank, stating:

26 (a) That all of the stock of the converted mutual savings bank has
27 been issued;

28 (b) That the attached articles of incorporation have been executed
29 by all of the persons who are to be directors of the converted mutual
30 savings bank;

31 (c) The place where the bank is to be located and its business
32 transacted, naming the city or town and county, which city or town
33 shall be the same as that where the principal place of business of the
34 mutual savings bank has theretofore been located;

35 (d) The name, occupation, residence, and post office address of
36 each signer of the certificate;

1 (e) The amount of the assets of the mutual savings bank, the amount
2 of its liabilities, and the amount of its guaranty fund and nondivided
3 profits as of the first day of the current calendar month; and

4 (f) A declaration that each signer will accept the responsibilities
5 and faithfully discharge the duties of a director of the converted
6 savings bank and is free from all the disqualifications specified in
7 the laws applicable to converted mutual savings banks.

8 (3) Upon the filing of the certificate in quadruplicate, the
9 (~~supervisor of banking~~) director shall, within thirty days
10 thereafter, if satisfied that the corporation has complied with all the
11 provisions of this chapter, issue in quadruplicate an authorization
12 certificate stating that the corporation has complied with all the
13 requirements of law, and that it has authority to transact at the place
14 designated in its articles of incorporation the business of a converted
15 mutual savings bank. One of the (~~supervisor's~~) director's
16 quadruplicate certificates of authorization shall be attached to each
17 of the quadruplicate articles of incorporation, and one set of these
18 shall be filed and retained by the (~~supervisor of banking~~) director,
19 one set shall be filed in the office of the county auditor of the
20 county in which the bank is located, one set shall be filed in the
21 office of the secretary of state, and one set shall be transmitted to
22 the bank for its files. Upon the receipt from the corporation of the
23 same fees as are required for filing and recording other incorporation
24 certificates or articles the county auditor and secretary of state
25 shall record the same; whereupon the conversion of the mutual savings
26 bank shall be deemed complete, and the signers of the articles of
27 incorporation and their successors shall be a corporation having the
28 powers and being subject to the duties and obligations prescribed by
29 the laws of this state applicable to converted mutual savings banks,
30 and the time of existence of the corporation shall be perpetual, unless
31 terminated pursuant to law.

32 **Sec. 76.** RCW 32.32.500 and 1985 c 56 s 31 are each amended to read
33 as follows:

34 A mutual savings bank or bank converted under this chapter may
35 merge with, consolidate with, convert into, acquire the assets of, or
36 sell its assets to any other financial institution chartered under
37 Titles 30, 32, or 33 RCW or under the National Bank Act, as amended, or
38 the National Housing Act, as amended, or to a holding company thereof,

1 subject to (1) the approval of the (~~supervisor of banking~~) director
2 if the surviving institution is one chartered under Title 30 or 32 RCW,
3 or (2) approval of the (~~supervisor of savings and loans~~) director if
4 the surviving institution is one chartered under Title 33 RCW, or (3)
5 if the surviving institution is to be a national bank, the comptroller
6 of currency under 12 U.S.C. Sec. 35, 12 U.S.C. Sec. 215, 12 U.S.C. Sec.
7 215a, and 12 U.S.C. Sec. 1828c, or (4) if the surviving institution is
8 to be a federal savings and loan association, the Federal Home Loan
9 Bank Board under 12 U.S.C. Sec. 1464 (d)(11), or (5) if the surviving
10 institution is to be a bank holding company, the Federal Reserve Board
11 under 12 U.S.C. Sec. 1842 (a) and (d).

12 In the case of a liquidation, acquisition, merger, consolidation,
13 or conversion of a converted savings bank, chapter 32.34 RCW shall
14 apply.

15 **Sec. 77.** RCW 32.34.020 and 1983 c 45 s 2 are each amended to read
16 as follows:

17 (1) A federal savings bank, the home office of which is located in
18 this state, may convert itself into a domestic savings bank under this
19 title upon approval by the (~~supervisor of banking~~) director. For any
20 such conversion, the federal savings bank shall proceed as provided in
21 this chapter for the conversion of a domestic savings bank into a
22 federal savings bank. The conversion shall be effected by the vote of
23 a majority of the members or stockholders present, in person or by
24 proxy, at a regular or special meeting of the members or stockholders
25 called for such purpose.

26 (2) Upon consummation of the conversion, the successor domestic
27 savings bank shall succeed to all right, title, and interest of the
28 federal savings bank in and to its assets, and to its liabilities to
29 the creditors of such federal savings bank.

30 **Sec. 78.** RCW 32.34.040 and 1985 c 56 s 34 are each amended to read
31 as follows:

32 (1) No savings bank having capital stock may establish a holding
33 company to own all its stock without the approval of the (~~supervisor~~)
34 director. Upon tender of their shares of the converted savings bank,
35 the shareholders of the savings bank shall receive all the shares of
36 the holding company which are outstanding at the time of this tender.

1 (2) Any company owning more than twenty-five percent of the
2 outstanding voting stock of a savings bank doing business under this
3 Title 32 RCW shall, in addition to the restrictions of RCW 32.32.228,
4 be subject to regulation as a savings bank holding company. Any
5 savings bank holding company which is not subject to regulation by the
6 federal reserve board or the federal home loan bank board, and all
7 holding company subsidiaries engaging in businesses which are not
8 subject to regulation or licensing by the federal home loan bank board,
9 the ~~((supervisor of savings and loan associations))~~ director, the
10 commissioner of insurance, or the administrator authorized to regulate
11 loan companies doing business under Title 31 RCW, will be subject to
12 such regulation of accounting practices and of the qualifications of
13 directors and officers, and such inspection and visitation by the
14 ~~((supervisor of banking))~~ director as the ~~((supervisor))~~ director shall
15 deem appropriate, subject to the limitations imposed on regulation,
16 inspection, and visitation of a savings bank under this title. In
17 addition, any savings bank holding company and all holding company
18 subsidiaries will be subject to visitation by the ~~((supervisor of~~
19 ~~banking))~~ director as such shall deem appropriate, subject to the
20 limitations imposed on visitation of a savings bank under this Title 32
21 RCW and under the supremacy clause of the Constitution of the United
22 States. The savings bank subsidiary of this holding corporation may
23 engage in subsequent mergers, consolidations, acquisitions, and
24 conversions, only to the extent authorized by RCW 32.32.500, and only
25 upon complying with the applicable requirements in RCW 32.34.030 and
26 this chapter.

27 (3) In the event a savings bank forms a subsidiary to carry out any
28 of the powers of savings banks under this title, any institution with
29 which this subsidiary merges shall continue to be subject to
30 regulation, inspection, and visitation by the ~~((supervisor of savings~~
31 ~~and loans))~~ director if the subsidiary is authorized to do business by
32 Title 33 RCW.

33 **Sec. 79.** RCW 32.40.010 and 1985 c 329 s 8 are each amended to read
34 as follows:

35 (1) In conducting an examination of a savings bank chartered under
36 Title 32 RCW, the ~~((supervisor of banking, deputy supervisor, or~~
37 ~~examiner))~~ director or the director's designee shall investigate and
38 assess the record of performance of the savings bank in meeting the

1 credit needs of the savings bank's entire community, including low and
2 moderate-income neighborhoods. The ((supervisor)) director shall
3 accept, in lieu of an investigation or part of an investigation
4 required by this section, any report or document that the savings bank
5 is required to prepare or file with one or more federal agencies by the
6 act of Congress entitled the "Community Reinvestment Act of 1977" and
7 the regulations promulgated in accordance with that act, to the extent
8 such reports or documents assist the ((supervisor)) director in making
9 an assessment based upon the factors outlined in subsection (2) of this
10 section.

11 (2) In making an investigation required under subsection (1) of
12 this section, the ((supervisor)) director shall consider, independent
13 of any federal determination, the following factors in assessing the
14 savings bank's record of performance:

15 (a) Activities conducted by the institution to ascertain credit
16 needs of its community, including the extent of the institution's
17 efforts to communicate with members of its community regarding the
18 credit services being provided by the institution;

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

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

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

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

31 (f) Evidence of prohibited discriminatory or other illegal credit
32 practices;

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

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

37 (i) The institution's origination of residential mortgage loans,
38 housing rehabilitation loans, home improvement loans and small business

1 or small farm loans within its community, or the purchase of such loans
2 originated in its community;

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

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

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

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

- | | |
|----------------------------------|---|
| 18 (a) Excellent performance: | 1 |
| 19 (b) Good performance: | 2 |
| 20 (c) Satisfactory performance: | 3 |
| 21 (d) Inadequate performance: | 4 |
| 22 (e) Poor performance: | 5 |

23 **Sec. 80.** RCW 32.40.020 and 1985 c 329 s 9 are each amended to read
24 as follows:

25 Whenever the (~~supervisor of banking~~) director must approve or
26 disapprove of an application for a new branch or satellite facility;
27 for a purchase of assets, a merger, an acquisition or a conversion not
28 required for solvency reasons; or for authority to engage in a business
29 activity, the (~~supervisor~~) director shall consider, among other
30 factors, the record of performance of the applicant in helping to meet
31 the credit needs of the applicant's entire community, including low and
32 moderate-income neighborhoods. Assessment of an applicant's record of
33 performance may be the basis for denying an application.

34 **Sec. 81.** RCW 32.40.030 and 1985 c 329 s 10 are each amended to
35 read as follows:

36 The (~~supervisor of banking~~) director shall adopt all rules
37 necessary to implement RCW 32.40.010 and 32.40.020 by January 1, 1986.

1 **Sec. 82.** RCW 33.08.010 and 1959 c 280 s 1 are each amended to read
2 as follows:

3 No person, firm, company, association, fiduciary, co-partnership,
4 or corporation, either foreign or domestic, shall organize as, carry on
5 or conduct the business of an association except in conformity with the
6 terms and provisions of this title or unless incorporated as a savings
7 and loan association under the laws of the United States or use in name
8 or advertising any of the following:

9 Any collocation employing either or both of the words "building" or
10 "loan" with one or more of the words "saving", "savings", "thrift", or
11 words of similar import except in conformity with this title;

12 Any collocation employing one or more of the words "saving",
13 "savings", "thrift" or words of similar import, with one or more of the
14 words "association", "institution", "society", "company",
15 "corporation", or words of similar import, or abbreviations thereof
16 except in conformity with this title or unless authorized to do
17 business under the laws of this state or of the United States relating
18 to savings and loan associations, banks, or mutual savings banks; nor
19 shall the word "federal" be used as a part of such name unless the user
20 is incorporated as a savings and loan association under the laws of the
21 United States.

22 Neither shall the words "saving", or "savings", be used in any name
23 or advertising or to represent in any manner to indicate that (~~his or~~
24 ~~its~~) the business is of the character or kind of business carried on
25 or transacted by an association or which is calculated to lead any
26 person to believe that (~~his or its~~) the business is that of an
27 association unless authorized to do business under the laws of this
28 state or of the United States relating to savings and loan
29 associations, banks, or mutual savings banks.

30 Every person who, and every director and officer of every
31 corporation which, to the knowledge of such director or officer,
32 violates any provision of this section, shall be guilty of a gross
33 misdemeanor. Such conduct shall also be deemed a nuisance and subject
34 to abatement in the manner prescribed by law at the instance of the
35 (~~state supervisor of savings and loan associations~~) director of
36 financial institutions or any other public body or officer authorized
37 to do so.

38 The provisions of this section shall have no application to use of
39 any word or collocation of words or to any representation or

1 advertising which had been adopted and lawfully used by any person,
2 firm, company, association, fiduciary, co-partnership or corporation
3 lawfully engaged in business at (~~{on}~~) on March 24, 1959.

4 **Sec. 83.** RCW 33.40.120 and 1988 c 202 s 34 are each amended to
5 read as follows:

6 The court, upon notice and hearing, may remove the liquidator for
7 cause. Appellate review of the order of removal may be sought as in
8 other civil cases.

9 During the pendency of any appeal, the director of (~~general~~
10 ~~administration~~) financial institutions shall act as liquidator of the
11 association, without giving any additional bond for the performance of
12 the duties as such liquidator.

13 If such order of removal shall be affirmed, the director of
14 (~~general administration~~) financial institutions shall name another
15 liquidator for the association, which nominee, upon qualifying as
16 required for receivers generally, shall succeed to the position of
17 liquidator of the association.

18 **Sec. 84.** RCW 33.40.150 and 1985 c 239 s 2 are each amended to read
19 as follows:

20 (1) The (~~supervisor of savings and loans~~) director of financial
21 institutions, after exercising the authority granted in RCW 33.16.040,
22 may appoint provisional officers and directors, in whole or in part, of
23 an association.

24 (2) Notice of the appointment shall be served upon the association,
25 and the appointment shall take effect immediately and shall remain in
26 effect until a successor is chosen in accordance with the association's
27 bylaws.

28 **Sec. 85.** RCW 33.44.020 and 1982 c 3 s 75 are each amended to read
29 as follows:

30 Any association organized under the laws of this state, or under
31 the laws of the United States, may, if it has obtained the approval,
32 required by law or regulation, of any federal agencies, including the
33 federal home loan bank board and the federal savings and loan insurance
34 corporation, be converted into a savings bank or commercial bank in the
35 following manner:

1 (1) The board of directors of such association shall pass a
2 resolution declaring its intention to convert the association into a
3 savings bank or commercial bank and shall apply to the (~~supervisor of~~
4 ~~banking~~) director of financial institutions for leave to submit to the
5 members of the association the question whether the association shall
6 be converted into a savings bank or a commercial bank. A duplicate of
7 the application to the (~~supervisor of banking~~) director of financial
8 institutions shall be filed with the (~~supervisor of savings and loan~~
9 ~~associations~~) director of financial institutions, except that no such
10 filing shall be required in the case of an association organized under
11 the laws of the United States. The application shall include a
12 proposal which sets forth the method by and extent to which membership
13 or stockholder interests, as the case may be, in the association are to
14 be converted into membership or stockholder interests, as the case may
15 be, in the savings bank or commercial bank, and the proposal shall
16 allow for any member or stockholder to withdraw the value of his or her
17 interest at any time within sixty days of the completion of the
18 conversion. The proposal shall be subject to the approval of the
19 (~~supervisor of banking~~) director of financial institutions and shall
20 conform to all applicable regulations of the federal home loan bank
21 board, the federal savings and loan insurance corporation, the federal
22 deposit insurance corporation, or other federal regulatory agency.

23 (2) Thereupon the (~~supervisor of banking~~) director of financial
24 institutions shall make the same investigation and determine the same
25 questions as would be required by law to make and determine in case of
26 the submission to the (~~supervisor of banking~~) director of financial
27 institutions of a certificate of incorporation of a proposed new
28 savings bank or commercial bank, and the (~~supervisor of banking~~)
29 director of financial institutions shall also determine (~~after~~
30 ~~conference with the supervisor of savings and loan associations~~)
31 whether by the proposed conversion the business needs and conveniences
32 of the members of the association would be served with facility and
33 safety, except that no such conference shall be pertinent to such
34 investigation or determination in the case of an association organized
35 under the laws of the United States. After the (~~supervisor of~~
36 ~~banking~~) director of financial institutions determines whether it is
37 expedient and desirable to permit the proposed conversion, the
38 (~~supervisor of banking~~) director of financial institutions shall,
39 within sixty days after the filing of the application, endorse thereon

1 over the official signature of the (~~supervisor of banking~~) director
2 of financial institutions the word "granted" or the word "refused",
3 with the date of such endorsement and shall immediately notify the
4 secretary of such association of his or her decision. If an
5 application to convert to a mutual savings bank is granted, the
6 (~~supervisor of banking~~) director of financial institutions shall
7 require the applicants to enter into such an agreement or undertaking
8 with the (~~supervisor of banking~~) director of financial institutions
9 as trustee for the depositors with the mutual savings bank to make such
10 contributions in cash to the expense fund of the mutual savings bank as
11 in the (~~supervisor's~~) director of financial institutions judgment
12 will be necessary then and from time to time thereafter to pay the
13 operating expenses of the mutual savings bank if its earnings should
14 not be sufficient to pay the same in addition to the payment of such
15 dividends as may be declared and credited to depositors from its
16 earnings.

17 If the application is denied by the (~~supervisor of banking~~)
18 director of financial institutions, the association, acting by a two-
19 thirds majority of its board of directors, may, within thirty days
20 after receiving the notice of the denial, appeal to the superior court
21 in the manner prescribed in RCW 34.05.570.

22 (3) If the application is granted by the (~~supervisor of banking~~)
23 director of financial institutions or by the court, as the case may be,
24 the board of directors of the association shall, within sixty days
25 thereafter, submit the question of the proposed conversion to the
26 members of the association at a special meeting called for that
27 purpose. Notice of the meeting shall state the time, place and purpose
28 of the meeting, and that the only question to be voted upon will be,
29 "shall the (naming the association) be converted into a savings bank or
30 commercial bank under the laws of the state of Washington?" The vote
31 on the question shall be by ballot. Any member may vote by proxy or
32 may transmit the member's ballot by mail if the bylaws provide a method
33 for so doing. If two-thirds or more in number of the members voting on
34 the question vote affirmatively, then the board of directors shall have
35 power, and it shall be its duty, to proceed to convert such association
36 into a savings bank or commercial bank; otherwise, the proposed
37 conversion shall be abandoned and shall not be again submitted to the
38 members within three years from the date of the meeting.

1 (4) If authority for the proposed conversion has been approved by
2 the members as required by this section, the directors shall, within
3 thirty days thereafter, subscribe and acknowledge and file with the
4 (~~supervisor of banking~~) director of financial institutions in
5 triplicate a certificate of reincorporation, stating:

6 (a) The name by which the converted corporation is to be known.

7 (b) The place where the bank is to be located and its business
8 transacted, naming the city or town and county, which city or town
9 shall be the same as that where the principal place of business of the
10 corporation has theretofore been located.

11 (c) The name, occupation, residence and post office address of each
12 signer of the certificate.

13 (d) The amount of the assets of the corporation, the amount of its
14 liabilities and the amount of its contingent, reserve, expense, and
15 guaranty fund, as applicable, as of the first day of the then calendar
16 month.

17 (e) A declaration that each signer will accept the responsibilities
18 and faithfully discharge the duties of a trustee or director of the
19 bank, and is free from all the disqualifications specified in the laws
20 applicable to savings banks or commercial banks.

21 (f) Such other items as the (~~supervisor of banking~~) director of
22 financial institutions may require.

23 (5) Upon the filing of the certificate in triplicate, the
24 (~~supervisor of banking~~) director of financial institutions shall,
25 within thirty days thereafter, if satisfied that all the provisions of
26 this chapter have been complied with, issue in triplicate an
27 authorization certificate stating that the corporation has complied
28 with all the requirements of law, and that it has authority to transact
29 at the place designated in its certificate of incorporation the
30 business of a savings bank or commercial bank. One of the
31 (~~supervisor's~~) director of financial institutions certificates of
32 authorization shall be attached to each of the certificates of
33 reincorporation, and one set of these shall be filed and retained by
34 the (~~supervisor of banking~~) director of financial institutions, one
35 set shall be filed in the office of the secretary of state, and one set
36 shall be transmitted to the bank for its files. Upon the receipt from
37 the corporation of the same fees as are required for filing and
38 recording other incorporation certificates or articles, the secretary
39 of state shall file the certificates and record the same; whereupon the

1 conversion of the association shall be deemed complete, and the signers
2 of said reincorporation certificate and their successors shall
3 thereupon become and be a corporation having the powers and being
4 subject to the duties and obligations prescribed by the laws of this
5 state applicable to savings banks or commercial banks, as the case may
6 be. The time of existence of the corporation shall be perpetual unless
7 provided otherwise in the articles of incorporation of the association
8 or unless sooner terminated pursuant to law.

9 **Sec. 86.** RCW 33.44.090 and 1982 c 3 s 77 are each amended to read
10 as follows:

11 All mortgages, notes and other securities of any association that
12 has been converted into a savings bank or commercial bank, shall on
13 request of the bank, be delivered to it by the (~~supervisor of savings~~
14 ~~and loan associations~~) director of financial institutions or under the
15 (~~supervisor's~~) director's direction by any depository having
16 possession thereof. Every such bank shall, as soon as practicable and
17 within such time and by such methods as the (~~supervisor of banking~~)
18 director of financial institutions may direct, cause its organization,
19 its securities and investments, the character of its business and its
20 methods of transacting the same to conform to the laws applicable to
21 savings banks or commercial banks, as applicable.

22 **Sec. 87.** RCW 33.44.125 and 1982 c 3 s 78 are each amended to read
23 as follows:

24 If, in the opinion of the (~~supervisor of savings and loans and the~~
25 ~~supervisor of banking~~) director of financial institutions, it is
26 necessary for any of the requirements of this chapter to be waived in
27 order to permit an association which is in danger of failing to convert
28 its charter to that of a commercial bank or a savings bank so that the
29 association may be acquired by a commercial bank or a savings bank or
30 a bank holding company, then the (~~supervisor of savings and loans and~~
31 ~~the supervisor of banking~~) director of financial institutions may
32 waive any such requirement.

33 **Sec. 88.** RCW 33.44.130 and 1982 c 3 s 79 are each amended to read
34 as follows:

35 The (~~supervisor of savings and loan associations and the~~
36 ~~supervisor of banking~~) director of financial institutions shall adopt

1 such rules under the administrative procedure act, chapter 34.05 RCW,
2 as are necessary to implement this chapter in a manner which protects
3 the relative interests of members, depositors, borrowers, stockholders,
4 and creditors.

5 **Sec. 89.** RCW 33.46.020 and 1982 c 3 s 81 are each amended to read
6 as follows:

7 Any bank may be converted into an association in the following
8 manner:

9 (1) The trustees or directors of the bank shall pass, by at least
10 a two-thirds favorable vote of all trustees or directors, a resolution
11 declaring its intention to convert the bank into an association,
12 specifying in such resolution the type of association and whether the
13 association is to be organized under the laws of this state, or is to
14 be organized under the laws of the United States of America. If the
15 association is to be a state association the bank shall apply to the
16 (~~supervisor of savings and loan associations~~) director of financial
17 institutions for authority to convert into an association. The
18 application shall include a proposal which sets forth the method by and
19 extent to which membership or stockholder interests, as the case may
20 be, in the bank are to be converted into membership or shareholder
21 interest, as the case may be, in the association, and the proposal
22 shall allow for any member or stockholder to withdraw the value of his
23 or her interest at any time within sixty days of the completion of the
24 conversion. The proposal is subject to the approval of the
25 (~~supervisor of savings and loans~~) director of financial institutions
26 and shall conform to all applicable regulations of the federal deposit
27 insurance corporation, the federal home loan bank board, the federal
28 savings and loan insurance corporation, or other federal regulatory
29 agency.

30 (2) (~~A duplicate of the application made to the supervisor of~~
31 ~~savings and loan associations, or such application as may be filed with~~
32 ~~the federal home loan bank board or other federal agency, shall be~~
33 ~~filed with the supervisor of banking.~~

34 (3)) The (~~supervisor of savings and loan associations~~) director
35 of financial institutions shall, in the case of an application to
36 convert into a state association, make the same investigation and
37 determine the same questions as he or she would be required by law to
38 make in determining the case of submission to him or her of articles of

1 incorporation of a proposed new state association, and shall also
2 determine(~~(, after conference with the supervisor of banking,)~~) whether
3 the proposed conversion would serve the needs and conveniences of the
4 depositors of the bank.

5 (4) The (~~(supervisor of savings and loan associations)~~) director of
6 financial institutions shall grant or deny the application within sixty
7 days of its date of filing and shall immediately notify the secretary
8 of the bank of the decision.

9 **Sec. 90.** RCW 33.46.030 and 1982 c 3 s 82 are each amended to read
10 as follows:

11 If the application to become a domestic mutual association is
12 granted, the (~~(supervisor of savings and loan associations)~~) director
13 of financial institutions shall require the applicant to enter into an
14 agreement or undertaking with the (~~(supervisor)~~) director, as trustee
15 for the members of the association, to make such cash contributions to
16 an expense fund of the mutual association as in the (~~(supervisor's)~~)
17 director's judgment will be necessary then and from time to time
18 thereafter to pay the operating expenses of the association if its
19 earnings should not be sufficient to pay the same in addition to the
20 payment of such dividends as may be declared and credited to members
21 from its earnings.

22 **Sec. 91.** RCW 33.46.040 and 1982 c 3 s 83 are each amended to read
23 as follows:

24 If the application is denied by the (~~(supervisor of savings and~~
25 ~~loan associations)~~) director of financial institutions, the bank,
26 acting by a two-thirds majority of its trustees or directors, may,
27 within thirty days after receiving notice of such denial, appeal to the
28 superior court of Thurston county pursuant to the provisions of the
29 administrative procedure act, chapter 34.05 RCW.

30 **Sec. 92.** RCW 33.46.050 and 1982 c 3 s 84 are each amended to read
31 as follows:

32 If the application is granted by the (~~(supervisor of savings and~~
33 ~~loan associations)~~) director of financial institutions, or by the
34 court, the trustees or directors of the bank shall, within thirty days
35 thereafter, subscribe, acknowledge, and file with the (~~(supervisor of~~

1 ~~savings and loan associations~~) director of financial institutions, in
2 triplicate, a certificate of reincorporation stating:

3 (1) The name by which the association is to be known;

4 (2) The place where the association is to be located and its
5 business transacted, naming the city or town and the county, which city
6 or town shall be the same as that where the principal place of business
7 of the bank has theretofore been located;

8 (3) The name, occupation, residence, and post office address of
9 each signer of the certificate;

10 (4) The amount of the assets of the association, the amount of its
11 liabilities, and the amount of its contingent, expense, or guaranty
12 fund, as applicable, as of the first day of the calendar month during
13 which the certificate is filed; and

14 (5) A declaration that each signer will accept the responsibilities
15 and faithfully discharge the duties of a director of the association,
16 and is free from all the disqualifications specified in the laws
17 applicable to savings and loan associations.

18 **Sec. 93.** RCW 33.46.060 and 1982 c 3 s 85 are each amended to read
19 as follows:

20 Upon filing the certificate in triplicate as provided in RCW
21 33.46.050, the (~~supervisor of savings and loan associations~~) director
22 of financial institutions shall, within thirty days thereafter, if
23 satisfied that all the provisions of this chapter have been complied
24 with, issue in triplicate an authorization certificate stating that the
25 association has complied with all of the requirements of law, and that
26 it has authority to transact, at the place or places designated in its
27 certificate, the business of an association. The (~~supervisor of~~
28 ~~savings and loan associations~~) director of financial institutions
29 shall retain one set of the triplicate originals of the certificate of
30 reincorporation and of the certificate of authorization and shall
31 transmit the other two sets to the association, which shall retain one
32 set, and file one set with the secretary of state, paying the required
33 fees. Upon such filings being made, the conversion of the bank to the
34 association shall be deemed complete and consummated, and the
35 association shall thereupon be a corporation having the powers and
36 being subject to the duties and obligations prescribed by the laws of
37 this state applicable to state associations, and the time of existence
38 of such association shall be perpetual, unless sooner terminated.

1 **Sec. 94.** RCW 33.46.080 and 1982 c 3 s 87 are each amended to read
2 as follows:

3 All mortgages, notes, and other securities of any bank that has
4 been converted into an association shall, on request of the
5 association, be delivered to it by the (~~supervisor of banking~~)
6 director of financial institutions or, under the direction of the
7 (~~supervisor of banking~~) director, by any depository having possession
8 thereof. If the association is a state association it shall, as soon
9 as practicable and within such time and by such methods as the
10 (~~supervisor of savings and loan associations~~) director may direct,
11 cause its organization, its securities and investments, the character
12 of its business, and its methods of transacting the same to conform to
13 the laws applicable to state associations.

14 **Sec. 95.** RCW 33.46.130 and 1982 c 3 s 90 are each amended to read
15 as follows:

16 The (~~supervisor of savings and loan associations and the~~
17 ~~supervisor of banking~~) director of financial institutions shall adopt
18 such rules under the administrative procedure act, chapter 34.05 RCW,
19 as are necessary to implement this chapter in a manner which protects
20 the relative interests of members, depositors, borrowers, stockholders,
21 and creditors.

22 **Sec. 96.** RCW 39.58.010 and 1984 c 177 s 10 are each amended to
23 read as follows:

24 In this chapter, unless the context otherwise requires:

25 (1) "Public funds" means moneys under the control of a treasurer or
26 custodian belonging to, or held for the benefit of, the state or any of
27 its political subdivisions, municipal corporations, agencies, courts,
28 boards, commissions, or committees, including moneys held as trustee,
29 agent, or bailee;

30 (2) "Qualified public depository," "public depository," or
31 "depository" means a financial institution which does not claim
32 exemption from the payment of any sales or compensating use or ad
33 valorem taxes under the laws of this state, which has been approved by
34 the commission to hold public deposits, and which has segregated for
35 the benefit of the commission eligible collateral having a value of not
36 less than its maximum liability. Addition of the word "bank" denotes
37 a bank, trust company, or national banking association and the word

1 "thrift" denotes a savings and loan association, mutual savings bank,
2 or stock savings bank;

3 (3) "Loss" means the issuance of an order by a regulatory or
4 supervisory authority or a court of competent jurisdiction (a)
5 restraining a qualified public depository from making payments of
6 deposit liabilities or (b) appointing a receiver for a qualified public
7 depository;

8 (4) "Commission" means the Washington public deposit protection
9 commission created under RCW 39.58.030;

10 (5) "Eligible collateral" means securities which are enumerated in
11 RCW 39.58.050(5) and (6) as eligible collateral for public deposits;

12 (6) The "maximum liability" of a qualified public depository on any
13 given date means a sum equal to ten percent of (a) all public deposits
14 held by the qualified public depository on the then most recent
15 commission report date, or (b) the average of the balances of said
16 public deposits on the last four immediately preceding reports required
17 pursuant to RCW 39.58.100, whichever amount is greater, less any
18 assessments paid to the commission pursuant to this chapter since the
19 then most recent commission report date;

20 (7) "Public funds available for investment" means such public funds
21 as are in excess of the anticipated cash needs throughout the duration
22 of the contemplated investment period;

23 (8) "Investment deposits" means time deposits and savings deposits
24 of public funds available for investment;

25 (9) "Treasurer" shall mean the state treasurer, a county treasurer,
26 a city treasurer, a treasurer of any other municipal corporation, and
27 the custodian of any other public funds;

28 (10) "Financial institution" means a branch of a bank engaged in
29 banking in this state in accordance with RCW 30.04.300, and any state
30 bank or trust company, national banking association, stock savings
31 bank, mutual savings bank, or savings and loan association located in
32 this state and lawfully engaged in business;

33 (11) "Commission report" means a formal accounting rendered by all
34 qualified public depositories to the commission in response to a demand
35 for specific information made upon all depositories by the commission
36 detailing pertinent affairs of each depository as of the close of
37 business on a specified date, which is the "commission report date."
38 "Commission report due date" is the last day for the timely filing of
39 a commission report;

1 (12) (~~("Supervisor" means either the supervisor of banks or the~~
2 ~~supervisor of savings and loan associations or both depending upon~~
3 ~~context and usage in accordance with applicable statutory authority))~~
4 "Director" means the director of financial institutions;

5 (13) "Net worth" of a depository means (a) for a bank depository,
6 the aggregate of capital, surplus, undivided profits and all capital
7 notes and debentures which are subordinate to the interest of
8 depositors, and (b) for a thrift depository, the aggregate of such
9 capital stock, guaranty fund, general reserves, surplus, undivided
10 profits, and capital notes and debentures which are subordinate to the
11 interest of depositors, as are eligible for inclusion in otherwise
12 determining the net worth of a mutual savings bank, stock savings bank,
13 or savings and loan association.

14 **Sec. 97.** RCW 43.19.015 and 1984 c 29 s 2 are each amended to read
15 as follows:

16 The director of (~~general administration~~) financial institutions
17 shall have the power and duties of the director of public institutions
18 contained in the following chapters of RCW: Chapter 33.04 RCW
19 concerning savings and loan associations; and chapter 39.32 RCW
20 concerning purchase of federal property.

21 **Sec. 98.** RCW 43.24.020 and 1989 1st ex.s. c 9 s 314 are each
22 amended to read as follows:

23 The director of licensing shall administer all laws with respect to
24 the examination of applicants for, and the issuance of, licenses to
25 persons to engage in any business, profession, trade, occupation, or
26 activity except for health professions.

27 (~~This shall include the administration of all laws pertaining to~~
28 ~~the regulation of securities and speculative investments.))~~

29 **Sec. 99.** RCW 43.24.024 and 1979 c 158 s 96 are each amended to
30 read as follows:

31 The director of licensing may delegate to the assistant director of
32 the business and professions administration in the department of
33 licensing authority to promulgate rules and regulations relating to the
34 licensing of persons engaged in businesses and professions (~~and to the~~
35 ~~administration of laws pertaining to the regulation of securities)).~~
36 The director may delegate the authority to issue and sign licenses,

1 certificates, permits and renewals thereof pertaining to those
2 activities transferred to the business and professions administration
3 in the department of licensing pursuant to RCW 46.01.050.

4 **Sec. 100.** RCW 43.163.010 and 1989 c 279 s 2 are each amended to
5 read as follows:

6 As used in this chapter, the following words and terms have the
7 following meanings, unless the context requires otherwise:

8 (1) "Authority" means the Washington economic development finance
9 authority created under RCW 43.163.020 or any board, body, commission,
10 department or officer succeeding to the principal functions of the
11 authority or to whom the powers conferred upon the authority shall be
12 given by law;

13 (2) "Bonds" means any bonds, notes, debentures, interim
14 certificates, conditional sales or lease financing agreements, lines of
15 credit, forward purchase agreements, investment agreements, and other
16 banking or financial arrangements, guaranties, or other obligations
17 issued by or entered into by the authority. Such bonds may be issued
18 on either a tax-exempt or taxable basis;

19 (3) "Borrower" means one or more public or private persons or
20 entities acting as lessee, purchaser, mortgagor, or borrower who has
21 obtained or is seeking to obtain financing either from the authority or
22 from an eligible banking organization that has obtained or is seeking
23 to obtain funds from the authority to finance a project. A borrower
24 may include a party who transfers the right of use and occupancy to
25 another party by lease, sublease or otherwise, or a party who is
26 seeking or has obtained a financial guaranty from the authority;

27 (4) "Eligible banking organization" means any organization subject
28 to regulation by the (~~state supervisor of banking or the state~~
29 ~~supervisor of savings and loans~~) director of financial institutions,
30 any national bank, federal savings and loan association, and federal
31 credit union located within this state;

32 (5) "Eligible export transaction" means any preexport or export
33 activity by a person or entity located in the state of Washington
34 involving a sale for export and product sale which, in the judgment of
35 the authority: (a) Will create or maintain employment in the state of
36 Washington, (b) will obtain a material percent of its value from
37 manufactured goods or services made, processed or occurring in

1 Washington, and (c) could not otherwise obtain financing on reasonable
2 terms from an eligible banking organization;

3 (6) "Eligible farmer" means any person who is a resident of the
4 state of Washington and whose specific acreage qualifying for receipts
5 from the federal department of agriculture under its conservation
6 reserve program is within the state of Washington;

7 (7) "Financing document" means an instrument executed by the
8 authority and one or more persons or entities pertaining to the
9 issuance of or security for bonds, or the application of the proceeds
10 of bonds or other funds of, or payable to, the authority. A financing
11 document may include, but need not be limited to, a lease, installment
12 sale agreement, conditional sale agreement, mortgage, loan agreement,
13 trust agreement or indenture, security agreement, letter or line of
14 credit, reimbursement agreement, insurance policy, guaranty agreement,
15 or currency or interest rate swap agreement. A financing document also
16 may be an agreement between the authority and an eligible banking
17 organization which has agreed to make a loan to a borrower;

18 (8) "Plan" means the general plan of economic development finance
19 objectives developed and adopted by the authority, and updated from
20 time to time, as required under RCW 43.163.090.

21 **Sec. 101.** RCW 43.163.110 and 1989 c 279 s 12 are each amended to
22 read as follows:

23 Notwithstanding any other provision of this chapter, the authority
24 shall not:

25 (1) Give any state money or property or loan any state money or
26 credit to or in aid of any individual, association, company, or
27 corporation, or become directly or indirectly the owner of any stock in
28 or bonds of any association, company, or corporation;

29 (2) Issue bills of credit or accept deposits of money for time or
30 demand deposit, administer trusts, engage in any form or manner in, or
31 in the conduct of, any private or commercial banking business, or act
32 as a savings bank or savings and loan association other than as
33 provided in this chapter;

34 (3) Be or constitute a bank or trust company within the
35 jurisdiction or under the control of the (~~division of banking of the~~
36 ~~state~~) director of financial institutions, the comptroller of the
37 currency of the United States of America or the treasury department
38 thereof;

1 (4) Be or constitute a bank, broker or dealer in securities within
2 the meaning of, or subject to the provisions of, any securities,
3 securities exchange or securities dealers' law of the United States of
4 America or the state;

5 (5) Engage in the financing of housing as provided for in chapter
6 43.180 RCW;

7 (6) Engage in the financing of health care facilities as provided
8 for in chapter 70.37 RCW; or

9 (7) Engage in financing higher education facilities as provided for
10 in chapter 28B.07 RCW.

11 **Sec. 102.** RCW 46.01.011 and 1979 c 158 s 113 are each amended to
12 read as follows:

13 The legislature finds that the department of licensing administers
14 laws relating to the licensing and regulation of professions,
15 businesses, (~~securities~~) gambling, and other activities in addition
16 to administering laws relating to the licensing and regulation of
17 vehicles and vehicle operators, dealers, and manufacturers. The laws
18 administered by the department have the common denominator of licensing
19 and regulation and are directed toward protecting and enhancing the
20 well-being of the residents of the state.

21 **Sec. 103.** RCW 46.01.050 and 1979 c 158 s 116 are each amended to
22 read as follows:

23 All powers, functions and duties vested by law in the division of
24 professional licensing in the department of licensing on August 9,
25 1969, other than those enumerated in RCW 46.01.040, shall be
26 transferred to the business and professions administration hereby
27 created consisting of the divisions of (~~securities~~) real estate(~~(~~)
28 and professional licensing, within the department of licensing.

29 **Sec. 104.** RCW 48.18A.060 and 1973 1st ex.s. c 163 s 7 are each
30 amended to read as follows:

31 No person shall be or act as an agent for the solicitation or sale
32 of variable contracts except while duly appointed and licensed under
33 the insurance code as a life insurance agent with respect to the
34 insurer, and while duly licensed as a security salesman or securities
35 broker under a license issued by the (~~administrator of securities~~)
36 director of financial institutions pursuant to the securities act of

1 this state; except that any person who participates only in the sale or
2 offering for sale of variable contracts which fund corporate plans
3 meeting the requirements for qualification under sections 401 or 403 of
4 the United States internal revenue code need not be licensed pursuant
5 to the securities act of this state.

6 **Sec. 105.** RCW 48.18A.070 and 1969 c 104 s 7 are each amended to
7 read as follows:

8 Notwithstanding any other provision of law, the commissioner shall
9 have sole and exclusive authority to regulate the issuance and sale of
10 variable contracts; except for the examination, issuance or renewal,
11 suspension or revocation, of a security salesman's license issued to
12 persons selling variable contracts. To carry out the purposes and
13 provisions of this chapter he or she may independently, and in concert
14 with the (~~state securities administrator~~) director of financial
15 institutions, issue such reasonable rules and regulations as may be
16 appropriate.

17 **Sec. 106.** RCW 58.19.030 and 1979 c 158 s 209 are each amended to
18 read as follows:

19 (1) Unless the method of disposition is adopted for the purpose of
20 evasion of this chapter, the provisions of this chapter shall not apply
21 to land and offers or dispositions:

22 (a) By a purchaser of developed lands for his or her own account in
23 a single or isolated transaction;

24 (b) If fewer than ten separate lots, parcels, units, or interests
25 in developed lands are offered by a person in a period of twelve
26 months;

27 (c) If each lot offered in the development is five acres or more;

28 (d) On which there is a residential, commercial, or industrial
29 building, or as to which there is a legal obligation on the part of the
30 seller to construct such a building within two years from date of
31 disposition;

32 (e) To any person who acquires such lot, parcel, unit or interest
33 therein for the purpose of engaging in the business of constructing
34 residential, commercial, or industrial buildings or for the purpose of
35 resale or lease or other disposition of such lots to persons engaged in
36 such business or businesses;

1 (f) Any lot, parcel, unit or interest if the development is located
2 within an area incorporated prior to January 1, 1974;

3 (g) Pursuant to court order; or

4 (h) As cemetery lots or interests.

5 (2) Unless the method of disposition is adopted for the purpose of
6 evasion of this chapter, the provisions of this chapter shall not apply
7 to:

8 (a) Offers or dispositions of evidence of indebtedness secured by
9 a mortgage or deed of trust of real estate;

10 (b) Offers or dispositions of securities or units of interest
11 issued by a real estate investment trust regulated under any state or
12 federal statute;

13 (c) A development as to which the director has waived the
14 provisions of this chapter (~~((as provided in RCW 58.19.040))~~);

15 (d) Offers or dispositions of securities currently registered with
16 the (~~((business and professions administration in the))~~) department of
17 (~~((licensing))~~) financial institutions;

18 (e) Offers or dispositions of any interest in oil, gas, or other
19 minerals or any royalty interest therein if the offers or dispositions
20 of such interests are regulated as securities by the United States or
21 by the (~~((business and professions administration in the))~~) department of
22 (~~((licensing))~~) financial institutions.

23 **Sec. 107.** RCW 70.37.020 and 1989 c 65 s 1 are each amended to read
24 as follows:

25 As used in this chapter, the following words and terms have the
26 following meanings, unless the context indicates or requires another or
27 different meaning or intent and the singular of any term shall
28 encompass the plural and the plural the singular unless the context
29 indicates otherwise:

30 (1) "Authority" means the Washington health care facilities
31 authority created by RCW 70.37.030 or any board, body, commission,
32 department or officer succeeding to the principal functions thereof or
33 to whom the powers conferred upon the authority shall be given by law.

34 (2) "Bonds" mean bonds, notes or other evidences of indebtedness of
35 the authority issued pursuant hereto.

36 (3) "Health care facility" means any land, structure, system,
37 machinery, equipment or other real or personal property or
38 appurtenances useful for or associated with delivery of inpatient or

1 outpatient health care service or support for such care or any
2 combination thereof which is operated or undertaken in connection with
3 hospital, clinic, health maintenance organization, diagnostic or
4 treatment center, extended care facility, or any facility providing or
5 designed to provide therapeutic, convalescent or preventive health care
6 services, and shall include research and support facilities of a
7 comprehensive cancer center, but excluding, however, any facility which
8 is maintained by a participant primarily for rental or lease to self-
9 employed health care professionals or as an independent nursing home or
10 other facility primarily offering domiciliary care.

11 (4) "Participant" means any city, county or other municipal
12 corporation or agency or political subdivision of the state or any
13 corporation, hospital, comprehensive cancer center, or health
14 maintenance organization authorized by law to operate nonprofit health
15 care facilities, or any affiliate, as defined by regulations
16 promulgated by the director of the department of (~~licensing~~)
17 financial institutions pursuant to RCW 21.20.450, which is a nonprofit
18 corporation acting for the benefit of any entity described in this
19 subsection.

20 (5) "Project" means a specific health care facility or any
21 combination of health care facilities, constructed, purchased,
22 acquired, leased, used, owned or operated by a participant, and
23 alterations, additions to, renovations, enlargements, betterments and
24 reconstructions thereof.

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