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**SUBSTITUTE SENATE BILL 5058**

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**State of Washington**

**56th Legislature**

**1999 Regular Session**

**By** Senate Committee on Commerce, Trade, Housing & Financial Institutions (originally sponsored by Senators Prentice and Winsley; by request of Department of Financial Institutions)

Read first time 02/02/1999.

1 AN ACT Relating to the establishment and authority to conduct the  
2 business of state-chartered financial institutions; amending RCW  
3 30.08.020, 30.08.080, 32.04.020, 32.04.082, 32.08.140, 32.08.142,  
4 32.08.146, 32.12.020, 32.12.090, 32.16.040, 32.16.050, 32.20.010,  
5 32.20.020, 32.20.330, 32.20.400, 32.20.445, 32.32.500, 32.32.520,  
6 32.34.010, 32.34.020, and 32.34.060; reenacting and amending RCW  
7 32.04.080 and 32.04.085; adding a new section to chapter 32.20 RCW;  
8 adding a new section to chapter 32.34 RCW; adding a new chapter to  
9 Title 32 RCW; and repealing RCW 32.20.160.

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

11 NEW SECTION. **Sec. 1.** When authorized by the director, one or more  
12 natural persons, citizens of the United States, may incorporate a stock  
13 savings bank in the manner prescribed under this chapter. No stock  
14 savings bank may incorporate for less amount nor commence business  
15 unless it has a paid-in capital stock, surplus and undivided profits in  
16 the amount as may be determined by the director after consideration of  
17 the proposed location, management, and the population and economic  
18 characteristics for the area, the nature of the proposed activities and  
19 operation of the stock savings bank, and other factors deemed pertinent

1 by the director. Before commencing business, each stock savings bank  
2 shall have subscribed and paid into it in the same manner as is  
3 required for capital stock, an amount equal to at least ten percent of  
4 the capital stock required, that shall be carried in the undivided  
5 profit account and may be used to defray organization and operating  
6 expenses of the company. Any sum not so used shall be transferred to  
7 the surplus fund of the company before any dividend shall be declared  
8 to the stockholders.

9 NEW SECTION. **Sec. 2.** Persons desiring to incorporate a stock  
10 savings bank shall file with the director a notice of their intention  
11 to organize a stock savings bank in such form and containing such  
12 information as the director shall require, together with proposed  
13 articles of incorporation, which shall be submitted for examination to  
14 the director at his or her office.

15 The proposed articles of incorporation shall state:

16 (1) The name of the stock savings bank;

17 (2) The city, village, or locality and county where the head office  
18 of the corporation is to be located;

19 (3) The nature of its business, that of a stock savings bank;

20 (4) The amount of its capital stock, which shall be divided into  
21 shares of a par or no par value as may be provided in the articles of  
22 incorporation;

23 (5) The names and places of residence and mailing addresses of the  
24 persons who as directors are to manage the corporation until the first  
25 annual meeting of its stockholders;

26 (6) If there is to be preferred or special classes of stock, a  
27 statement of preferences, voting rights, if any, limitations and  
28 relative rights in respect of the shares of each class; or a statement  
29 that the shares of each class shall have the attributes as shall be  
30 determined by the stock savings bank's board of directors from time to  
31 time with the approval of the director;

32 (7) Any provision granting the shareholders the preemptive right to  
33 acquire additional shares of the stock savings bank and any provision  
34 granting shareholders the right to cumulate their votes;

35 (8) Any provision, not inconsistent with law, which the  
36 incorporators elect to set forth in the articles of incorporation for  
37 the regulation of the affairs of the corporation, including any  
38 provision restricting the transfer of shares, any provision which under

1 this title is required or permitted to be set forth in the bylaws, and  
2 any provision permitted by RCW 23B.17.030;

3 (9) Any provision the incorporators elect to so set forth, not  
4 inconsistent with law or the purposes for which the stock savings bank  
5 is organized, or any provision limiting any of the powers granted in  
6 this title.

7 It is not necessary to set forth in the articles of incorporation  
8 any of the corporate powers granted in this title. The articles of  
9 incorporation shall be signed by all of the incorporators.

10 NEW SECTION. **Sec. 3.** When the notice of intention to organize and  
11 proposed articles of incorporation complying with section 2 of this act  
12 have been received by the director, together with the fees required by  
13 law, the director shall ascertain from the best source of information  
14 at his or her command and by such investigation as he or she may deem  
15 necessary, whether the character, responsibility and general fitness of  
16 the persons named in the articles are such as to command confidence and  
17 warrant belief that the business of the proposed stock savings bank  
18 will be honestly and efficiently conducted in accordance with the  
19 intent and purpose of this title, whether the resources in the  
20 neighborhood of such place and in the surrounding country afford a  
21 reasonable promise of adequate support for the proposed stock savings  
22 bank, and whether the proposed stock savings bank is being formed for  
23 other than the legitimate objects covered by this title.

24 NEW SECTION. **Sec. 4.** After the director is satisfied of the above  
25 facts, and, within six months of the date the notice of intention to  
26 organize has been received in his or her office, the director shall  
27 notify the incorporators to file executed articles of incorporation  
28 with the director in triplicate. Unless the director otherwise  
29 consents in writing, such articles shall be in the same form and shall  
30 contain the same information as the proposed articles and shall be  
31 filed with the director within ten days of such notice. Within thirty  
32 days after the receipt of such articles of incorporation, the director  
33 shall endorse upon each of the copies, over his or her official  
34 signature, the word "approved," or the word "refused," with the date of  
35 such endorsement. In case of refusal the director shall immediately  
36 return one of the copies, so endorsed, together with a statement  
37 explaining the reason for refusal to the person from whom the articles

1 were received, which refusal shall be conclusive, unless the  
2 incorporators, within ten days of the issuance of such notice of  
3 refusal, shall request a hearing pursuant to the administrative  
4 procedure act, chapter 34.05 RCW.

5 NEW SECTION. **Sec. 5.** In case of approval the director shall  
6 immediately give notice to the proposed incorporators and file one of  
7 the copies of the articles of incorporation in his or her own office,  
8 and shall transmit another copy to the secretary of state, and the last  
9 to the incorporators. Upon receipt from the proposed incorporators of  
10 the fees as are required for filing and recording other articles of  
11 incorporation, the secretary of state shall file and record the  
12 articles. Upon the filing of articles of incorporation approved by the  
13 director with the secretary of state, all persons named in the articles  
14 and their successors shall become and be a corporation, which shall  
15 have the powers and be subject to the duties and obligations prescribed  
16 by this title, and whose existence shall continue from the date of the  
17 filing of such articles until terminated pursuant to law; but such  
18 corporation shall not transact any business except as is necessarily  
19 preliminary to its organization until it has received a certificate of  
20 authority.

21 NEW SECTION. **Sec. 6.** A stock savings bank amending its articles  
22 of incorporation shall deliver articles of amendment to the director  
23 for filing as required for articles of incorporation. The articles of  
24 amendment shall set forth:

- 25 (1) The name of the stock savings bank;  
26 (2) The text of each amendment adopted;  
27 (3) The date of each amendment's adoption;  
28 (4) If the amendment was adopted by the incorporators or board of  
29 directors without shareholder action, a statement to that effect and  
30 that shareholder action was not required; and  
31 (5) If shareholder action was required, a statement that the  
32 amendment was duly approved by the shareholders in accordance with the  
33 provisions of RCW 32.32.490.

34 NEW SECTION. **Sec. 7.** Before any stock savings bank is authorized  
35 to do business, and within ninety days after approval of the articles  
36 of incorporation or such other time as the director may allow, it shall

1 furnish proof satisfactory to the director that such corporation has a  
2 paid-in capital in the amount determined by the director, that the  
3 requisite surplus or reserve fund has been accumulated or paid in cash,  
4 and that it has in good faith complied with all the requirements of law  
5 and fulfilled all the conditions precedent to commencing business  
6 imposed by this title. If so satisfied, and within thirty days after  
7 receipt of such proof, the director shall issue under his or her hand  
8 and official seal, in triplicate, a certificate of authority for such  
9 corporation. The certificate shall state that the named corporation  
10 has complied with the requirements of law and that it is authorized to  
11 transact the business of a stock savings bank. However, the director  
12 may make his or her issuance of the certificate to a stock savings bank  
13 authorized to accept deposits, conditional upon the granting of deposit  
14 insurance by the federal deposit insurance corporation, and in such  
15 event, shall set out such condition in a written notice which shall be  
16 delivered to the corporation.

17 One of the triplicate certificates shall be transmitted by the  
18 director to the corporation and one of the other two shall be filed by  
19 the director in the office of the secretary of state and shall be  
20 attached to the articles of incorporation. However, if the issuance of  
21 the certificate is made conditional upon the granting of deposit  
22 insurance by the federal deposit insurance corporation, the director  
23 shall not transmit or file the certificate until such condition is  
24 satisfied.

25 NEW SECTION. **Sec. 8.** Every corporation authorized by the laws of  
26 this state to do business as a stock savings bank, which corporation  
27 shall have failed to organize and commence business within six months  
28 after certificate of authority to commence business has been issued by  
29 the director, shall forfeit its rights and privileges as such  
30 corporation, which fact the director shall certify to the secretary of  
31 state, and such certificate of forfeiture shall be filed and recorded  
32 in the office of the secretary of state in the same manner as the  
33 certificate of authority. However, the director may, upon showing of  
34 cause satisfactory to him or her, issue an order under his or her hand  
35 and seal extending for not more than three months the time within which  
36 such organization may be effected and business commenced, such order to  
37 be transmitted to the office of the secretary of state and filed and  
38 recorded.

1        NEW SECTION.    **Sec. 9.**    At any time not less than one year prior to  
2 the expiration of the time of the existence of any mutual savings bank  
3 or stock savings bank, it may by written application to the director,  
4 signed and verified by a majority of its directors and approved in  
5 writing by the owners of not less than two-thirds of its capital stock,  
6 apply to the director for leave to file amended articles of  
7 incorporation, extending its time of existence. Prior to acting upon  
8 such application, the director shall make such investigation of the  
9 applicant as he or she deems necessary. If the director determines  
10 that the applicant is in sound condition, that it is conducting its  
11 business in a safe manner and in compliance with law and that no reason  
12 exists why it should not be permitted to continue, he or she shall  
13 issue to the applicant a certificate authorizing it to file amended  
14 articles of incorporation extending the time of its existence until  
15 such time as it be dissolved by the act of its shareholders owning not  
16 less than two-thirds of its stock, or until its certificate of  
17 authority becomes revoked or forfeited by reason of violation of law,  
18 or until its affairs be taken over by the director for legal cause and  
19 finally wound up by him or her. Otherwise the director shall notify  
20 the applicant that he or she refuses to grant such certificate. The  
21 applicant may appeal from such refusal in the same manner as in the  
22 case of a refusal to grant an original certificate of authority.  
23 Otherwise the determination of the director shall be conclusive.

24        Upon receiving a certificate, as hereinabove provided, the  
25 applicant may file amended articles of incorporation, extending the  
26 time of its existence for the term authorized, to which shall be  
27 attached a copy of the certificate of the director. Such articles  
28 shall be filed in the same manner and upon payment of the same fees as  
29 for original articles of incorporation.

30        Should any mutual savings bank or stock savings bank fail to  
31 continue its existence in the manner provided and be not previously  
32 dissolved, the director shall at the end of its original term of  
33 existence immediately take possession of the corporation and wind up  
34 its affairs in the same manner as in the case of insolvency.

35        NEW SECTION.    **Sec. 10.**    (1) Shares of a stock savings bank may, but  
36 need not be, represented by certificates. Unless this title expressly  
37 provides otherwise, the rights and obligations of shareholders are  
38 identical whether or not their shares are represented by certificates.

1 At a minimum, each share certificate must state the information  
2 required to be stated and must be signed as provided in RCW 23B.06.250  
3 and/or 23B.06.270 for corporations.

4 (2) Unless the articles of incorporation or bylaws provide  
5 otherwise, the board of directors of a stock savings bank may authorize  
6 the issue of some or all of the shares of any or all of its classes or  
7 series without certificates. The authorization does not affect shares  
8 already represented by certificates until they are surrendered to the  
9 stock savings bank.

10 (3) Within a reasonable time after the issue or transfer of shares  
11 without certificates, the stock savings bank shall send the shareholder  
12 a written statement of the information required to be stated on  
13 certificates under subsection (1) of this section.

14 **Sec. 11.** RCW 30.08.020 and 1995 c 134 s 3 are each amended to read  
15 as follows:

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

22 The proposed articles of incorporation shall state:

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

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

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

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

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

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

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

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

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

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

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

18 **Sec. 12.** RCW 30.08.080 and 1994 c 92 s 49 are each amended to read  
19 as follows:

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



1 the applicant that he or she refuses to grant such certificate. The  
2 applicant may appeal from such refusal in the same manner as in the  
3 case of a refusal to grant an original certificate of authority.  
4 Otherwise the determination of the director shall be conclusive.

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

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

16 **Sec. 13.** RCW 32.04.020 and 1997 c 101 s 5 are each amended to read  
17 as follows:

18 Unless the context clearly requires otherwise, the definitions in  
19 this section apply throughout this title.

20 (1) The use of the term "savings bank" or "mutual savings bank"  
21 refers to (~~(mutual)~~) savings banks (~~(and)~~) organized under chapter  
22 32.08 or chapter 32.-- RCW (sections 1 through 10 of this act) or  
23 converted (~~(mutual savings banks only)~~) under chapter 32.32 or 33.44  
24 RCW.

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

30 (3) The use of the term "director" refers to the director of  
31 financial institutions.

32 (4) The use of the word "branch" refers to an established office or  
33 facility other than the principal office, at which employees of the  
34 savings bank take deposits. The term "branch" does not refer to a  
35 machine permitting customers to leave funds in storage or communicate  
36 with savings bank employees who are not located at the site of that  
37 machine, unless employees of the savings bank at the site of that  
38 machine take deposits on a regular basis. An office of an entity other

1 than the savings bank is not established by the savings bank,  
2 regardless of any affiliation, accommodation arrangement, or other  
3 relationship between the other entity and the savings bank.

4 **Sec. 14.** RCW 32.04.080 and 1994 c 256 s 95 and 1994 c 92 s 297 are  
5 each reenacted and amended to read as follows:

6 A mutual savings bank may provide for pensions or retirement  
7 benefits for its disabled or superannuated employees or health  
8 insurance benefits for its employees and may pay a part or all of the  
9 cost of providing such pensions or benefits in accordance with a plan  
10 adopted by its board of trustees or a board committee, none of whose  
11 members is an officer of the bank. The board of trustees of a savings  
12 bank or such a committee of the board may set aside from current  
13 earnings reserves in such amounts as the board or the committee shall  
14 deem wise to provide for the payment of future pensions or benefits.

15 **Sec. 15.** RCW 32.04.082 and 1957 c 80 s 7 are each amended to read  
16 as follows:

17 With respect to pension payments or retirement or health insurance  
18 benefits payable by a mutual savings bank to any employee heretofore or  
19 hereafter retired, such bank may waive all or any part of any offsets  
20 thereto attributable to social security benefits receivable by such  
21 employee.

22 **Sec. 16.** RCW 32.04.085 and 1994 c 256 s 96 and 1994 c 92 s 298 are  
23 each reenacted and amended to read as follows:

24 Any pension payment or retirement or health insurance benefits  
25 payable by a mutual savings bank to a former officer or employee, or to  
26 a person or persons entitled thereto by virtue of service performed by  
27 such officer or employee, in the discretion of a majority of all the  
28 trustees of such bank, may be supplemented from time to time. The  
29 board of trustees of a savings bank or a board committee, none of whose  
30 members is an officer of the bank, may set aside from current earnings,  
31 reserves in such amounts as the board or the committee shall deem  
32 appropriate to provide for the payments of future supplemental  
33 payments.

34 **Sec. 17.** RCW 32.08.140 and 1996 c 2 s 23 are each amended to read  
35 as follows:

1 Every mutual savings bank incorporated under this title shall have,  
2 subject to the restrictions and limitations contained in this title,  
3 the following powers:

4 (1) To receive deposits of money, to invest the same in the  
5 property and securities prescribed in this title, to declare dividends  
6 in the manner prescribed in this title, and to exercise by its board of  
7 trustees or duly authorized officers or agents, subject to law, all  
8 such incidental powers as shall be necessary to carry on the business  
9 of a savings bank.

10 (2) To issue transferable certificates showing the amounts  
11 contributed by any incorporator or trustee to the guaranty fund of such  
12 bank, or for the purpose of paying its expenses. Every such  
13 certificate shall show that it does not constitute a liability of the  
14 savings bank, except as otherwise provided in this title.

15 (3) To purchase, hold and convey real property as prescribed in RCW  
16 32.20.280.

17 (4) To pay depositors as hereinafter provided, and when requested,  
18 pay them by drafts upon deposits to the credit of the savings bank in  
19 any city in the United States, and to charge current rates of exchange  
20 for such drafts.

21 (5) To borrow money in pursuance of a resolution adopted by a vote  
22 of a majority of its board of trustees duly entered upon its minutes  
23 whereon shall be recorded by ayes and noes the vote of each trustee,  
24 for the purpose of repaying depositors, and to pledge or hypothecate  
25 securities as collateral for loans so obtained. Immediate written  
26 notice shall be given to the director of all amounts so borrowed, and  
27 of all assets so pledged or hypothecated.

28 (6) Subject to such regulations and restrictions as the director  
29 finds to be necessary and proper, to borrow money in pursuance of a  
30 resolution, policy, or other governing document adopted by ~~((a vote of~~  
31 ~~a majority of))~~ its board of trustees ~~((duly entered upon its minutes~~  
32 ~~whereon shall be recorded by ayes and noes the vote of each trustee))~~,  
33 for purposes other than that of repaying depositors and to pledge or  
34 hypothecate its assets as collateral for any such loans, provided that  
35 no amount shall at any time be borrowed by a savings bank pursuant to  
36 this subsection (6), if such amount, together with the amount then  
37 remaining unpaid upon prior borrowings by such savings bank pursuant to  
38 this subsection (6), exceeds thirty percent of the assets of the  
39 savings bank.

1       The sale of securities or loans by a bank subject to an agreement  
2 to repurchase the securities or loans shall not be considered a  
3 borrowing. Borrowings from federal, state, or municipal governments or  
4 agencies or instrumentalities thereof shall not be subject to the  
5 limits of this subsection.

6       (7) To collect or protest promissory notes or bills of exchange  
7 owned by such bank or held by it as collateral, and remit the proceeds  
8 of the collections by drafts upon deposits to the credit of the savings  
9 bank in any city in the United States, and to charge the usual rates or  
10 fees for such collection and remittance for such protest.

11       (8) To sell gold or silver received in payment of interest or  
12 principal of obligations owned by the savings bank or from depositors  
13 in the ordinary course of business.

14       (9) To act as insurance agent for the purpose of writing fire  
15 insurance on property in which the bank has an insurable interest, the  
16 property to be located in the city in which the bank is situated and in  
17 the immediate contiguous suburbs, notwithstanding anything in any other  
18 statute to the contrary.

19       (10) To let vaults, safes, boxes or other receptacles for the  
20 safekeeping or storage of personal property, subject to laws and  
21 regulations applicable to, and with the powers possessed by, safe  
22 deposit companies.

23       (11) To elect or appoint in such manner as it may determine all  
24 necessary or proper officers, agents, boards, and committees, to fix  
25 their compensation, subject to the provisions of this title, and to  
26 define their powers and duties, and to remove them at will.

27       (12) To make and amend bylaws consistent with law for the  
28 management of its property and the conduct of its business.

29       (13) To wind up and liquidate its business in accordance with this  
30 title.

31       (14) To adopt and use a common seal and to alter the same at  
32 pleasure.

33       (15) To exercise any other power or authority permissible under  
34 applicable state or federal law exercised by other savings banks or by  
35 savings and loan associations with branches in Washington to the same  
36 extent as those savings institutions if, in the opinion of the  
37 director, the exercise of these powers and authorities by the other  
38 savings institutions affects the operations of savings banks in  
39 Washington or affects the delivery of financial services in Washington.

1 (16) To exercise the powers and authorities conferred by RCW  
2 30.04.215(~~(, if upon a finding by the director that a determination~~  
3 ~~made by a regulatory or judicial authority of competent jurisdiction~~  
4 ~~will result in the imposition, on a transaction subject to RCW~~  
5 ~~32.32.500, of the concentration limits specified in RCW 30.49.125(6),~~  
6 ~~notwithstanding the concentration limits specifically applied by RCW~~  
7 ~~32.32.500(3))~~).

8 (17) To exercise the powers and authorities that may be carried on  
9 by a subsidiary of the mutual savings bank that has been determined to  
10 be a prudent investment pursuant to RCW 32.20.380.

11 (18) To do all other acts authorized by this title.

12 (19) To exercise the powers and authorities that may be exercised  
13 by an insured state bank in compliance with 12 U.S.C. Sec. 1831a.

14 **Sec. 18.** RCW 32.08.142 and 1996 c 2 s 24 are each amended to read  
15 as follows:

16 Notwithstanding any restrictions, limitations, and requirements of  
17 law, in addition to all powers, express or implied, that a mutual  
18 savings bank has under the laws of this state, a mutual savings bank  
19 shall have the powers and authorities that a federal mutual savings  
20 bank had on July 28, 1985, or a subsequent date not later than (~~June~~  
21 ~~6, 1996~~) the effective date of this act. As used in this section,  
22 "powers and authorities" include without limitation powers and  
23 authorities in corporate governance matters.

24 The restrictions, limitations, and requirements applicable to  
25 specific powers or authorities of federal mutual savings banks shall  
26 apply to mutual savings banks exercising those powers or authorities  
27 permitted under this section but only insofar as the restrictions,  
28 limitations, and requirements relate to exercising the powers or  
29 authorities granted mutual savings banks solely under this section.

30 **Sec. 19.** RCW 32.08.146 and 1996 c 2 s 25 are each amended to read  
31 as follows:

32 A mutual savings bank may exercise the powers and authorities  
33 granted, after (~~June 6, 1996~~) the effective date of this act, to  
34 federal mutual savings banks or their successors under federal law,  
35 only if the director finds that the exercise of such powers and  
36 authorities:

1 (1) Serves the convenience and advantage of depositors and  
2 borrowers; and

3 (2) Maintains the fairness of competition and parity between state-  
4 chartered savings banks and federal savings banks or their successors  
5 under federal law.

6 As used in this section, "powers and authorities" include without  
7 limitation powers and authorities in corporate governance matters.

8 The restrictions, limitations, and requirements applicable to  
9 specific powers or authorities of federal mutual savings banks or their  
10 successors under federal law shall apply to mutual savings banks  
11 exercising those powers or authorities permitted under this section but  
12 only insofar as the restrictions, limitations, and requirements relate  
13 to exercising the powers or authorities granted mutual savings banks  
14 solely under this section.

15 **Sec. 20.** RCW 32.12.020 and 1996 c 2 s 27 are each amended to read  
16 as follows:

17 The sums deposited with any savings bank, together with any  
18 dividends or interest credited thereto, shall be repaid to the  
19 depositors thereof respectively, or to their legal representatives,  
20 after demand in such manner, and at such times, and under such  
21 regulations, as the board of trustees shall prescribe, subject to the  
22 provisions of this section and chapter 30.22 RCW. These regulations  
23 shall be available to depositors upon request, and shall be posted in  
24 a conspicuous place in the principal office and each branch in this  
25 state or, if the regulations are not so posted, a description of  
26 changes in the regulations after an account is opened shall be mailed  
27 to depositors pursuant to 12 U.S.C. Sec. 4305(c) or otherwise. All  
28 such rules and regulations, and all amendments thereto, from time to  
29 time in effect, shall be binding upon all depositors.

30 (1) Such bank may at any time by a resolution of its board of  
31 trustees require a notice of not more than six months before repaying  
32 deposits, in which event no deposit shall be due or payable until the  
33 required notice of intention to withdraw the same shall have been  
34 personally given by the depositor: PROVIDED, That such bank at its  
35 option may pay any deposit or deposits before the expiration of such  
36 notice. But no bank shall agree with its depositors or any of them in  
37 advance to waive the requirement of notice as herein provided:

1 PROVIDED, That the bank may create a special class of depositors who  
2 shall be entitled to receive their deposits upon demand.

3 ~~(2) ((Except as provided in subdivisions (3), (4), and (5) of this  
4 section)) The savings bank ((shall not)) may pay ((any)) dividend((7))  
5 or interest, or repay a deposit((7)) or portion thereof, ((or)) upon  
6 receipt of information in written, oral, visual, electronic, or other  
7 form satisfactory to such bank, that the recipient is entitled to  
8 receipt, and may pay any check drawn upon it by a depositor ((unless  
9 the certificate of deposit is produced or bears a legend stating it may  
10 be paid without production, or the passbook of the depositor is  
11 produced and the proper entry is made therein, at the time of the  
12 payment.~~

13 ~~(3) The board of trustees of any such bank may by its bylaws  
14 provide for making payments in cases of loss of passbook or certificate  
15 of deposit, or other exceptional cases where the passbooks or  
16 certificates of deposit cannot be produced without loss or serious  
17 inconvenience to depositors, the right to make such payments to cease  
18 when so directed by the director upon his or her being satisfied that  
19 such right is being improperly exercised by any such bank; but payments  
20 may be made at any time upon the judgment or order of a court.~~

21 ~~(4) The board of trustees of any such bank may by its bylaws  
22 provide for making payments to depositors at their request, of  
23 dividends or interest payable on any deposit, without requiring the  
24 production of the passbook or certificate of deposit of the depositor,  
25 and any payment made in accordance with any such request and the  
26 receipt or acquittance of the one to whom such payment is made shall be  
27 a valid and sufficient release and discharge to such savings bank for  
28 all payments made on account of such request prior to receipt by such  
29 savings bank of notice in writing not to pay such sums in accordance  
30 with the terms of such request.~~

31 ~~(5) The issuance of a passbook or certificate of deposit may be  
32 omitted for any account if an adequate record thereof is maintained, in  
33 lieu of a passbook or certificate of deposit, on which shall be entered  
34 deposits, withdrawals, and interest credited: PROVIDED, That in any  
35 event a passbook shall be issued upon the request of any passbook  
36 account depositor)).~~

37 **Sec. 21.** RCW 32.12.090 and 1994 c 256 s 101 are each amended to  
38 read as follows:

1 (1) Every savings bank shall regulate the rate of interest upon the  
2 amounts to the credit of depositors therewith, in such manner that  
3 depositors shall receive as nearly as may be all the earnings of the  
4 bank after transferring the amount required by RCW 32.08.120 and such  
5 further amounts as its trustees may deem it expedient and for the  
6 security of the depositors to transfer to the guaranty fund, which to  
7 the amount of ten percent of the amount due its depositors the trustees  
8 shall gradually accumulate and hold. Such trustees may also deduct  
9 from its net earnings, and carry as reserves for losses, or other  
10 contingencies, or as undivided profits, such additional sums as they  
11 may deem wise.

12 (2) Every savings bank may classify its depositors according to the  
13 local market, character, amount, regularity, or duration of their  
14 dealings with the savings bank, and may regulate the interest in such  
15 manner that each depositor shall receive the same ratable portion of  
16 interest as all others of his or her class.

17 (3) Unimpaired contributions to the initial guaranty fund and to  
18 the expense fund, made by the incorporators or trustees of a savings  
19 bank, shall be entitled to have dividends apportioned thereon, which  
20 may be credited and paid to such incorporators or trustees.

21 Whenever the guaranty fund of any savings bank is sufficiently  
22 large to permit the return of such contributions, the contributors may  
23 receive interest thereon not theretofore credited or paid at the same  
24 rate paid to depositors.

25 (4) A savings bank may pay interest on deposits at such rates as  
26 its board or a committee or officer designated by the board shall from  
27 time to time determine.

28 (5) The trustees of any savings banks, other than a stock savings  
29 bank, whose undivided profits and guaranty fund, determined in the  
30 manner prescribed in RCW 32.12.070, amount to more than twenty-five  
31 percent of the amount due its depositors, shall at least once in three  
32 years divide equitably the accumulation beyond such twenty-five percent  
33 as an extra dividend to depositors in excess of the regular dividend  
34 authorized.

35 (6) A notice posted conspicuously in a savings bank of a change in  
36 the rate of interest shall be equivalent to a personal notice.

37 **Sec. 22.** RCW 32.16.040 and 1985 c 56 s 9 are each amended to read  
38 as follows:



1       (~~(1)~~) A quorum at any regular or special or adjourned meeting of  
2 the board of trustees shall consist of not less than five of whom the  
3 chief executive officer shall be one, except when he or she is  
4 prevented from attending by sickness or other unavoidable detention,  
5 when he or she may be represented in forming a quorum by such other  
6 officer as the board may designate; but less than a quorum shall have  
7 power to adjourn from time to time until the next regular meeting.  
8 However, a savings bank may adopt procedures which provide that, in the  
9 event of a national emergency, any trustee may act on behalf of the  
10 board to continue the operations of the savings bank. For purposes of  
11 this subsection, a national emergency is an emergency declared by the  
12 president of the United States or the person performing the president's  
13 functions, or a war, or natural disaster.

14       Regular meetings of the board of trustees shall be held as  
15 established from time to time by the board, not less than (~~(nine)~~) six  
16 times during each year.

17       (~~(2) The board of trustees shall by resolution duly recorded in  
18 the minutes, designate an officer or officers whose duty it shall be to  
19 prepare and submit to the trustees at each regular meeting of the  
20 board, or to an executive committee of not less than five members of  
21 such board, a written statement of the purchases and sales of  
22 securities, and of loans, made since the last regular meeting of the  
23 board. The statement shall be in such form as the board from time to  
24 time shall determine and there may be omitted from the statement such  
25 purchases and sales of securities and such loans as determined by the  
26 board.~~)

27       **Sec. 23.** RCW 32.16.050 and 1985 c 56 s 10 are each amended to read  
28 as follows:

29       (1) A trustee of a savings bank shall not directly or indirectly  
30 receive any pay or emolument for services as trustee, except as  
31 provided in this section.

32       (2) A trustee may receive, by affirmative vote of a majority of all  
33 the trustees, reasonable compensation for (a) attendance at meetings of  
34 the board of trustees; (b) service as an officer of the savings bank,  
35 provided his or her duties as officer require and receive his or her  
36 regular and faithful attendance at the savings bank; (c) service in  
37 appraising real property for the savings bank; and (d) service as a  
38 member of a committee of the board of trustees: PROVIDED, That a

1 trustee receiving compensation for service as an officer pursuant to  
2 (b) shall not receive any additional compensation for service under  
3 (a), (c), or (d).

4 (3) An attorney for a savings bank, although he or she is a trustee  
5 thereof, may receive a reasonable compensation for his or her  
6 professional services, including examinations and certificates of title  
7 to real property on which mortgage loans are made by the savings bank;  
8 or if the bank requires the borrowers to pay all expenses of searches,  
9 examinations, and certificates of title, including the drawing,  
10 perfecting, and recording of papers, such attorney may collect of the  
11 borrower and retain for his or her own use the usual fees for such  
12 services, excepting any commissions as broker or on account of placing  
13 or accepting such mortgage loans.

14 (4) All incentive compensation, bonus, or supplemental compensation  
15 plans for officers and employees of a savings bank shall be approved by  
16 a majority of nonofficer trustees of the savings bank or approved by a  
17 committee of not less than three trustees, none of whom shall be  
18 officers of the savings bank. No such plan shall permit any officer or  
19 employee of a savings bank who has or exercises final authority with  
20 regard to any loan or investment to receive any commission on such loan  
21 or investment.

22 (5) If an officer or attorney of a savings bank receives, on any  
23 loan made by the bank, any commission which he or she is not authorized  
24 by this section to retain for his or her own use, he or she shall  
25 immediately pay the same over to the savings bank.

26 **Sec. 24.** RCW 32.20.010 and 1977 ex.s. c 241 s 2 are each amended  
27 to read as follows:

28 The words "mutual savings bank" and "savings bank," whenever used  
29 in this chapter, shall mean a mutual savings bank organized and  
30 existing under the laws of the state of Washington.

31 The words "its funds," whenever used in this chapter, shall mean  
32 and include moneys deposited with or borrowed by a mutual savings bank,  
33 sums credited to the guaranty fund of a mutual savings bank, and the  
34 income derived from such deposits or fund, or both, and the principal  
35 balance of any outstanding capital notes, and capital debentures.

36 **Sec. 25.** RCW 32.20.020 and 1955 c 13 s 32.20.020 are each amended  
37 to read as follows:

1 A mutual savings bank shall have the power to invest its funds in  
2 the manner ((hereinafter)) set forth in chapter 32.08 RCW and in this  
3 chapter ((specified)) and not otherwise.

4 **Sec. 26.** RCW 32.20.330 and 1985 c 56 s 13 are each amended to read  
5 as follows:

6 A mutual savings bank may invest in loans to sole proprietorships,  
7 partnerships, limited liability companies, corporations, or other  
8 entities, or in preferred stock((~~7~~)) or ((in)) discounted or other  
9 interest bearing obligations issued, guaranteed, or assumed by limited  
10 liability companies or corporations commonly accepted as industrial  
11 corporations or engaged in communications, transportation, agriculture,  
12 furnishing utility ((~~or~~—telephone)) professional services,  
13 manufacturing, construction, mining, fishing, processing or  
14 merchandising of goods, food, or information, banking, or commercial or  
15 consumer financing, doing business or incorporated under the laws of  
16 the United States, or any state thereof, or the District of Columbia,  
17 or the Dominion of Canada, or any province thereof, subject to the  
18 following conditions:

19 (1) Not more than two percent of ((said)) the bank's funds shall be  
20 invested, pursuant to this section, in ((securities of any one such  
21 corporation, pursuant to this section)) the aggregate of loans to and  
22 preferred stock and obligations of any person, as defined in RCW  
23 32.32.228(1)(c), and such person's affiliates, as defined in RCW  
24 32.32.025(1), incorporating the definition of control in RCW  
25 32.32.025(8).

26 (2) Such loans or securities shall be prudent investments.

27 (3) Pursuant to this section, the total amount a savings bank may  
28 invest shall not exceed fifty percent of its funds, and not more than  
29 fifteen percent of the bank's funds may be invested in such loans to or  
30 securities of any industry.

31 NEW SECTION. **Sec. 27.** A new section is added to chapter 32.20 RCW  
32 to read as follows:

33 A mutual savings bank may invest in loans or securities that are  
34 qualified thrift investments for a savings association subject to the  
35 limits specified in 12 U.S.C. Sec. 1467a(m).

1       **Sec. 28.** RCW 32.20.400 and 1981 c 86 s 7 are each amended to read  
2 as follows:

3       A mutual savings bank may invest not to exceed twenty percent of  
4 its funds pursuant to this section in loans for home or property  
5 repairs, alterations, appliances, improvements, or additions, home  
6 furnishings, for installation of underground utilities, for educational  
7 purposes, or for nonbusiness family purposes: PROVIDED, That the  
8 application therefor shall state that the proceeds are to be used for  
9 one of the above purposes.

10       **Sec. 29.** RCW 32.20.445 and 1989 c 180 s 8 are each amended to read  
11 as follows:

12       A savings bank may invest its funds in the stock and other  
13 securities and obligations of a savings or banking institution or  
14 holding company thereof if the deposits of the savings or banking  
15 institution are insured by the federal deposit insurance corporation(~~(~~  
16 ~~the federal savings and loan insurance corporation,~~) or any other  
17 federal instrumentalities established to carry on substantially the  
18 same functions as such corporations(~~(~~~~PROVIDED, That the savings bank~~  
19 ~~shall own not less than fifty one percent of the outstanding stock~~  
20 ~~having voting power)~~)).

21       **Sec. 30.** RCW 32.32.500 and 1996 c 2 s 28 are each amended to read  
22 as follows:

23       (1) A savings bank may merge with, consolidate with, convert into,  
24 acquire a branch or branches of, or sell its branch or branches to any  
25 (~~(other financial institution chartered or authorized to do business in~~  
26 ~~this state under Titles 30, 32, or 33 RCW or under the federal laws~~  
27 ~~relating to)~~) depository institutions as defined in 12 U.S.C. Sec. 461  
28 or financial institution chartered or authorized to do business under  
29 the laws of any (~~(other)~~) state, territory, province, or other  
30 jurisdiction of the United States or another nation, or to a holding  
31 company or subsidiary thereof, subject to the approval of (a) the  
32 director of financial institutions if the surviving institution is one  
33 chartered under Title 30, 31, 32, or 33 RCW, or (b) if the surviving  
34 institution is to be a bank, savings bank, savings and loan  
35 association, or other depository institution that is federally  
36 chartered under the laws of the United States, the federal regulatory  
37 authority having jurisdiction over the transaction under the applicable

1 laws, or (c) if the surviving institution is to be a bank, savings  
2 bank, savings and loan association, or other depository or financial  
3 institution that is chartered under the laws of another state or  
4 territory of the United States, the regulatory authority having  
5 jurisdiction over that transaction under the applicable laws, or (d) if  
6 the surviving institution is to be a bank, savings bank, savings and  
7 loan association, or other depository or financial institution that is  
8 chartered under the laws of a nation other than the United States or of  
9 a state, territory, province, or other jurisdiction of such nation, the  
10 director of financial institutions, or (e) if the surviving institution  
11 is to be a bank holding company, the Federal Reserve Board or its  
12 successor under 12 U.S.C. Sec. 1842 (a) and (d).

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

16 (3) The concentration limits applicable to these transactions,  
17 pursuant to 12 U.S.C. Sec. 1831u(b)(2)(C) with respect to interstate  
18 transactions, shall be those imposed pursuant to 12 U.S.C. Sec.  
19 1828(c)(5), as applied by the federal regulatory authority having  
20 jurisdiction over that transaction under the applicable law, in lieu of  
21 the concentration limits of 12 U.S.C. Sec. 1831u(b)(2)(B).

22 **Sec. 31.** RCW 32.32.520 and 1981 c 85 s 103 are each amended to  
23 read as follows:

24 The "funds" of a converted savings bank, as the term is used in  
25 Title 32 RCW, shall mean deposits, sums credited to the liquidation  
26 account, capital stock, the principal balance of any outstanding  
27 capital notes, capital debentures, borrowings, undivided profits and  
28 income derived from the foregoing or the proceeds of the foregoing as  
29 listed in this section.

30 **Sec. 32.** RCW 32.34.010 and 1994 c 92 s 406 are each amended to  
31 read as follows:

32 (1) A domestic savings bank formed or converted under this title  
33 may convert itself into a state or federal credit union or a federal  
34 mutual or stock savings bank, national bank or, within the meaning of  
35 chapter 30.49 RCW, a resulting state bank. The conversion shall be  
36 effected, notwithstanding any restrictions, limitations, and  
37 requirements of law:

1 (a) In the case of the conversion of a mutual savings bank without  
2 capital stock to a state or federal credit union or a federal mutual  
3 savings bank, by the vote of two-thirds of the trustees at a regular or  
4 special meeting of the trustees called for such purpose;

5 (b) In the case of the conversion of a stock savings bank to a  
6 federal stock savings bank, national bank or, within the meaning of  
7 chapter 30.49 RCW, a resulting state bank, by the vote of a majority of  
8 the stockholders present, in person or by proxy, at a regular or  
9 special meeting of the stockholders called for such purpose;

10 (c) In the case of the conversion of a savings bank to a federal  
11 credit union, federal savings bank, or national bank, in compliance  
12 with the procedure, if any, prescribed by the laws of the United  
13 States.

14 (2) Notice of the meeting, stating the purpose thereof, shall be  
15 given the director at least thirty days prior to the meeting. If the  
16 conversion is authorized by the trustees or stockholders at the  
17 meeting, the trustees or stockholders are authorized and shall effect  
18 such action, and the officers of the savings bank shall execute all  
19 proper conveyances, documents, and other papers necessary or proper  
20 thereunto. If conversion is authorized, a copy of the minutes of the  
21 meeting shall be filed forthwith with the director.

22 (3) Upon consummation of the conversion, the successor credit  
23 union, federal savings bank, national bank, or resulting state bank  
24 shall succeed to all right, title, and interest of the mutual or stock  
25 bank, respectively, in and to its assets and to its liabilities to the  
26 creditors of the savings bank. Upon the conversion, after the  
27 execution and delivery of all instruments of transfer, conveyance, and  
28 assignment, the domestic savings bank shall be deemed dissolved.

29 (4) Every federal savings bank, the home office of which is located  
30 in this state, and the savings accounts therein, have all the rights,  
31 powers, and privileges and are entitled to the same immunities and  
32 exemptions as pertain to savings banks organized under the laws of this  
33 state.

34 **Sec. 33.** RCW 32.34.020 and 1994 c 92 s 407 are each amended to  
35 read as follows:

36 (1) A federal savings bank, the home office of which is located in  
37 this state, a national bank, the head office of which is located in  
38 this state, or a state commercial bank incorporated under chapter 30.08

1 RCW or resulting under chapter 30.49 RCW may convert itself into a  
2 domestic savings bank under this title upon approval by the director.  
3 For any such conversion, the federal savings bank, national bank, or  
4 state commercial bank shall proceed as provided in this chapter for the  
5 conversion of a domestic savings bank into a federal savings bank,  
6 national bank, or resulting bank under chapter 30.49 RCW. The  
7 conversion shall be effected by the vote of a majority of the members  
8 or stockholders present, in person or by proxy, at a regular or special  
9 meeting of the members or stockholders called for such purpose.

10 (2) Upon consummation of the conversion, the successor domestic  
11 savings bank shall succeed to all right, title, and interest of the  
12 federal savings bank in and to its assets, and to its liabilities to  
13 the creditors of such federal savings bank, national bank, or a state  
14 bank.

15 NEW SECTION. Sec. 34. A new section is added to chapter 32.34 RCW  
16 to read as follows:

17 (1) The conversion of a stock savings bank to a savings bank  
18 without capital stock requires the affirmative vote or written consent  
19 of two-thirds of the directors of the savings bank and requires the  
20 affirmative vote of two-thirds of the outstanding stock of the savings  
21 bank. The conversion shall proceed as prescribed in chapter 32.32 RCW  
22 subject to the authority of the director under RCW 32.32.010 and is  
23 complete upon the payment into the guaranty fund of the resulting  
24 savings bank without capital stock of any surplus remaining after  
25 satisfaction of all debts and liabilities of the savings bank,  
26 including but not limited to liabilities to dissenting shareholders  
27 under RCW 32.34.060.

28 (2) Any stock savings bank may provide in its articles of  
29 incorporation for a higher percentage of affirmative shareholder votes  
30 to approve a conversion to a savings bank without capital stock.

31 **Sec. 35.** RCW 32.34.060 and 1994 c 256 s 116 are each amended to  
32 read as follows:

33 (1) Any holder of shares of a savings bank shall be entitled to  
34 receive the value of these shares, as specified in subsection (2) of  
35 this section, if (a) the savings bank is voluntarily liquidating,  
36 converting to a savings bank without capital stock, being acquired,  
37 merging, or consolidating, (b) the shareholder voted, in person or by

1 proxy, against the liquidation, conversion, acquisition, merger, or  
2 consolidation, at a meeting of shareholders called for the purpose of  
3 voting on such transaction, and (c) the shareholder delivers a written  
4 demand for payment, with the stock certificates, to the savings bank  
5 within thirty days after such meeting of shareholders. The value of  
6 shares shall be paid in cash, within ten days after the later of the  
7 effective date of the transaction or the completion of the appraisal as  
8 specified in subsection (2) of this section.

9 (2) The value of such shares shall be determined as of the close of  
10 business on the business day before the shareholders' meeting at which  
11 the shareholder dissented, by three appraisers, one to be selected by  
12 the owners of two-thirds of the dissenting shares, one by the board of  
13 directors of the institution that will survive the transaction, and the  
14 third by the two so chosen. The valuation agreed upon by any two  
15 appraisers shall govern. If such appraisal is not completed by the  
16 later of the effective date of the transaction or the thirty-fifth day  
17 after receipt of the written demand and stock certificates, the  
18 director shall cause an appraisal to be made.

19 (3) The dissenting shareholders shall bear, on a pro rata basis  
20 based on the number of dissenting shares owned, the cost of their  
21 appraisal and one-half of the cost of a third appraisal, and the  
22 surviving institution shall bear the cost of its appraisal and one-half  
23 the cost of the third appraisal. If the director causes an appraisal  
24 to be made, the cost of that appraisal shall be borne equally by the  
25 dissenting shareholders and the surviving institution, with the  
26 dissenting shareholders sharing their half of the cost on a pro rata  
27 basis based on the number of dissenting shares owned.

28 The institution that is to survive the transaction may fix an  
29 amount which it considers to be not more than the fair market value of  
30 the shares of a savings bank at the time of the stockholder's meeting  
31 approving the transaction, which it will pay dissenting shareholders  
32 entitled to payment in cash. The amount due under such accepted offer  
33 or under the appraisal shall constitute a debt of the surviving  
34 institution.

35 NEW SECTION. **Sec. 36.** RCW 32.20.160 and 1955 c 13 s 32.20.160 are  
36 each repealed.



1        NEW SECTION.    **Sec. 37.**    Sections 1 through 10 of this act  
2 constitute a new chapter in Title 32 RCW.

3        NEW SECTION.    **Sec. 38.**    If any provision of this act or its  
4 application to any person or circumstance is held invalid, the  
5 remainder of the act or the application of the provision to other  
6 persons or circumstances is not affected.

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