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**SUBSTITUTE SENATE BILL 6716**

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**State of Washington**

**59th Legislature**

**2006 Regular Session**

**By** Senate Committee on Financial Institutions, Housing & Consumer Protection (originally sponsored by Senators Fairley, Brown, Eide and McAuliffe)

READ FIRST TIME 02/02/06.

1 AN ACT Relating to investigating and assessing performance in  
2 meeting community credit needs; and amending RCW 30.60.010.

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

4 **Sec. 1.** RCW 30.60.010 and 1994 c 92 s 157 are each amended to read  
5 as follows:

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

18 (2) In making an investigation required under subsection (1) of

1 this section, the director shall consider, independent of any federal  
2 determination, the following factors in assessing the bank's record of  
3 performance:

4 (a) Activities conducted by the institution to ascertain credit  
5 needs of its community, including the extent of the institution's  
6 efforts to communicate with members of its community regarding the  
7 credit services being provided by the institution;

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

11 (c) The extent of participation by the institution's board of  
12 directors in formulating the institution's policies and reviewing its  
13 performance with respect to the purposes of the Community Reinvestment  
14 Act of 1977;

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

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

20 (f) Evidence of prohibited discriminatory or other illegal credit  
21 practices;

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

24 (h) The institution's participation, including investments, in  
25 local community and microenterprise development projects;

26 (i) The institution's origination of residential mortgage loans,  
27 housing rehabilitation loans, home improvement loans, and small  
28 business or small farm loans within its community, or the purchase of  
29 such loans originated in its community;

30 (j) The institution's participation in governmentally insured,  
31 guaranteed, or subsidized loan programs for housing, small businesses,  
32 or small farms;

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

36 (l) Other factors that, in the judgment of the director, reasonably  
37 bear upon the extent to which an institution is helping to meet the  
38 credit needs of its entire community.

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

- 7                           (a) Excellent performance:                 1
- 8                           (b) Good performance:                     2
- 9                           (c) Satisfactory performance:               3
- 10                          (d) Inadequate performance:               4
- 11                          (e) Poor performance:                     5

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