

# Title 419 WAC

## SAVINGS AND LOAN ASSOCIATIONS, DIVISION OF (GENERAL ADMINISTRATION, DEPT. OF)

### Chapters

- 419-04** Working understanding for processing of applications for new facilities between the Federal Home Loan Bank Board and the Washington division of savings and loan associations.
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### DISPOSITION OF CHAPTERS FORMERLY CODIFIED IN THIS TITLE

#### Chapter 419-12

#### EXAMINATION FEES FOR SAVINGS AND LOAN ASSOCIATIONS

- 419-12-010 Examination fees. [Order 2, § 419-12-010, filed 7/7/72.] Repealed by Order 77-3, filed 10/5/77.

#### Chapter 419-16

#### EXAMINATION AND SUPERVISION FEES FOR CREDIT UNIONS

- 419-16-010 Examination and supervision fees. [Order 4, § 419-16-010, filed 10/16/72.] Repealed by Order 77-4, filed 10/5/77.

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- 419-24-010 Purpose. [Order 74-4, § 419-24-010, filed 5/21/74.] Repealed by 82-13-015 (Order 82-4), filed 6/7/82.
- 419-24-020 Definitions. [Order 74-4, § 419-24-020, filed 5/21/74.] Repealed by 82-13-015 (Order 82-4), filed 6/7/82.
- 419-24-030 Operations and procedures. [Order 74-4, § 419-24-030, filed 5/21/74.] Repealed by 82-13-015 (Order 82-4), filed 6/7/82.

### Chapter 419-48

#### REGULATIONS ON EXERCISE OF FEDERAL CREDIT UNION POWERS

- 419-48-010 Grant of federal credit union powers to state chartered credit unions. [Statutory Authority: 1979 1st ex.s. c 98. 79-10-043 (Order 79-3), § 419-48-010, filed 9/13/79.] Repealed by 82-13-016 (Order 82-5), filed 6/7/82. Statutory Authority: RCW 31.12.320.
- 419-48-020 Application to exercise federal credit union powers. [Statutory Authority: 1979 1st ex.s. c 98. 79-10-043 (Order 79-3), § 419-48-020, filed 9/13/79.] Repealed by 82-13-016 (Order 82-5), filed 6/7/82. Statutory Authority: RCW 31.12.320.
- 419-48-030 Supervisor action on application. [Statutory Authority: 1979 1st ex.s. c 98. 79-10-043 (Order 79-3), § 419-48-030, filed 9/13/79.] Repealed by 82-13-016 (Order 82-5), filed 6/7/82. Statutory Authority: RCW 31.12.320.
- 419-48-040 Applicability of federal statutes, regulations and case law. [Statutory Authority: 1979 1st ex.s. c 98. 79-10-043 (Order 79-3), § 419-48-040, filed 9/13/79.] Repealed by 82-13-016 (Order 82-5), filed 6/7/82. Statutory Authority: RCW 31.12.320.
- 419-48-051 Loans to members. [Statutory Authority: 1979 1st ex.s. c 98. 79-10-043 (Order 79-3), § 419-48-051, filed 9/13/79.] Repealed by 82-13-016 (Order 82-5), filed 6/7/82. Statutory Authority: RCW 31.12.320.
- 419-48-052 Self-replenishing line of credit. [Statutory Authority: 1979 1st ex.s. c 98. 79-10-043 (Order 79-3), § 419-48-052, filed 9/13/79.] Repealed by 82-13-016 (Order 82-5), filed 6/7/82. Statutory Authority: RCW 31.12.320.
- 419-48-053 Loans to other credit unions. [Statutory Authority: 1979 1st ex.s. c 98. 79-10-043 (Order 79-3), § 419-48-053, filed 9/13/79.] Repealed by 82-13-016 (Order 82-5), filed 6/7/82. Statutory Authority: RCW 31.12.320.
- 419-48-054 Loans to credit union organizations. [Statutory Authority: 1979 1st ex.s. c 98. 79-10-043 (Order 79-3), § 419-48-054, filed 9/13/79.] Repealed by 82-13-016 (Order 82-5), filed 6/7/82. Statutory Authority: RCW 31.12.320.
- 419-48-055 Participation loans. [Statutory Authority: 1979 1st ex.s. c 98. 79-10-043 (Order 79-3), § 419-48-055, filed 9/13/79.] Repealed by 82-13-016 (Order 82-5), filed 6/7/82. Statutory Authority: RCW 31.12.320.
- 419-48-060 Receipt of payments on shares from members and nonmember governmental units. [Statutory Authority: 1979 1st ex.s. c 98. 79-10-043 (Order 79-3), § 419-48-060, filed 9/13/79.] Repealed by 82-13-016 (Order 82-5), filed 6/7/82. Statutory Authority: RCW 31.12.320.
- 419-48-070 Investments. [Statutory Authority: 1979 1st ex.s. c 98. 79-10-043 (Order 79-3), § 419-48-070, filed 9/13/79.] Repealed by 82-13-016 (Order 82-5), filed 6/7/82. Statutory Authority: RCW 31.12.320.
- 419-48-080 Deposits. [Statutory Authority: 1979 1st ex.s. c 98. 79-10-043 (Order 79-3), § 419-48-080, filed 9/13/79.] Repealed by 82-13-016 (Order 82-5), filed 6/7/82. Statutory Authority: RCW 31.12.320.

- 419-48-090 Borrowing by a credit union. [Statutory Authority: 1979 1st ex.s. c 98. 79-10-043 (Order 79-3), § 419-48-090, filed 9/13/79.] Repealed by 82-13-016 (Order 82-5), filed 6/7/82. Statutory Authority: RCW 31.12.320.
- 419-48-100 Levying of late charges. [Statutory Authority: 1979 1st ex.s. c 98. 79-10-043 (Order 79-3), § 419-48-100, filed 9/13/79.] Repealed by 82-13-016 (Order 82-5), filed 6/7/82. Statutory Authority: RCW 31.12.320.
- 419-48-110 Lien on shares and dividends. [Statutory Authority: 1979 1st ex.s. c 98. 79-10-043 (Order 79-3), § 419-48-110, filed 9/13/79.] Repealed by 82-13-016 (Order 82-5), filed 6/7/82. Statutory Authority: RCW 31.12.320.
- 419-48-120 Check selling and cashing. [Statutory Authority: 1979 1st ex.s. c 98. 79-10-043 (Order 79-3), § 419-48-120, filed 9/13/79.] Repealed by 82-13-016 (Order 82-5), filed 6/7/82. Statutory Authority: RCW 31.12.320.
- 419-48-130 Purchase of obligations. [Statutory Authority: 1979 1st ex.s. c 98. 79-10-043 (Order 79-3), § 419-48-130, filed 9/13/79.] Repealed by 82-13-016 (Order 82-5), filed 6/7/82. Statutory Authority: RCW 31.12.320.
- 419-48-140 Sale and purchase of assets. [Statutory Authority: 1979 1st ex.s. c 98. 79-10-043 (Order 79-3), § 419-48-140, filed 9/13/79.] Repealed by 82-13-016 (Order 82-5), filed 6/7/82. Statutory Authority: RCW 31.12.320.
- 419-48-150 Other federal credit union powers. [Statutory Authority: 1979 1st ex.s. c 98. 79-10-043 (Order 79-3), § 419-48-150, filed 9/13/79.] Repealed by 82-13-016 (Order 82-5), filed 6/7/82. Statutory Authority: RCW 31.12.320.

#### Chapter 419-04 WAC

### WORKING UNDERSTANDING FOR PROCESSING OF APPLICATIONS FOR NEW FACILITIES BETWEEN THE FEDERAL HOME LOAN BANK BOARD AND THE WASHINGTON DIVISION OF SAVINGS AND LOAN ASSOCIATIONS

#### WAC

- 419-04-010 Processing of applications for new facilities—Introduction.
- 419-04-020 Processing of applications for new facilities—Priority of decision.
- 419-04-030 Processing of applications for new facilities—Preemption following approval.

**WAC 419-04-010 Processing of applications for new facilities—Introduction.** It appears that a working understanding between the Federal Home Loan Bank Board and the Washington division of savings and loan associations is desirable to coordinate the treatment of applications filed during the same time period and in the same general area in both jurisdictions. It also appears desirable to provide equal availability for applications in both jurisdictions and the same extent of protection during an agreed-upon start-up period after approval. Such agreement does not alter the understanding that the internal methods of processing and the criteria used vary between the two jurisdictions by virtue of both law and regulation. This set of guidelines is intended to establish a method of procedural coordination which will be both fair and workable.

All new facilities approved prior to the effective date of this working understanding shall be governed both as to time period and area of preemption by the provisions hereinafter set forth; and all applications pending on the effective date will be processed in accordance with these provisions. [Order 74-3, § 419-04-010, filed 5/13/74.]

#### WAC 419-04-020 Processing of applications for new facilities—Priority of decision. (1) Priority.

(a) When an application is filed with the division of savings and loan, for a period of five months no favorable decision shall be made by the Federal Home Loan Bank Board on a subsequent application for that location or one within the area of potential preemption surrounding it.

(b) When an application is filed with the Federal Home Loan Bank Board, for a period of five months no favorable decision shall be made by the division of savings and loan on a subsequent application for that location or one within the area of potential preemption surrounding it.

(c) The state's statutory period for consideration RCW 33.08.070 (six months) is not altered by these guidelines.

#### (2) Filing date.

(a) Filing date and processing (publication and notice) would be effective upon receipt of the complete application. It is understood that in order to qualify for priority, applications must be complete in accordance with the standards established by each jurisdiction. A so-called "letter of intent" will carry no weight in establishing such priority.

(b) In the event that applications are filed in both jurisdictions on the same date, creating a tie, then the respective jurisdictions may both proceed to a decision on such application.

(3) **Consolidation.** Either jurisdiction may, however, consolidate two or more pending applications for consideration at the same time, leading to a set of decisions on the same date. The procedure for consolidation to be followed by the division of savings and loan is:

(a) The first applicant to file at a given location shall have the application processed to establish a decision no more than five months after the date of filing.

(b) An application filed after the first application but before the deadline for decision may be consolidated for consideration with the first application if:

(i) The second application is for a location within the potential area of preemption of the first application; and

(ii) The application, at the time of filing, does not fall within the potential radius of preemption of a previously filed application in other jurisdiction.

(4) **Location.** It is important that the recipients of the notice of application be able readily to ascertain its specific location. Each application should, if possible, disclose the street address of the proposed location and/or the street intersection nearest to the location. Locations in or adjacent to shopping centers should be clearly identified by naming the existing or proposed center. [Order 74-3, § 419-04-020, filed 5/13/74.]

**WAC 419-04-030 Processing of applications for new facilities—Preemption following approval.** (1) **Period of preemption.** A new association approved by either jurisdiction shall have preemption protection for a period of two years from the date of approval. A newly authorized branch shall have preemption protection for a span of one year from the date of approval.

(2) **Area of preemption.** The area covered during the preemption period shall be:

(a) A distance of one-eighth mile in any direction for a location within the central business districts of Seattle, Spokane, or Tacoma.

(b) A distance of one-half mile in any direction for a location within a standard metropolitan statistical area. (SMSA.)

(c) Elsewhere in the state including urban and suburban areas, within a one-mile radius of the approved new location (unless special geographic conditions prevail).

(3) **Special treatment clause.** Should either authority receive a particular application which appears to require special treatment, there will be notification to the other with opportunity for response. Should there not be mutual agreement that such treatment is warranted (within a reasonable time), the authority indicating the need may proceed accordingly, upon notification to the other. [Order 74-3, § 419-04-030, filed 5/13/74.]

#### Chapter 419-14 WAC

#### EXAMINATION AND SUPERVISION FEES FOR SAVINGS AND LOAN ASSOCIATIONS

##### WAC

419-14-020	Collection of examination and supervision costs— Collection method.
419-14-030	Hourly charge for examinations.
419-14-040	Semiannual asset charge.
419-14-050	Investigation fee for new charter application.
419-14-060	Branch application fee.
419-14-070	Loans to directors, officers, or employees—Maximum amount.
419-14-080	Annual license fees.
419-14-090	Hourly charge for legal assistance.
419-14-100	Supervisory review of examination.
419-14-110	Special examinations.

#### DISPOSITION OF SECTIONS FORMERLY CODIFIED IN THIS CHAPTER

419-14-010	Examination and supervision fees. [Statutory Authority: RCW 33.04.025 and 33.08.020. 79-01-024 (Order 78-2), § 419-14-010, filed 12/18/78; Order 77-3, § 419-14-010, filed 10/5/77.] Repealed by 82-13-015 (Order 82-4), filed 6/7/82.
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**WAC 419-14-020 Collection of examination and supervision costs—Collection method.** The requirement of RCW 33.28.020 that the supervisor collect from each savings and loan association the actual costs of examinations and supervision shall be met in accordance with the procedures established in this chapter. The fee shall consist of three elements: (1) An hourly charge for the number of hours spent by division personnel in conducting an examination of the association, (2) a semiannual asset charge; and (3) an hourly charge for the number of

hours of extraordinary or special services. [Statutory Authority: RCW 33.28.020. 83-20-028 (Order 83-5), § 419-14-020, filed 9/26/83. Statutory Authority: RCW 30.28.020. 82-13-015 (Order 82-4), § 419-14-020, filed 6/7/82.]

**WAC 419-14-030 Hourly charge for examinations.** The hourly charge for hours spent by personnel of the division of savings and loan in conducting examinations shall be assessed as follows:

(1) For division personnel classified as Examiner I, \$16.88 per hour;

(2) For division personnel classified as Examiner II, \$21.88 per hour; and

(3) For division personnel classified as Examiner III or above, \$24.75 per hour. [Statutory Authority: RCW 30.28.020. 82-13-015 (Order 82-4), § 419-14-030, filed 6/7/82.]

**WAC 419-14-040 Semiannual asset charge.** The semiannual asset charge will be assessed at a rate of three and one-half cents per thousand dollars of total assets, computed on assets as of June 30 and December 31 of each calendar year, and payable no later than July 15 and January 15 next following the respective assessment dates. [Statutory Authority: RCW 30.28.020. 82-13-015 (Order 82-4), § 419-14-040, filed 6/7/82.]

**WAC 419-14-050 Investigation fee for new charter application.** The investigation fee required by RCW 33.08.060 for submission in connection with applications to charter a new savings and loan association shall be two thousand five hundred dollars. In the event the actual costs of the investigation conducted with respect to a particular application are less than the amount of the fee, such difference between the fee and the actual costs submitted shall be refunded, provided that in no event shall more than one thousand five hundred dollars be refunded. For the purposes of this section, actual costs shall include travel and per diem expenses paid to division personnel in connection with the investigation. [Statutory Authority: RCW 33.08.110. 82-13-015 (Order 82-4), § 419-14-050, filed 6/7/82.]

**WAC 419-14-060 Branch application fee.** The fee required by RCW 33.08.110 to be submitted in connection with an application to establish a branch office of an association shall be five hundred dollars. In the event the actual costs of the investigation with respect to a particular application are less than the amount of the fee, such difference between the fee and the actual cost submitted shall be refunded, provided that in no event shall more than three hundred fifty dollars be refunded. For the purposes of this section, actual costs shall include travel and per diem expenses paid to division personnel in connection with the investigation. [Statutory Authority: RCW 33.08.110. 82-13-015 (Order 82-4), § 419-14-060, filed 6/7/82.]

**WAC 419-14-070 Loans to directors, officers, or employees—Maximum amount.** The total value of loans

made or obligations acquired under the authority of RCW 33.12.060 (2)(f) for any director, officer, or employee of an association shall not exceed twenty-five thousand dollars, unless the prior written approval of the supervisor has been obtained in accordance with the provisions of this section.

Requests to the supervisor for permission to exceed the maximum loan limit shall be made at least ten days in advance of the date upon which it is anticipated that funds will be disbursed, if the loan is approved. Such requests must be accompanied by a certified copy of the authorizing resolution, which shall set forth with specificity the reasons that the board of directors believes that exceeding the loan limitation established in this section is in the best interest of the association in each instance. The authorizing resolution shall also set forth the directors' evaluation of the quality of the security for the loan, and the ability of the debtor to repay the loan in accordance with its terms. [Statutory Authority: RCW 33.12.060(2)(f). 82-13-015 (Order 82-4), § 419-14-070, filed 6/7/82.]

**WAC 419-14-080 Annual license fees.** Every savings and loan association organized under the laws of this state shall pay a license fee before the 31st of July each year. The license fee for each domestic association shall be fifty dollars for the office designated as the home office or executive office and an additional fifty dollar fee for each branch.

Every foreign association doing business in the state of Washington shall pay a license fee before the 31st of July each year. The license fee shall be in the amount of fifty dollars for each branch in business within the state of Washington as of the close of business June 30th immediately preceding. [Statutory Authority: RCW 33.04.020(2). 82-19-020 (Order 82-6), § 419-14-080, filed 9/8/82.]

**WAC 419-14-090 Hourly charge for legal assistance.** The hourly charge for consultation involving an assistant attorney general shall be assessed at a rate of \$40.00 per hour. Extraordinary legal assistance shall include, but not be limited to, legal research and advice pertaining to granting new charters, acquisition of savings and loan association, conversions, board meetings requiring legal assistance, and to supervisory hearings and preparation of memorandum opinions which relate to a specific savings and loan association. [Statutory Authority: RCW 33.28.020. 83-20-028 (Order 83-5), § 419-14-090, filed 9/26/83.]

**WAC 419-14-100 Supervisory review of examination.** Upon completion of each examination the examiner's report shall be reviewed and an examination letter prepared by administrative personnel. The hourly charge for the review and preparation of the examination letter shall be assessed at the rate of \$30.00 per hour. [Statutory Authority: RCW 33.28.020. 83-20-028 (Order 83-5), § 419-14-100, filed 9/26/83.]

**WAC 419-14-110 Special examinations.** Special examination shall be assessed at the rate of \$30.00 per hour per examiner. Special examinations shall include, but not be limited to electronic data processing examinations, special investigations, special examinations involving the division's staff supervisory personnel, and other special examinations and reviews the supervisor deems necessary. [Statutory Authority: RCW 33.28.020. 83-20-028 (Order 83-5), § 419-14-110, filed 9/26/83.]

### Chapter 419-18 WAC

#### EXAMINATION AND SUPERVISION FEES FOR CREDIT UNIONS

##### WAC

419-18-020	Collection of examination and supervision costs— Collection method.
419-18-030	Hourly charge for examinations.
419-18-040	Semiannual asset charge.
419-18-050	Hourly charge for extraordinary legal assistance.
419-18-060	Supervisory review of examinations.
419-18-070	Special examinations.

##### DISPOSITION OF SECTIONS FORMERLY CODIFIED IN THIS CHAPTER

419-18-010	Examination and supervision fees. [Statutory Authority: RCW 31.12.320. 79-01-025 (Order 78-3), § 419-18-010, filed 12/18/78; Order 77-4, § 419-18-010, filed 10/5/77.] Repealed by 82-13-016 (Order 82-5), filed 6/7/82. Statutory Authority: RCW 31.12.320.
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**WAC 419-18-020 Collection of examination and supervision costs—Collection method.** The requirement of RCW 31.12.320 that the supervisor collect from each credit union the actual costs of examinations and supervision shall be met in accordance with the procedures established in this chapter. The fee shall consist of three elements: (1) An hourly charge for the number of hours spent by division personnel in conducting an examination of the credit union, (2) a semiannual asset charge, and (3) an hourly charge for the number of hours of extraordinary or special services. [Statutory Authority: RCW 31.12.320. 83-20-027 (Order 83-4), § 419-18-020, filed 9/26/83; 82-13-016 (Order 82-5), § 419-18-020, filed 6/7/82.]

**WAC 419-18-030 Hourly charge for examinations.** The hourly charge for hours spent by personnel of the division of savings and loan in conducting examinations shall be assessed as follows:

- (1) For division personnel classified as Examiner I, \$16.88 per hour;
- (2) For division personnel classified as Examiner II, \$21.88 per hour; and
- (3) For division personnel classified as Examiner III or above, \$24.75 per hour. [Statutory Authority: RCW 31.12.320. 82-13-016 (Order 82-5), § 419-18-030, filed 6/7/82.]

**WAC 419-18-040 Semiannual asset charge.** The semiannual asset charge will be assessed at a rate of three and one-half cents per thousand dollars of total

assets, computed on assets as of June 30 and December 31 of each calendar year, and payable no later than July 15 and January 15 next following the respective assessment dates. Those credit unions the total assets of which are less than two hundred thousand dollars as of a particular assessment date shall not be required to pay an asset charge for the semiannual period immediately preceding such assessment date. [Statutory Authority: RCW 31.12.320. 83-20-027 (Order 83-4), § 419-18-040, filed 9/26/83; 82-13-016 (Order 82-5), § 419-18-040, filed 6/7/82.]

**WAC 419-18-050 Hourly charge for extraordinary legal assistance.** The hourly charge for consultation involving an assistant attorney general shall be assessed at the rate of \$40.00 per hour. Extraordinary legal assistance shall include, but not be limited to, auditing committee meetings and board meetings requiring legal assistance, and to supervisory hearings and preparation of memorandum opinions which relate to a specific credit union. [Statutory Authority: RCW 31.12.320. 83-20-027 (Order 83-4), § 419-18-050, filed 9/26/83.]

**WAC 419-18-060 Supervisory review of examinations.** Upon completion of each examination the examiner's report shall be reviewed and an examination letter prepared by administrative personnel. The hourly charge for the review and preparation of the examination letter shall be assessed at the rate of \$30.00 per hour. [Statutory Authority: RCW 31.12.320. 83-20-027 (Order 83-4), § 419-18-060, filed 9/26/83.]

**WAC 419-18-070 Special examinations.** Special examinations shall be assessed at the rate of \$30.00 per hour, per examiner. Special examinations shall include, but not be limited to electronic data processing examinations, special investigations, special examinations involving the division's staff supervisory personnel, and other special examinations and reviews the supervisor deems necessary. [Statutory Authority: RCW 31.12.320. 83-20-027 (Order 83-4), § 419-18-070, filed 9/26/83.]

**Chapter 419-20 WAC**

**OPERATION AND PROCEDURES OF THE DIVISION OF SAVINGS AND LOAN AND ACCESS TO PUBLIC RECORDS--FORM**

WAC	
419-20-010	Purpose.
419-20-020	Definitions.
419-20-030	Description of central and field organization of division of savings and loan.
419-20-040	Operations and procedures.
419-20-050	Public records available.
419-20-060	Public records officer.
419-20-070	Office hours.
419-20-080	Requests for public records.
419-20-090	Copying.
419-20-100	Exemptions.
419-20-110	Review of denials of public records requests.
419-20-120	Protection of public records.
419-20-130	Records index.
419-20-140	Communications with division.

419-20-150	Adoption of form.
419-20-900	Appendix 1--Request for public record.

**WAC 419-20-010 Purpose.** The purpose of this chapter shall be to ensure compliance by the department of general administration, division of savings and loan, with the provisions of chapter 1, Laws of 1973 (Initiative 276), Disclosure--Campaign finances--Lobbying--Records; and in particular with sections 25-32 of that act, dealing with public records. [Order 73-2, § 419-20-010, filed 7/13/73.]

**WAC 419-20-020 Definitions.** (1) Public records. "Public record" includes any writing containing information relating to the conduct of governmental or the performance of any governmental or proprietary function prepared, owned, used or retained by any state or local agency regardless of physical form or characteristics.

(2) Writing. "Writing means handwriting, typewriting, printing, photostating, photographing and every other means of recording any form of communication or representation, including letters, words, pictures, sounds; or symbols, or combination thereof, and all papers, maps, magnetic or paper tapes, photographic films and prints, magnetic or punched cards, discs, drums and other documents."

(3) Division of savings and loan. The supervisor of savings and loan is appointed by the director of the department of general administration. The division of savings and loan shall hereinafter be referred to as the "division of savings and loan." Where appropriate, the term supervisor of savings and loan also refers to the staff and employees of the division of savings and loan. [Order 73-2, § 419-20-020, filed 7/13/73.]

**WAC 419-20-030 Description of central and field organization of division of savings and loan.** The division is an administrative, supervisory, licensing and chartering agency. The administrative office of the division of savings and loan and its staff is located at 217-C General Administration Building, Olympia, Washington 98504. [Statutory Authority: Chapter 42.17 RCW. 83-23-067 (Order 83-6), § 419-20-030, filed 11/17/83; Order 73-2, § 419-20-030, filed 7/13/73.]

**WAC 419-20-040 Operations and procedures.** The primary purpose of the division of savings and loan is the maintenance of a sound home financing system within the state of Washington; and the maintenance of a sound and viable credit union system to serve eligible persons within the state of Washington in the area of consumer loans; the prevention of irresponsible acts by members of the two systems and the insuring that these systems serve the needs and convenience of the public and eligible memberships through the fostering of appropriate competition and operating efficiency. In order to accomplish this purpose, the division of savings and loan's duties are divided into two major areas, i.e., examination and chartering.

The supervisor of savings and loan is required by law to examine the operation of all state chartered savings

and loan associations and credit unions. These duties are carried out through a staff of field examiners employed by the division of savings and loan. The examiners examine the books and records of an institution in order to detect any violations of the relevant statutes and to determine if good industry practices are being followed. After receipt of the examination reports the supervisor communicates the results to the managing group of the institution examined and requires any violations of law to be corrected.

The other main function of the division of savings and loan is processing of applications by various groups to establish a financial institution or to change an existing one. Some of the functions are as follows:

- (1) To charter new savings and loan associations and new credit unions;
- (2) To authorize branches of existing savings and loan associations;
- (3) To authorize mergers of savings and loans and of credit unions.
- (4) Conversion to federal charter applications.

Operations are channeled and actions determined, and the public may obtain information, submit requests, or obtain copies of public records from the above listed office of the supervisor of savings and loan in Olympia. In general, the public may obtain information, make submittals or requests, or obtain copies of division of savings and loan decisions through application to personnel in Room 111A of the General Administration Building. [Order 73-2, § 419-20-040, filed 7/13/73.]

**WAC 419-20-050 Public records available.** All public records of the division of savings and loan as defined in WAC 419-20-020 are deemed to be available for public inspection and copying pursuant to these rules, except as otherwise provided by sections 26 and 31, chapter 1, Laws of 1973 and WAC 419-20-100 and 419-20-120. Substantive rules of general applicability adopted by the supervisor of savings and loan can be found in Title 419 WAC, and are incorporated herein by reference as though fully set forth. [Order 73-2, § 419-20-050, filed 7/13/73.]

**WAC 419-20-060 Public records officer.** The division of savings and loan public records shall be in the charge of the public records officer designated by the division of savings and loan. The person so designated shall be located in the administrative office of the division of savings and loan. The public records officer shall be responsible for the following: The implementation of the division of savings and loan rules and regulations regarding release of public records, coordinating the staff of the division of savings and loan in this regard, and generally insuring compliance by the staff with the public records disclosure requirements of chapter 1, Laws of 1973. [Order 73-2, § 419-20-060, filed 7/13/73.]

**WAC 419-20-070 Office hours.** Public records shall be available for inspection and copying during the customary office hours of the division of savings and loan.

For the purposes of this chapter, the customary office hours shall be from 8:00 a.m. to 5:00 p.m., Monday through Friday, excluding legal holidays. [Statutory Authority: Chapter 42.17 RCW. 83-23-067 (Order 83-6), § 419-20-070, filed 11/17/83; Order 73-2, § 419-20-070, filed 7/13/73.]

**WAC 419-20-080 Requests for public records.** In accordance with requirements of chapter 1, Laws of 1973, that agencies prevent unreasonable invasions of privacy, protect public records from damage or disorganization, and prevent excessive interference with essential functions of the agency, public records may be inspected or copies of such records may be obtained by members of the public, upon compliance with the following procedures:

(1) A request shall be made in writing upon a form prescribed by the division of savings and loan which shall be available at its administrative office. The form shall be presented to the public records officer; or to any member of the division of savings and loan staff, if the public records officer is not available, at the administrative office of the division of savings and loan during customary office hours. The request shall include the following information:

- (a) The name of the person requesting the records;
- (b) The time of day and calendar date on which the request was made;
- (c) The nature of the request;
- (d) If the matter requested is referenced within the current index maintained by the records officer, a reference to the requested record as it is described in such current index;
- (e) If the requested matter is not identifiable by reference to the division of savings and loan current index, an appropriate description of the record requested.
- (f) In all cases in which a member of the public is making a request, it shall be the obligation of the public records officer or staff member to whom the request is made, to assist the member of the public in appropriately identifying the public record requested. [Order 73-2, § 419-20-080, filed 7/13/73.]

**WAC 419-20-090 Copying.** No fee shall be charged for the inspection of public records. The division of savings and loan shall charge a fee of twenty-five cents per page of copy for the first twenty pages and ten cents per page for every copy thereafter for providing copies of public records and for use of the division of savings and loan copy equipment. This charge is the amount necessary to reimburse the division of savings and loan for its actual costs incident to such copying. The division of savings and loan will charge additional amounts based on employee salaries if a particular request requires an unusual amount of time to be spent by the division. The copying fee shall be paid in cash, certified check, cashier's check, or money order. [Order 73-2, § 419-20-090, filed 7/13/73.]

**WAC 419-20-100 Exemptions.** (1) The division of savings and loan reserves the right to determine that a

public record requested in accordance with the procedures outlined in WAC 419-20-080 is exempt under the provisions of section 31, chapter 1, Laws of 1973.

(2) RCW 43.19.120 provides as a general rule that all information received by the supervisor and his office from any savings and loan or credit union is confidential and may not be disclosed to any person other than certain other government officials, on penalty of a gross misdemeanor.

(3) In addition, pursuant to section 26, chapter 1, Laws of 1973, the division of savings and loan reserves the right to delete identifying details when it makes available or publishes any public record, in any cases when there is reason to believe that disclosure of such details would be an invasion of personal privacy protected by chapter 1, Laws of 1973. The public records officer will fully justify such deletion in writing.

(4) All denials of requests for public records will be accompanied by a written statement specifying the reason for the denial, including a statement of the specific exemption authorizing the withholding of the record and a brief explanation of how the exemption applies to the record withheld. [Order 73-2, § 419-20-100, filed 7/13/73.]

**WAC 419-20-110 Review of denials of public records requests.** (1) Any person who objects to the denial of a request for a public record may petition the supervisor for prompt review of such decision by tendering a written request for review. The written request shall specifically refer to the written statement by the public records officer or other staff member which constitutes or accompanied the denial.

(2) Immediately after receiving a written request for review of a decision denying a public record, the public records officer or other staff member denying the request shall refer it to the supervisor of the division of savings and loan. The supervisor shall immediately consider the matter and either affirm or reverse such denial. In any case, the petition shall be returned with a final decision, within two business days following the original denial.

(3) Administrative remedies shall not be considered exhausted until the division of savings and loan has responded to the petition with a decision or until the close of the second business day following denial of inspection, whichever occurs first. [Order 73-2, § 419-20-110, filed 7/13/73.]

**WAC 419-20-120 Protection of public records.** (1) Public records shall be available for public inspection during regular office hours as provided for by regulation at the office of the Division of Savings and Loan, 217-C General Administration Building, Olympia, Washington 98504. No person shall be allowed to remove any records made available to him for inspection from the place designated for inspection by the public records officer. If copies are desired the person so desiring them shall inform the public records officer who shall then either have the copies made or make the copying facilities of the division of savings and loan available for copying.

[Statutory Authority: Chapter 42.17 RCW. 83-23-067 (Order 83-6), § 419-20-120, filed 11/17/83; Order 73-2, § 419-20-120, filed 7/13/73.]

**WAC 419-20-130 Records index.** The division of savings and loan has available to all persons a current index which provides identifying information as to the following records issued, adopted or promulgated since June 30, 1972:

(a) Final opinions, including concurring and dissenting opinions as well as orders, made in the adjudication of cases;

(b) those statements of policy and interpretations of policy, statute and the Constitution which have been adopted by the division;

(c) administrative staff manuals and instructions to staff that affect a member of the public;

(d) planning policies and goals, and interim and final planning decisions;

(e) factual staff reports and studies, factual consultant's reports and studies, scientific reports and studies, and any other factual information derived from tests, studies, reports or surveys, whether conducted by public employees or others; and

(f) correspondence, and materials referred to therein, by and with the division relating to any regulatory, supervisory or enforcement responsibilities of the division, whereby the division determines, or opines upon, or is asked to determine or opine upon, the rights of the state, the public, a subdivision of state government, or of any private party.

(2) Availability. The current index promulgated by the division of savings and loan shall be available to all persons under the same rules and on the same conditions as are applied to public records available for inspection. [Order 73-2, § 419-20-130, filed 7/13/73.]

**WAC 419-20-140 Communications with division.** All communications with the division of savings and loan including but not limited to the submission of material[s] pertaining to its operations and/or the administration or enforcement of chapter 1, Laws of 1973 and these rules, requests for copies of the division of savings and loan's decisions and other matters, shall be addressed as follows:

Division of Savings and Loan  
Records Officer  
217-C General Administration Building  
Olympia, Washington 98504

[Statutory Authority: Chapter 42.17 RCW. 83-23-067 (Order 83-6), § 419-20-140, filed 11/17/83; Order 73-2, § 419-20-140, filed 7/13/73.]

**Reviser's note:** RCW 34.04.058 requires the use of underlining and deletion marks to indicate amendments to existing rules, and deems ineffectual changes not filed by the agency in this manner. The bracketed material in the above section does not appear to conform to the statutory requirement.

WAC 419-20-150 Adoption of form. The division of savings and loan hereby adopts for use by all persons requesting inspection and/or copying or copies of its records, the form attached hereto as WAC 419-20-900, entitled "Request for public record." [Order 73-2, § 419-20-150, filed 7/13/73.]

WAC 419-20-900 Appendix 1--Request for public record.

"REQUEST FOR PUBLIC RECORD"

to: The Division of Savings and Loan:

(a) Name of person requesting public record(s)
Signature
Name of organization, if applicable

Mailing address of Applicant
Phone Number

(b) Date request made at Division of Savings and Loan, Olympia
Time of day request made

(c) Nature of request

(d) Identification Reference on Current Index (please describe)

(e) Description of record, or matter, requested if not identifiable by reference to the Division of Savings and Loan's current index:

[Order 73-2, Appendix 1 (codified as WAC 419-20-900), filed 7/13/73.]

Chapter 419-28 WAC
APPLICATIONS FOR SATELLITE FACILITIES--
FORMS--FEES

WAC
419-28-010 Applications for satellite facilities--Form.

- 419-28-020 Applications for satellite facilities--Fee.
419-28-030 Applications for satellite facilities--Additional information.
419-28-040 Public convenience.
419-28-050 Definitions.
419-28-060 Network systems.
419-28-070 Modification of approved network systems.
419-28-080 Approval--Disapproval--Request for hearing.
419-28-990 Appendix 1--Application to provide satellite facility.

WAC 419-28-010 Applications for satellite facilities--Form. Pursuant to RCW 33.04.025 the official form for use in making application to the division of savings and loan for a satellite facility is hereby adopted. The form is attached hereto as Appendix 1 [419-28-990], entitled "Application to Provide Satellite Facility." Copies of this form may be obtained at Room 111A, General Administration Building, Olympia, Washington. [Order 74-5, § 419-28-010, filed 6/3/74.]

WAC 419-28-020 Applications for satellite facilities--Fee. (1) The fee for filing an application for approval of the supervisor for a savings and loan association or credit union to provide a satellite facility or facilities which are to be used exclusively by its own customers is one hundred dollars. In the event the application is for approval of the supervisor to provide more than one such satellite facility, the filing fee on such a multiple application is one hundred dollars for the first such satellite facility and one hundred dollars for each additional satellite facility. This fee shall be deemed to include the cost of processing the application and the cost of an attendant investigation, but if the cost therefor (computed at thirty dollars per employee hour plus actual expenses) exceeds the filing fee, the applicant shall pay such excess when ascertained by the supervisor.

(2) The fee for filing an application for approval of a network system of satellite facilities as defined in WAC 419-28-050(4) is one thousand dollars. This fee shall be deemed to include the cost of processing the application and the cost of an attendant investigation, but if the actual cost of such processing and investigation (computed at thirty dollars per employee hour plus actual expenses) exceeds the filing fee, the applicant shall pay such excess when ascertained by the supervisor.

(3) The fee for each application to modify a previously approved network system made in accordance with WAC 419-28-070(1) or (2) is one hundred dollars. The fee for application to modify a previously modified network system under WAC 419-28-070(3) shall be computed by the supervisor at thirty dollars per employee hour plus actual expenses, with a minimum fee of one hundred dollars per application. [Statutory Authority: RCW 33.04.025. 83-01-065 (Order 82-8), § 419-28-020, filed 12/15/82; Order 74-5, § 419-28-020, filed 6/3/74.]

WAC 419-28-030 Applications for satellite facilities--Additional information. Application for approval to provide a satellite facility or facilities which are to be used exclusively by the customers of one state-chartered savings and loan association or credit union shall be



submitted in accordance with this section. The application shall be filed with the supervisor's office in Olympia on the form set forth in WAC 419-28-990. A separate application must be made for each satellite facility, and must include the minimum fee required by WAC 419-28-020:

The applicant shall submit the following information with the application form:

- (1) Types of transactions to be conducted.
- (2) Details as to ownership and operation of the facility or facilities.
- (3) If requested by the supervisor to aid the determination of whether the public convenience will be served by the proposed satellite facility or facilities, an analysis of the trade area to be served by the proposed facility or facilities. Included within this analysis shall be a study of the number of customers of the applicant living, working and/or shopping in the trade area to be served by the proposed satellite facility or facilities and the likelihood of those customers using the facility. [Statutory Authority: RCW 33.04.025. 83-01-065 (Order 82-8), § 419-28-030, filed 12/15/82; Order 74-5, § 419-28-030, filed 6/3/74.]

**WAC 419-28-040 Public convenience.** As an aid in the supervisor's determination of whether the public convenience will be served by the proposed satellite facility, the applicant shall provide an analysis of the area to be served by the proposed facility. Included within this analysis shall be a study of the number of customers of the applicant likely to be served by the proposed satellite facility and the likelihood of those customers using the facility. [Order 74-5, § 419-28-040, filed 6/3/74.]

**WAC 419-28-050 Definitions.** As used in these regulations:

- (1) "Supervisor" means supervisor of savings and loan associations appointed pursuant to RCW 43.19.100.
- (2) "Satellite facilities" within the meaning of chapter 30.43 RCW include, without limitation, both "on-line" and "off-line" cash dispensing or automated teller facilities which are not on the premises of the financial institution whose customers use these facilities. Such facilities constitute "satellite facilities" irrespective of whether they are owned by the financial institution or by others.
- (3) "Switch" means an electronic or paper-based switching system, pursuant to which transactions in a network system of satellite facilities are effected, routed and processed.
- (4) "Network system" means one or more satellite facilities the use of which is shared on a contractual basis among more than one participating financial institution and which are identified with a common trademark or trade name.
- (5) "Sponsor" means the owner or operator of a network system. [Statutory Authority: RCW 33.04.025. 83-01-065 (Order 82-8), § 419-28-050, filed 12/15/82; Order 74-5, § 419-28-050, filed 6/3/74.]

**WAC 419-28-060 Network systems.** Application for approval to establish or operate a network system in which one or more state-chartered savings and loan associations or credit unions participate shall be submitted in accordance with this section. Application may be made either by the sponsor or by one or more participating financial institutions. The application shall include the following:

- (1) A copy of a resolution of the governing body of each savings and loan association or credit union participating in the network system, authorizing such participation.
- (2) A list showing the exact location of each proposed satellite facility, including the street address, city and state. If a satellite facility is to be located in a retail store, institution, office building or other type of merchant or business establishment, indicate the name and type of establishment. If a satellite facility is to be located in a shopping center, state the name of the shopping center.
- (3) A list of all equipment necessary to operate the network system, including the terminal (specify manufacturer), auxiliary equipment, and the data centers where transactions will be routed.
- (4) Identification and description of the type of activator and personal identification code (PIC) which will be used by customers at satellite facilities to access their accounts, as well as indication of how and by whom the activator and the PIC will be issued, with a description of the security measures to be taken.
- (5) A summary description of the design and general operating features of the network system. At a minimum, this response must include a discussion of:
  - (a) The proposed hours of operation;
  - (b) the mode of operation (i.e., off-line, off-line with on-line terminals, on-line, or a combination);
  - (c) transactions and transaction restrictions;
  - (d) procedures for verification, authorization, storage and posting of transactions;
  - (e) receipts, audit trails, "hot-card" files, and any other measures used to protect the integrity of the system;
  - (f) the switch, including (i) an explanation of the means by which a transaction is routed to the appropriate data centers; (ii) a description of logging and audit procedures for the purpose of verifying transactions processed through the switch; (iii) the identity of all data centers involved in the operation of the system; (iv) the identity of any party or parties other than the sponsor responsible for operation of the switch, (v) a description of the sponsor's or such other party's or parties' experience and qualifications in switch operation, and (vi) procedures for operation during terminal, switch, or CPU down-time (whether scheduled or unscheduled).
- (6) If there are financial institutions participating in the network system which do not have offices within this state, evidence that satellite facilities in the jurisdiction in which such institutions are organized are made available on a reciprocal basis to financial institutions which have offices in the state of Washington.

(7) Such identification of the party or parties who will own and maintain the satellite facilities as the supervisor may require.

(8) Evidence of bonding and insurance coverage for the sponsor and other parties involved in operation of the switch or network system.

(9) A complete description in full detail of the procedures for protection of customer privacy and the confidentiality of account information.

(10) A summary description in full detail of the procedures to be used to protect against fraudulent use of the network system.

(11) Copies of agreements between financial institution participants and the sponsor. If the agreements are in standardized form, a sample will suffice.

(12) Names and head office addresses of all financial institutions who will participate in the network system.

(13) A description of the method of sharing, including the organizational structure of the network system and the basis for sharing capital expenditures and operating costs.

(14) A certified copy of a resolution of the governing body of the sponsor which (a) authorizes the supervisor to conduct such examinations of the network system and its various component parts as are deemed necessary by the supervisor; (b) sets forth the agreement of the sponsor to pay the supervisor's expenses incurred in such examinations in accordance with the supervisor's rates for examinations of financial institutions as set forth in WAC 419-14-030 and WAC 419-18-040; (c) gives assurances to the supervisor that such authorization and agreement shall not be withdrawn until the expiration of at least thirty days after notice of such withdrawal has been given to the supervisor; and (d) confirms the understanding of the sponsor that failure to permit such examination by the supervisor shall be grounds for immediate suspension of the supervisor's approval of the network system. [Statutory Authority: RCW 30.43.020 and 30.43.045. 83-05-022 (Order 83-1), § 419-28-060, filed 2/9/83.]

**WAC 419-28-070 Modification of approved network systems.** (1) A previously approved network system which desires to add satellite facilities shall submit in writing to the supervisor the exact location of each proposed additional satellite facility, including the street address, city and state. If a satellite facility is to be located in a retail store, institution, office building or other type of merchant or business establishment, indicate the name and type of establishment. If a satellite facility is to be located in a shopping center, state the name of the shopping center.

(2) A previously approved network system which desires to add participating financial institutions shall, either separately or in conjunction with the financial institution, submit to the supervisor the name and head office address of each such financial institution. For each such additional financial institution which is a savings and loan association or credit union, a copy of a

resolution of the governing body of such institution authorizing participation in the network system shall also be submitted.

If the proposed additional financial institutions do not have offices in this state, evidence of the type required under WAC 419-28-060(6) shall be submitted to the supervisor for the jurisdiction in which such institution is organized, unless such information has previously been submitted for such jurisdiction.

(3) A previously approved network system which proposes to modify its system so that the information previously submitted to the supervisor will no longer accurately describe such system, shall submit in writing to the supervisor such information necessary to describe accurately such system as modified. [Statutory Authority: RCW 33.04.025. 83-01-065 (Order 82-8), § 419-28-070, filed 12/15/82.]

**WAC 419-28-080 Approval--Disapproval--Request for hearing.** The supervisor shall notify the applicant and, in the case of a network system, all participating savings and loan associations and credit unions, of the approval of the satellite facilities or network system or modifications thereto. If the supervisor disapproves the application, reasons for such disapproval shall be set forth in the written notice of disapproval. The applicant may request a hearing before the supervisor by submitting a written request therefor within twenty days of the date of the supervisor's notice of disapproval. Such hearing and all further proceedings shall be governed by the provisions of chapter 34.04 RCW. [Statutory Authority: RCW 33.04.025. 83-01-065 (Order 82-8), § 419-28-080, filed 12/15/82.]

**WAC 419-28-990 Appendix 1--Application to provide satellite facility.**

APPENDIX 1  
APPLICATION TO PROVIDE  
SATELLITE FACILITY  
(NOT TO BE CONSTRUED TO BE THE ESTABLISHMENT OF  
A BRANCH)

To the supervisor of the division of savings and loan.

-----  
Washington,  
(savings & loan association (city)  
or credit union  
referred to as the applicant)

hereby initiates application for approval to provide satellite facilities at

-----  
(include street designation or approximate  
location in terms of nearest intersection)

-----  
(city of town, indicate direction (county)  
if outside city limits)

Washington.

The location of the proposed satellite facility would be ----- miles distant from the main office and ----- miles distant from the nearest branch (name) of the applicant.

We enclose a verified copy of a resolution adopted (date) by the board of directors or board of trustees of the applicant, duly authorizing the undersigned to make this application, and obligate the applicant for necessary costs. Also enclosed is a check to apply upon the costs of investigation. If the cost of investigation to be made exceeds the minimum required by WAC 419-28-020, the applicant will pay such excess in accordance with that section.

We also enclose the supporting data required by WAC 419-28-030.

SUBSCRIBED AT -----, Washington, this ----- day of -----, 19---

(Please type name and position under signature)

[Statutory Authority: RCW 33.04.025. 83-01-065 (Order 82-8), § 419-28-990, filed 12/15/82; Order 74-5, Appendix 1 (codified as WAC 419-28-990), filed 6/3/74.]

**Chapter 419-32 WAC**

**REGULATIONS ON MOBILE HOME LENDING BY SAVINGS AND LOAN ASSOCIATIONS**

- WAC
- 419-32-070 Flooring loans—Maximum amount.
- 419-32-080 Flooring loans—Maximum term.
- 419-32-090 Retail loans.
- 419-32-100 Retail loans—Maximum amount.
- 419-32-110 Retail loans—Maximum term.
- 419-32-120 Retail loans—Appraisal.
- 419-32-130 Mobile home loans—Secondary market.
- 419-32-140 Retail loans—Security agreement.
- 419-32-150 Retail mobile home loans—Application.
- 419-32-160 Mobile home loans—Insurance coverage.
- 419-32-170 Mobile home loans—Accounting principles.

**DISPOSITION OF SECTIONS FORMERLY CODIFIED IN THIS CHAPTER**

- 419-32-010 Definitions. [Statutory Authority: RCW 33.04.020. 78-12-016 (Order 78-1), § 419-32-010, filed 11/13/78.] Repealed by 82-13-015 (Order 82-4), filed 6/7/82.
- 419-32-020 Flooring loans. [Statutory Authority: RCW 33.04.020. 78-12-016 (Order 78-1), § 419-32-020, filed 11/13/78.] Repealed by 82-13-015 (Order 82-4), filed 6/7/82.
- 419-32-030 Flooring loans—Dealer application. [Statutory Authority: RCW 33.04.020. 78-12-016 (Order 78-1), § 419-32-030, filed 11/13/78.] Repealed by 82-13-015 (Order 82-4), filed 6/7/82.
- 419-32-040 Register of loans originated by dealers required. [Statutory Authority: RCW 33.04.020. 78-12-016 (Order 78-1), § 419-32-040, filed 11/13/78.] Repealed by 82-13-015 (Order 82-4), filed 6/7/82.

- 419-32-050 Floor plan inventories. [Statutory Authority: RCW 33.04.020. 78-12-016 (Order 78-1), § 419-32-050, filed 11/13/78.] Repealed by 82-13-015 (Order 82-4), filed 6/7/82.
- 419-32-060 Flooring plans—Geographical limits. [Statutory Authority: RCW 33.04.020. 78-12-016 (Order 78-1), § 419-32-060, filed 11/13/78.] Repealed by 82-13-015 (Order 82-4), filed 6/7/82.

**WAC 419-32-070 Flooring loans—Maximum amount.** (a) An association may make flooring loans on new mobile home units in an amount not to exceed one hundred percent of the factory inventory price, including freight charges, plus one hundred percent of the invoice price (also including freight charges) of the manufacturer on any new equipment to be installed by the dealer in a mobile home unit covered by the flooring loan; (b) Flooring loans on used mobile home units may be made by an association in an amount not to exceed ninety percent of the wholesale value of the unit as established by appraisal or acquisition cost, whichever is lower. [Statutory Authority: RCW 33.04.020. 78-12-016 (Order 78-1), § 419-32-070, filed 11/13/78.]

**WAC 419-32-080 Flooring loans—Maximum term.** Flooring loans may be granted for a term not to exceed ninety days and may be renewed for not more than three additional ninety day terms. Upon the first two renewals of a flooring loan, not covered by a manufacturer's repurchase agreement, the borrower must pay all interest due and must reduce the principal by at least five percent; upon the third renewal, the borrower must pay all interest and must reduce the principal by at least ten percent. [Statutory Authority: RCW 33.04.020. 78-12-016 (Order 78-1), § 419-32-080, filed 11/13/78.]

**WAC 419-32-090 Retail loans.** Any savings and loan association may make retail loans to the ultimate purchaser of a mobile home, whether such a loan be "direct" or "dealer originated," provided that the association complies with any provisions of this chapter relating to retail loans on mobile home units. [Statutory Authority: RCW 33.04.020. 78-12-016 (Order 78-1), § 419-32-090, filed 11/13/78.]

**WAC 419-32-100 Retail loans—Maximum amount.** Retail loans on new mobile homes may be granted in an amount not to exceed one hundred fifteen percent of the invoice price, including freight charges and including the cost of any additional equipment installed at the time of purchase. Retail loans on used mobile homes may be granted in an amount not to exceed ninety percent of the sale price of the unit, excluding sales tax and license. Provided, that these limits shall not apply to loans insured by an agency of the federal government. [Statutory Authority: RCW 33.04.020. 78-12-016 (Order 78-1), § 419-32-100, filed 11/13/78.]

**WAC 419-32-110 Retail loans—Maximum term.** No association shall make a retail loan on any mobile home unit for a term in excess of fifteen years on a "singlewide" unit or in excess of twenty-five years on a

"doublewide" unit. [Statutory Authority: RCW 33.04.020. 78-12-016 (Order 78-1), § 419-32-110, filed 11/13/78.]

**WAC 419-32-120 Retail loans--Appraisal.** No savings and loan association shall make a retail loan on an existing owner occupied mobile home without obtaining a written appraisal relating the amount of the loan to the value of the mobile home. To meet the requirements of this section, a written appraisal must be made by a qualified appraiser who has no direct or indirect financial interest in the unit being appraised. [Statutory Authority: RCW 33.04.020. 78-12-016 (Order 78-1), § 419-32-120, filed 11/13/78.]

**WAC 419-32-130 Mobile home loans--Secondary market.** No savings and loan association may buy or sell mobile home paper in the secondary market except in accordance with prudent business practice. An association participating in the secondary market on mobile home loans shall be deemed to have met the requirements of this section if the association is following the current regulations and guidelines promulgated by the Federal Home Loan Bank Board for federally chartered savings and loan associations, except where those regulations and guidelines are specifically superseded by regulations adopted or hereafter to be adopted by the state supervisor of savings and loan associations. [Statutory Authority: RCW 33.04.020. 78-12-016 (Order 78-1), § 419-32-130, filed 11/13/78.]

**WAC 419-32-140 Retail loans--Security agreement.** No loan may be made for the purchase of a mobile home unit unless the association obtains adequate security as evidenced by a written security agreement enforceable in the jurisdiction of the association whereby the association can acquire title to the security property in the event of default. [Statutory Authority: RCW 33.04.020. 78-12-016 (Order 78-1), § 419-32-140, filed 11/13/78.]

**WAC 419-32-150 Retail mobile home loans--Application.** Every association before making a retail mobile home loan must require a written application from the borrower, accompanied by a copy of the sales agreement on the mobile home unit or units which are the subject to the loan, and a current credit report on the borrower. Each written document mentioned in this section shall be retained by the association in its file until at least one year after the loan is repaid in full or six months after the supervisor's next examination of the association following repayment of the loan, whichever occurs later. [Statutory Authority: RCW 33.04.020. 78-12-016 (Order 78-1), § 419-32-150, filed 11/13/78.]

**WAC 419-32-160 Mobile home loans--Insurance coverage.** No association shall make any retail loan or flooring loan on mobile home units without requiring appropriate insurance protection, such protection to be continuously in force and covering all units financed. As a minimum, insurance coverage shall include either (a) a

comprehensive mobile home policy or equivalent with loss payable to the association for the full amount of the association's investment in the loan, or (b) a vendor's single interest policy in an amount at least equal to the association's investment in the loan and naming the association as insured. [Statutory Authority: RCW 33.04.020. 78-12-016 (Order 78-1), § 419-32-160, filed 11/13/78.]

**WAC 419-32-170 Mobile home loans--Accounting principles.** In connection with mobile home loans, every association shall follow current accounting principles as prescribed by the Federal Home Loan Bank Board. [Statutory Authority: RCW 33.04.020. 78-12-016 (Order 78-1), § 419-32-170, filed 11/13/78.]

### Chapter 419-36 WAC

#### RULES GOVERNING SUPERVISORY APPROVAL OF CREDIT UNION INVESTMENT PRACTICES

##### WAC

419-36-010	Application to make investments not otherwise permitted by law.
419-36-020	Supplementary application information.
419-36-030	Investments previously approved for other state chartered credit unions.
419-36-040	Investment practice permitted to federally chartered credit unions.
419-36-050	Investment practice not previously permitted to any credit union.
419-36-060	Supervisor action on application.
419-36-070	Engagement in unauthorized investment practice prohibited.
419-36-080	Modification or revocation of investment practices previously authorized.

**WAC 419-36-010 Application to make investments not otherwise permitted by law.** If any credit union wishes to deposit or invest its capital, deposits, or surplus funds in a manner not specifically permitted to credit unions by chapter 31.12 RCW, the credit union shall, before engaging in the proposed investment practice, make written application to the supervisor of savings and loan associations for authority to make the proposed investment. The application shall contain at least the following information:

- (a) The name of the credit union;
- (b) The proposed source or sources of the funds to be deposited or invested;
- (c) A detailed description of the type of deposit or investment the credit union proposes to make, including the names of any natural persons, corporations, financial institutions or government agencies serving as banker, trustee, management agent, broker, guarantor, seller of securities, or purchaser of securities;
- (d) References, if known to the applicant, showing that other state chartered credit unions have been permitted to make the same type of investment or deposit;
- (e) Copies of statutes, regulations, rulings, official correspondence or other information showing that federally chartered credit unions doing business within the state of Washington are permitted to make the type of investment or deposit proposed in the application;

(f) Such other information as the applicant credit union wishes to offer in evidence that the proposed investment or deposit would be a safe and prudent one for the applicant credit union to engage in. [Statutory Authority: RCW 31.12.260(g). 79-07-002 (Order 79-1), § 419-36-010, filed 6/7/79.]

**WAC 419-36-020 Supplementary application information.** Upon receiving an application from a credit union to engage in an investment or deposit practice pursuant to this chapter, the supervisor may request such additional information as he deems necessary for the informed disposition of the application. If supplementary application information is requested by the supervisor, the application will not be deemed complete until the supplementary information is supplied. [Statutory Authority: RCW 31.12.260(g). 79-07-002 (Order 79-1), § 419-36-020, filed 6/7/79.]

**WAC 419-36-030 Investments previously approved for other state chartered credit unions.** If the supervisor finds that the applicant credit union proposes to make the same type of investment or deposit which one or more other state chartered credit unions have previously received permission to make, the supervisor shall grant the application unless he finds that the financial position or the state of management of the applicant credit union is such that the proposed investments or deposits would not be sound or prudent investment practices for the applicant credit union, in which case the supervisor may instead grant the application conditionally, grant it in modified form or deny the application. [Statutory Authority: RCW 31.12.260(g). 79-07-002 (Order 79-1), § 419-36-030, filed 6/7/79.]

**WAC 419-36-040 Investment practice permitted to federally chartered credit unions.** If the supervisor finds that the applicant credit union proposes to make the same type of investment or deposit which one or more other federally chartered credit unions doing business in the state of Washington have previously received permission to make, the supervisor shall grant the application unless he finds that the financial position or the state of management of the applicant credit union is such that the proposed investments or deposits would not be sound or prudent investment practices for the applicant credit union, in which case the supervisor may instead grant the application conditionally, grant it in modified form or deny the application. [Statutory Authority: RCW 31.12.260(g). 79-07-002 (Order 79-1), § 419-36-040, filed 6/7/79.]

**WAC 419-36-050 Investment practice not previously permitted to any credit union.** If the supervisor shall find that the proposed investment or deposit practice has not previously been permitted to any state chartered or federally chartered credit union doing business in Washington, he shall make inquiry as to whether the proposed investment or deposit practice would be consistent with Washington law and as to whether the proposed investment or deposit practice would be a sound

and prudent practice for the applicant credit union. In connection with his inquiry, the supervisor may consider the general nature and functions of credit unions and he may also consider the specific financial condition and management of the applicant credit union, as revealed in the application, the supervisor's periodic examinations, or such other information as he may have at hand. If the supervisor finds that the investment or deposit practice as proposed would be contrary to or inconsistent with the laws of the state of Washington, or would not be a sound investment practice, he shall deny the application. If the supervisor finds that proposed investment or deposit practice would be a sound and prudent practice for the applicant credit union, he shall grant the application. Alternatively, the supervisor may, for cause, grant the application conditionally, grant it in modified form or deny it in whole or in part. [Statutory Authority: RCW 31.12.260(g). 79-07-002 (Order 79-1), § 419-36-050, filed 6/7/79.]

**WAC 419-36-060 Supervisor action on application.** After receiving an application from a credit union to engage in an investment or deposit practice not otherwise permitted by law, and after having considered it as provided in this chapter, the supervisor shall grant, grant conditionally, grant in modified form, or deny the application and shall inform the applicant credit union in writing of his action and of the reasons therefor. Any application not acted upon within six months after its receipt by the supervisor shall be deemed denied unless the supervisor, in writing, informs the applicant credit union that he is holding the application for further review. [Statutory Authority: RCW 31.12.260(g). 79-07-002 (Order 79-1), § 419-36-060, filed 6/7/79.]

**WAC 419-36-070 Engagement in unauthorized investment practice prohibited.** No state chartered credit union shall engage in any investment or deposit practice not authorized by a specific provision of Washington state law or by the supervisor in accordance with this chapter. Unless the supervisor, in writing, informs an applicant credit union that it may engage in an investment or deposit practice provisionally while he reviews the application, no credit union shall make deposits or investments pursuant to an application made under this chapter until it has received written authority to do so as provided herein. Failure of a credit union to comply with the terms of this chapter shall be deemed an unsound credit union practice and a wilful violation of an order of the supervisor and may be grounds for appropriate supervisory action against the credit union, its directors or officers. [Statutory Authority: RCW 31.12.260(g). 79-07-002 (Order 79-1), § 419-36-070, filed 6/7/79.]

**WAC 419-36-080 Modification or revocation of investment practices previously authorized.** The supervisor may find that an investment or deposit practice previously authorized by him is no longer a safe and prudent practice for credit unions generally to engage in, or has become inconsistent with applicable state or federal law, or has ceased to be a safe and prudent practice in one or

more particular credit unions in light of their financial condition or management. Upon such a finding, the supervisor may in writing inform the board of directors of any or all of the credit unions engaging in such a practice that the authority to engage in the practice has been revoked or modified. When the supervisor so notifies any credit union, its directors and officers shall forthwith take steps to liquidate the investments in question (if authority to engage in the practice has been revoked) or to make such modifications as the supervisor requires. The supervisor may for cause shown grant a credit union some definite period of time in which to arrange its affairs to comply with the supervisor's orders. Credit unions which continue to engage in investment practices where their authority to do so has been revoked or modified will be treated as if the authority to engage in the practice had never been granted, and their actions may be deemed an unsound credit union practice and a wilful violation of an order of the supervisor and may be grounds for appropriate supervisory action against the credit union, its directors or officers. [Statutory Authority: RCW 31.12.260(g). 79-07-002 (Order 79-1), § 419-36-080, filed 6/7/79.]

#### Chapter 419-40 WAC

### RULES ON CREDIT UNION PARTICIPATION IN COMMERCIAL BUSINESS ACTIVITIES

#### WAC

419-40-010	Credit union financial interest in commercial enterprise.
419-40-020	Endorsements of commercial products or services.
419-40-030	Offering of gifts, prizes and premiums.
419-40-040	Use of credit union space to advertise commercial products and services.
419-40-050	Commercial programs offered to credit union members.

**WAC 419-40-010 Credit union financial interest in commercial enterprise.** No credit union shall have any direct financial interest in a commercial enterprise by way of stock or other ownership interest in a commercial corporation, by way of partnership interest or participation in a joint venture in a general business enterprise or by way of exchanging money or services for a share of the proceeds of any commercial business enterprise except as provided below:

(1) Any credit union may make loans to commercial enterprises and investments in commercial enterprises to the extent permitted by statute;

(2) Any credit union may engage in the business of renting, leasing or subleasing portions of the land and building(s), in which the credit union carries on its business, to the extent that such land and buildings are not needed for credit union operations;

(3) The supervisor may upon written application grant permission to a credit union to participate in a business enterprise not otherwise authorized by law or by this section, where the supervisor is satisfied that the business enterprise is appropriate and adjunct to ordinary credit union operations and would not be contrary to

law. [Statutory Authority: RCW 31.12.360. 79-08-047 (Order 79-2), § 419-40-010, filed 7/19/79.]

**WAC 419-40-020 Endorsements of commercial products or services.** No credit union shall endorse or vouch for the quality of the products or services offered by any other commercial business, nor shall the directors of a credit union spend any credit union money for the purpose of endorsing or advertising the products or services of another commercial business. [Statutory Authority: RCW 31.12.360. 79-08-047 (Order 79-2), § 419-40-020, filed 7/19/79.]

**WAC 419-40-030 Offering of gifts, prizes and premiums.** No credit union may offer any commercial product or service as an inducement to membership or other participation in credit union activities: *Provided*, That this section shall not be construed to prohibit a credit union from offering share accounts in nominal amounts or other items of nominal value to members or prospective members of the credit union, in connection with general promotional activities of the credit union or in connection with the opening of a new credit union, a new credit union office, or the relocation of a credit union office. The supervisor may from time to time issue written guidelines defining the terms "nominal amounts" and "nominal value" as used in this section. [Statutory Authority: RCW 31.12.360. 79-08-047 (Order 79-2), § 419-40-030, filed 7/19/79.]

**WAC 419-40-040 Use of credit union space to advertise commercial products and services.** Any credit union may permit the use of its property for the advertisement of goods and services offered by other commercial establishments, providing that the space or property devoted to such purposes constitutes a small proportion of the total property occupied by the credit union, and providing that no product or service is displayed or advertised in such a manner as to imply that the product or service is offered for sale directly by the credit union or is endorsed or vouched for by the credit union. [Statutory Authority: RCW 31.12.360. 79-08-047 (Order 79-2), § 419-40-040, filed 7/19/79.]

**WAC 419-40-050 Commercial programs offered to credit union members.** The board of directors of any credit union may by resolution permit any business enterprise to contact its membership for the purpose of offering some product or service to the membership, or the board of directors of any credit union may authorize the use of its own facilities for the purpose of communicating the offer of some commercial product or service to the membership, so long as no funds of the credit union are spent in connection with such an offer, so long as the offer neither states nor implies endorsement of the product or service offered, so long as every such offer states plainly that the product or service offered is not endorsed or vouched for by the credit union and that the credit union will accept no liability in connection with the use of the product or service offered, and so long as the credit union obtains from the business enterprise

making the offer a written agreement to hold the credit union harmless from any claim arising out of the sale or use of the product or service concerned. [Statutory Authority: RCW 31.12.360. 79-08-047 (Order 79-2), § 419-40-050, filed 7/19/79.]

### Chapter 419-44 WAC

#### MISCELLANEOUS CREDIT UNION RULES

##### WAC

419-44-010 State chartered credit unions—Acceptance of audit instead of examination.

**WAC 419-44-010 State chartered credit unions—Acceptance of audit instead of examination.** (1) RCW 31.12.320 authorizes the acceptance, in the supervisor's discretion, of independent audit reports prepared pursuant to RCW 31.12.200 in lieu of the examination required thereunder. In order to be considered for acceptance in lieu of an examination by the supervisor's staff, an audit must meet the following conditions:

(a) The audit was performed by accountants who have demonstrated to the supervisor extensive knowledge of the examination procedures and techniques utilized by the division of savings and loan;

(b) The scope of the audit follow, but is not limited to, the scope of examinations conducted by the division of savings and loan, including a compliance review;

(c) The audit includes a verification of loan and share accounts performed in accordance with WAC 419-44-020;

(d) The audit includes a cash reconciliation, including an adequately documented physical cash count, and also includes an affirmative verification of investments and deposits made by the audited credit union;

(e) Verification of the status of funds borrowed by the audited credit union, including promissory notes and certificates;

(f) The audit sets forth such comments as are appropriate in a positive format specifying corrective action recommended and schedule for completing such corrective action;

(g) The audit was performed not less than nine months after and not more than fifteen months after the last examination by the division of savings and loan or an audit which was accepted in lieu thereof.

(h) All working papers as well as the accountant's report, internal control report, and any other documents associated with the audit are made available to the supervisor.

(2) Select portions of an audit may be utilized by division of savings and loan examiners in conducting a particular examination if:

(a) The date of the audit corresponds reasonably with the date of the examination; and

(b) That portion of the audit being utilized is supported by working papers which substantially correspond to examination work papers utilized in the conduct of division of savings and loan examinations. [Statutory

Authority: RCW 31.12.320. 83-05-022 (Order 83-1), § 419-44-010, filed 2/9/83.]

### Chapter 419-52 WAC

#### MERGER OR ACQUISITION OF TROUBLED ASSOCIATIONS

##### WAC

419-52-010 Purpose.  
419-52-020 Merger or acquisition of a troubled foreign association by a domestic association.  
419-52-030 Acquisition of a troubled domestic association by a foreign association.

**WAC 419-52-010 Purpose.** The purpose of this chapter is to set forth the guidelines which allow for the interstate merger or acquisition of troubled savings and loan associations. The guidelines follow the federal home loan bank board's statement of policy regarding interstate branching. [Statutory Authority: RCW 33.12.014. 82-08-023 (Order 82-1), § 419-52-010, filed 3/30/82.]

**WAC 419-52-020 Merger or acquisition of a troubled foreign association by a domestic association.** Pursuant to RCW 33.12.012 and 33.12.014, a domestic savings and loan association may acquire or merge with a foreign association under the following circumstances:

(1) The regulator of the foreign association believes that a merger is necessary to prevent the failure of the foreign association;

(2) The regulator of the foreign association believes that no adequate merger candidates exist within the regulator's jurisdiction;

(3) The regulator of the foreign association believes that it is appropriate for the foreign association to be acquired by a domestic association; and

(4) The supervisor believes that it is appropriate for the domestic association to acquire the foreign association.

Any acquisition made under this authority shall be conducted in the same manner so outlined in RCW 33.24.350 - 33.24.380. [Statutory Authority: RCW 33.12.014. 82-08-023 (Order 82-1), § 419-52-020, filed 3/30/82.]

**WAC 419-52-030 Acquisition of a troubled domestic association by a foreign association.** Pursuant to RCW 33.12.012 and 33.12.014, and notwithstanding any other law to the contrary, a foreign savings and loan association may acquire a domestic association under the following circumstances:

(1) The supervisor believes that a merger is necessary to prevent the failure of the domestic association;

(2) The supervisor believes that no adequate merger candidates exist in Washington;

(3) The supervisor believes that it is appropriate for the domestic association to be acquired by a foreign association; and

(4) The regulator of the foreign association believes that it is appropriate for the foreign association to acquire the domestic association.

Any acquisition made under this authority shall be subject to RCW 33.24.350 - 33.24.380. [Statutory Authority: RCW 33.12.014. 82-08-023 (Order 82-1), § 419-52-030, filed 3/30/82.]