

Title 50 WAC

FINANCIAL INSTITUTIONS, DEPARTMENT OF (BANKING, DIVISION OF)

Chapters

50-12	Banks and trust companies.	50-08-100
50-14	Mutual savings banks.	
50-16	Consumer Finance Act rules.	
50-28	New state banks and trust companies— Application and investigation.	50-08-110
50-32	Establishment of alien banks in Washing- ton—Procedure.	
50-36	Administration of trust companies— Investments, etc.	50-08-120
50-44	Schedule of costs of examinations.	
50-48	Acquisition of banks, trust companies, national banking associations of bank holding companies by out-of-state bank holding companies.	50-08-130
50-56	Small business administration 7(A) loan guaranty program nondepository lenders—Licensing and regulation.	50-08-140

8/20/96, effective 9/20/96. Statutory Authority: RCW 42.320.040 [43.320.040].

Hearings—Upon whom served. [§ 50-08-100, filed 4/21/67.] Repealed by 96-17-072, filed 8/20/96, effective 9/20/96. Statutory Authority: RCW 42.320.040 [43.320.040].

Hearings—Service upon parties. [§ 50-08-110, filed 4/21/67.] Repealed by 96-17-072, filed 8/20/96, effective 9/20/96. Statutory Authority: RCW 42.320.040 [43.320.040].

Hearings—Method of service. [§ 50-08-120, filed 4/21/67.] Repealed by 96-17-072, filed 8/20/96, effective 9/20/96. Statutory Authority: RCW 42.320.040 [43.320.040].

Hearings—When service complete. [§ 50-08-130, filed 4/21/67.] Repealed by 96-17-072, filed 8/20/96, effective 9/20/96. Statutory Authority: RCW 42.320.040 [43.320.040].

Hearings—Filing with agency. [§ 50-08-140, filed 4/21/67.] Repealed by 96-17-072, filed 8/20/96, effective 9/20/96. Statutory Authority: RCW 42.320.040 [43.320.040].

Hearings—Subpoenas where provided by law—Form. [§ 50-08-150, filed 4/21/67.] Repealed by 96-17-072, filed 8/20/96, effective 9/20/96. Statutory Authority: RCW 42.320.040 [43.320.040].

Hearings—Issuance to parties. [§ 50-08-160, filed 4/21/67.] Repealed by 96-17-072, filed 8/20/96, effective 9/20/96. Statutory Authority: RCW 42.320.040 [43.320.040].

Hearings—Service. [§ 50-08-170, filed 4/21/67.] Repealed by 96-17-072, filed 8/20/96, effective 9/20/96. Statutory Authority: RCW 42.320.040 [43.320.040].

Hearings—Fees. [§ 50-08-180, filed 4/21/67.] Repealed by 96-17-072, filed 8/20/96, effective 9/20/96. Statutory Authority: RCW 42.320.040 [43.320.040].

Hearings—Proof of service. [§ 50-08-190, filed 4/21/67.] Repealed by 96-17-072, filed 8/20/96, effective 9/20/96. Statutory Authority: RCW 42.320.040 [43.320.040].

Hearings—Quashing. [§ 50-08-200, filed 4/21/67.] Repealed by 96-17-072, filed 8/20/96, effective 9/20/96. Statutory Authority: RCW 42.320.040 [43.320.040].

Hearings—Enforcement. [§ 50-08-210, filed 4/21/67.] Repealed by 96-17-072, filed 8/20/96, effective 9/20/96. Statutory Authority: RCW 42.320.040 [43.320.040].

Hearings—Geographical scope. [§ 50-08-220, filed 4/21/67.] Repealed by 96-17-072, filed 8/20/96, effective 9/20/96. Statutory Authority: RCW 42.320.040 [43.320.040].

Hearings—Depositions and interrogatories in contested cases—Right to take. [§ 50-08-230, filed 4/21/67.] Repealed by 96-17-072, filed 8/20/96, effective 9/20/96. Statutory Authority: RCW 42.320.040 [43.320.040].

Hearings—Scope. [§ 50-08-240, filed 4/21/67.] Repealed by 96-17-072, filed 8/20/96, effective 9/20/96. Statutory Authority: RCW 42.320.040 [43.320.040].

Hearings—Officer before whom taken. [§ 50-08-250, filed 4/21/67.] Repealed by 96-17-072, filed 8/20/96, effective 9/20/96. Statutory Authority: RCW 42.320.040 [43.320.040].

Hearings—Authorization. [§ 50-08-260, filed 4/21/67.] Repealed by 96-17-072, filed 8/20/96, effective 9/20/96. Statutory Authority: RCW 42.320.040 [43.320.040].

Hearings—Protection of parties and deponents. [§ 50-08-270, filed 4/21/67.] Repealed by 96-17-072, filed 8/20/96, effective 9/20/96. Statutory Authority: RCW 42.320.040 [43.320.040].

DISPOSITION OF CHAPTERS FORMERLY CODIFIED IN THIS TITLE

Chapter 50-08 PRACTICE AND PROCEDURE

50-08-009	Hearings—Methods. [Subsections 1-5, filed 4/21/67.] Repealed by 96-17-072, filed 8/20/96, effective 9/20/96. Statutory Authority: RCW 42.320.040 [43.320.040].	50-08-170
50-08-010	Hearings—Appearance and practice before the division of banking. [§ 50-08-010, filed 4/21/67.] Repealed by 96-17-072, filed 8/20/96, effective 9/20/96. Statutory Authority: RCW 42.320.040 [43.320.040].	50-08-180
50-08-020	Hearings—Appearance in certain proceedings may be limited to attorneys. [§ 50-08-020, filed 4/21/67.] Repealed by 96-17-072, filed 8/20/96, effective 9/20/96. Statutory Authority: RCW 42.320.040 [43.320.040].	50-08-190
50-08-040	Hearings—Standards of ethical conduct. [§ 50-08-040, filed 4/21/67.] Repealed by 96-17-072, filed 8/20/96, effective 9/20/96. Statutory Authority: RCW 42.320.040 [43.320.040].	50-08-200
50-08-050	Hearings—Appearance by former employee of division or former member of the attorney general's staff. [§ 50-08-050, filed 4/21/67.] Repealed by 96-17-072, filed 8/20/96, effective 9/20/96. Statutory Authority: RCW 42.320.040 [43.320.040].	50-08-210
50-08-060	Hearings—Former employee as expert witness. [§ 50-08-060, filed 4/21/67.] Repealed by 96-17-072, filed 8/20/96, effective 9/20/96. Statutory Authority: RCW 42.320.040 [43.320.040].	50-08-220
50-08-070	Hearings—Computation of time. [§ 50-08-070, filed 4/21/67.] Repealed by 96-17-072, filed 8/20/96, effective 9/20/96. Statutory Authority: RCW 42.320.040 [43.320.040].	50-08-230
50-08-080	Hearings—Notice and opportunity for hearing in contested cases. [§ 50-08-080, filed 4/21/67.] Repealed by 96-17-072, filed 8/20/96, effective 9/20/96. Statutory Authority: RCW 42.320.040 [43.320.040].	50-08-240
50-08-085	Hearings—Waiver of hearing. [§ 50-08-085, filed 4/21/67.] Repealed by 96-17-072, filed 8/20/96, effective 9/20/96. Statutory Authority: RCW 42.320.040 [43.320.040].	50-08-250
50-08-090	Hearings—Service of process—By whom served. [§ 50-08-090, filed 4/21/67.] Repealed by 96-17-072, filed	50-08-260
		50-08-270

<p>50-08-280</p> <p>50-08-290</p> <p>50-08-300</p> <p>50-08-310</p> <p>50-08-320</p> <p>50-08-330</p> <p>50-08-340</p> <p>50-08-350</p> <p>50-08-360</p> <p>50-08-370</p> <p>50-08-380</p> <p>50-08-390</p> <p>50-08-400</p> <p>50-08-410</p> <p>50-08-420</p> <p>50-08-430</p> <p>50-08-440</p> <p>50-08-450</p> <p>50-08-460</p> <p>50-08-470</p> <p>50-08-480</p> <p>50-08-490</p>	<p>Hearings—Oral examination and cross-examination. [§ 50-08-280, filed 4/21/67.] Repealed by 96-17-072, filed 8/20/96, effective 9/20/96. Statutory Authority: RCW 42.320.040 [43.320.040].</p> <p>Hearings—Recordation. [§ 50-08-290, filed 4/21/67.] Repealed by 96-17-072, filed 8/20/96, effective 9/20/96. Statutory Authority: RCW 42.320.040 [43.320.040].</p> <p>Hearings—Signing attestation and return. [§ 50-08-300, filed 4/21/67.] Repealed by 96-17-072, filed 8/20/96, effective 9/20/96. Statutory Authority: RCW 42.320.040 [43.320.040].</p> <p>Hearings—Use and effect. [§ 50-08-310, filed 4/21/67.] Repealed by 96-17-072, filed 8/20/96, effective 9/20/96. Statutory Authority: RCW 42.320.040 [43.320.040].</p> <p>Hearings—Fees of officers and deponents. [§ 50-08-320, filed 4/21/67.] Repealed by 96-17-072, filed 8/20/96, effective 9/20/96. Statutory Authority: RCW 42.320.040 [43.320.040].</p> <p>Hearings—Depositions upon interrogatories—Submission of interrogatories. [§ 50-08-330, filed 4/21/67.] Repealed by 96-17-072, filed 8/20/96, effective 9/20/96. Statutory Authority: RCW 42.320.040 [43.320.040].</p> <p>Hearings—Interrogation. [§ 50-08-340, filed 4/21/67.] Repealed by 96-17-072, filed 8/20/96, effective 9/20/96. Statutory Authority: RCW 42.320.040 [43.320.040].</p> <p>Hearings—Attestation and return. [§ 50-08-350, filed 4/21/67.] Repealed by 96-17-072, filed 8/20/96, effective 9/20/96. Statutory Authority: RCW 42.320.040 [43.320.040].</p> <p>Hearings—Provisions of deposition rule. [§ 50-08-360, filed 4/21/67.] Repealed by 96-17-072, filed 8/20/96, effective 9/20/96. Statutory Authority: RCW 42.320.040 [43.320.040].</p> <p>Hearings—Official notice—Matters of law. [§ 50-08-370, filed 4/21/67.] Repealed by 96-17-072, filed 8/20/96, effective 9/20/96. Statutory Authority: RCW 42.320.040 [43.320.040].</p> <p>Hearings—Material facts. [§ 50-08-380, filed 4/21/67.] Repealed by 96-17-072, filed 8/20/96, effective 9/20/96. Statutory Authority: RCW 42.320.040 [43.320.040].</p> <p>Hearings—Presumptions. [§ 50-08-390, filed 4/21/67.] Repealed by 96-17-072, filed 8/20/96, effective 9/20/96. Statutory Authority: RCW 42.320.040 [43.320.040].</p> <p>Hearings—Stipulations and admissions of record. [§ 50-08-400, filed 4/21/67.] Repealed by 96-17-072, filed 8/20/96, effective 9/20/96. Statutory Authority: RCW 42.320.040 [43.320.040].</p> <p>Hearings—Form and content of decisions in hearings. [§ 50-08-410, filed 4/21/67.] Repealed by 96-17-072, filed 8/20/96, effective 9/20/96. Statutory Authority: RCW 42.320.040 [43.320.040].</p> <p>Hearings—Definition of issues before hearing. [§ 50-08-420, filed 4/21/67.] Repealed by 96-17-072, filed 8/20/96, effective 9/20/96. Statutory Authority: RCW 42.320.040 [43.320.040].</p> <p>Hearings—Prehearing conference rule. [§ 50-08-430, filed 4/21/67.] Repealed by 96-17-072, filed 8/20/96, effective 9/20/96. Statutory Authority: RCW 42.320.040 [43.320.040].</p> <p>Hearings—Record of conference action. [§ 50-08-440, filed 4/21/67.] Repealed by 96-17-072, filed 8/20/96, effective 9/20/96. Statutory Authority: RCW 42.320.040 [43.320.040].</p> <p>Hearings—Submission of documentary evidence in advance. [§ 50-08-450, filed 4/21/67.] Repealed by 96-17-072, filed 8/20/96, effective 9/20/96. Statutory Authority: RCW 42.320.040 [43.320.040].</p> <p>Hearings—Excerpts from documentary evidence. [§ 50-08-460, filed 4/21/67.] Repealed by 96-17-072, filed 8/20/96, effective 9/20/96. Statutory Authority: RCW 42.320.040 [43.320.040].</p> <p>Hearings—Expert or opinion testimony and testimony based on economic and statistical data—Number and qualifications of witnesses. [§ 50-08-470, filed 4/21/67.] Repealed by 96-17-072, filed 8/20/96, effective 9/20/96. Statutory Authority: RCW 42.320.040 [43.320.040].</p> <p>Hearings—Written sworn statements. [§ 50-08-480, filed 4/21/67.] Repealed by 96-17-072, filed 8/20/96, effective 9/20/96. Statutory Authority: RCW 42.320.040 [43.320.040].</p> <p>Hearings—Supporting data. [§ 50-08-490, filed 4/21/67.] Repealed by 96-17-072, filed 8/20/96, effective 9/20/96. Statutory Authority: RCW 42.320.040 [43.320.040].</p>	<p>50-08-500</p> <p>50-08-510</p> <p>50-08-520</p> <p>50-08-530</p> <p>50-08-540</p> <p>50-08-550</p> <p>50-08-560</p> <p>50-08-570</p> <p>50-08-580</p> <p>50-08-590</p> <p>50-20-001</p> <p>50-20-010</p> <p>50-20-020</p> <p>50-20-030</p> <p>50-20-040</p> <p>50-20-050</p> <p>50-20-055</p>	<p>Hearings—Effect of noncompliance with WAC 50-08-470 or 50-08-480. [§ 50-08-500, filed 4/21/67.] Repealed by 96-17-072, filed 8/20/96, effective 9/20/96. Statutory Authority: RCW 42.320.040 [43.320.040].</p> <p>Hearings—Continuances. [§ 50-08-510, filed 4/21/67.] Repealed by 96-17-072, filed 8/20/96, effective 9/20/96. Statutory Authority: RCW 42.320.040 [43.320.040].</p> <p>Hearings—Rules of evidence—Admissibility criteria. [§ 50-08-520, filed 4/21/67.] Repealed by 96-17-072, filed 8/20/96, effective 9/20/96. Statutory Authority: RCW 42.320.040 [43.320.040].</p> <p>Hearings—Tentative admission—Exclusion—Discontinuance—Objections. [§ 50-08-530, filed 4/21/67.] Repealed by 96-17-072, filed 8/20/96, effective 9/20/96. Statutory Authority: RCW 42.320.040 [43.320.040].</p> <p>Hearings—Petitions for rule making, amendment, or repeal—Who may petition. [§ 50-08-540, filed 4/21/67; Rule 1 (part), filed 3/23/60.] Repealed by 96-17-072, filed 8/20/96, effective 9/20/96. Statutory Authority: RCW 42.320.040 [43.320.040].</p> <p>Hearings—Requisites. [§ 50-08-550, filed 4/21/67; Rule 1 (part), filed 3/23/60.] Repealed by 96-17-072, filed 8/20/96, effective 9/20/96. Statutory Authority: RCW 42.320.040 [43.320.040].</p> <p>Hearings—Agency must consider. [§ 50-08-560, filed 4/21/67.] Repealed by 96-17-072, filed 8/20/96, effective 9/20/96. Statutory Authority: RCW 42.320.040 [43.320.040].</p> <p>Hearings—Notice of disposition. [§ 50-08-570, filed 4/21/67.] Repealed by 96-17-072, filed 8/20/96, effective 9/20/96. Statutory Authority: RCW 42.320.040 [43.320.040].</p> <p>Hearings—Declaratory rulings. [§ 50-08-580, filed 4/21/67.] Repealed by 96-17-072, filed 8/20/96, effective 9/20/96. Statutory Authority: RCW 42.320.040 [43.320.040].</p> <p>Hearings—Forms. [§ 50-08-590, filed 4/21/67.] Repealed by 96-17-072, filed 8/20/96, effective 9/20/96. Statutory Authority: RCW 42.320.040 [43.320.040].</p> <p>Chapter 50-20 WASHINGTON CONSUMER LOAN ACT</p> <p>Foreword. [Industrial loan rules (part), filed 3/23/60.] Repealed by 91-22-035, filed 10/30/91, effective 1/1/92. Statutory Authority: 1991 c 208 § 17.</p> <p>Books and records. [Statutory Authority: RCW 31.04.150, 85.19.053 (Order 63), § 50-20-010, filed 9/13/85. Statutory Authority: RCW 31.04.150(2), 79-04-042 (Order 40), § 50-20-010, filed 3/23/79; Order 5, § 50-20-010, filed 12/4/69; § 1, filed 3/23/60.] Repealed by 91-22-035, filed 10/30/91, effective 1/1/92. Statutory Authority: 1991 c 208 § 17.</p> <p>The note. [Statutory Authority: RCW 31.04.150(2), 80-13-024 (Order 43), § 50-20-020, filed 9/9/80; Order 5, § 50-20-020, filed 12/4/96; § 2, filed 3/23/60.] Repealed by 91-22-35, filed 10/30/91, effective 1/1/92. Statutory Authority: 1991 c 208 § 17.</p> <p>Investment certificates. [§ 3, filed 3/23/60.] Repealed by 91-22-035, filed 10/30/91, effective 1/1/92. Statutory Authority: 1991 c 208 § 17.</p> <p>Contents of statement to borrower. [Statutory Authority: Chapter 31.04 RCW. 88-21-031 (Order 75), § 50-20-040, filed 10/11/88; Order 5, § 50-20-040, filed 12/4/69; § 4, filed 3/23/60.] Repealed by 91-22-035, filed 10/30/91, effective 1/1/92. Statutory Authority: 1991 c 208 § 17.</p> <p>Restrictions as to chapter. [Statutory Authority: Chapter 31.04 RCW. 88-21-031 (Order 75), § 50-20-050, filed 10/11/88. Statutory Authority: RCW 31.04.150, 85-19-053 (Order 63), § 50-20-050, filed 9/13/85; 84-06-001 (Order 59), § 50-20-050, filed 2/23/84. Statutory Authority: RCW 31.04.150(2), 82-24-074 (Order 48), § 50-20-050, filed 12/1/82; 80-13-024 (Order 43), § 50-20-050, filed 9/9/80; 79-04-042 (Order 40), 50-20-050, filed 3/23/79; Order 5, § 50-20-050, filed 12/4/69; § 5, filed 3/23/60.] Repealed by 91-22-035, filed 10/30/91, effective 1/1/92. Statutory Authority: 1991 c 208 § 17.</p> <p>Simple interest defined. [Statutory Authority: RCW 31.04.150(2), 85-22-014 (Order 65), § 50-20-055, filed 10/29/85; 82-24-074 (Order 48), filed § 50-20-055,</p>
---	---	--	--

- filed 12/1/82.] Repealed by 91-22-035, filed 10/30/91, effective 1/1/92. Statutory Authority: 1991 c 208 § 17.
- 50-20-060 Advertising. [Order 5, § 50-20-060, filed 12/4/69; § 6, filed 3/23/60.] Repealed by 91-22-035, filed 10/30/91, effective 1/1/92. Statutory Authority: 1991 c 208 § 17.
- 50-20-070 Other business in same office. [Order 16, § 50-20-070, filed 7/2/73; Order 5, § 50-20-070, filed 12/4/69; § 7, filed 3/23/60.] Repealed by 91-22-035, filed 10/30/91, effective 1/1/92. Statutory Authority: 1991 c 208 § 17.
- 50-20-080 Branching. [Order 33, § 50-20-080, filed 11/5/75.] Repealed by 91-22-035, filed 10/30/91, effective 1/1/92. Statutory Authority: 1991 c 208 § 17.
- 50-20-090 Open-end loans—Increase in interest—Notice to borrower. [Statutory Authority: RCW 31.04.150, 85-19-053 (Order 63), § 50-20-090, filed 9/13/85.] Repealed by 91-22-035, filed 10/30/91, effective 1/1/92. Statutory Authority: 1991 c 208 § 17.
- 50-20-100 Books and records. [Statutory Authority: 1991 c 208 § 17, 91-22-035, § 50-20-100, filed 10/30/91, effective 1/1/92.] Decodified by 96-04-013, filed 1/26/96, effective 2/26/96. Statutory Authority: RCW 43.320.040, 31.04.045, [31.04].105, [31.04].145, [31.04].155 and [31.04].165.
- 50-20-110 The note. [Statutory Authority: 1991 c 208 § 17, 91-22-035, § 50-20-110, filed 10/30/91, effective 1/1/92.] Decodified by 96-04-013, filed 1/26/96, effective 2/26/96. Statutory Authority: RCW 43.320.040, 31.04.045, [31.04].105, [31.04].145, [31.04].155 and [31.04].165.
- 50-20-120 Contents of statement to borrower. [Statutory Authority: 1991 c 208 § 17, 91-22-035, § 50-20-120, filed 10/30/91, effective 1/1/92.] Decodified by 96-04-013, filed 1/26/96, effective 2/26/96. Statutory Authority: RCW 43.320.040, 31.04.045, [31.04].105, [31.04].145, [31.04].155 and [31.04].165.
- 50-20-130 Restrictions as to charges. [Statutory Authority: RCW 31.04.165, 93-16-033, § 50-20-130, filed 7/27/93, effective 8/27/93. Statutory Authority: 1991 c 208 § 17, 91-22-035, § 50-20-130, filed 10/30/91, effective 1/1/92.] Decodified by 96-04-013, filed 1/26/96, effective 2/26/96. Statutory Authority: RCW 43.320.040, 31.04.045, [31.04].105, [31.04].145, [31.04].155 and [31.04].165.
- 50-20-140 Advertising. [Statutory Authority: 1991 c 208 § 17, 91-22-035, § 50-20-140, filed 10/30/91, effective 1/1/92.] Decodified by 96-04-013, filed 1/26/96, effective 2/26/96. Statutory Authority: RCW 43.320.040, 31.04.045, [31.04].105, [31.04].145, [31.04].155 and [31.04].165.
- 50-20-150 Other business in same office. [Statutory Authority: 1991 c 208 § 17, 91-22-035, § 50-20-150, filed 10/30/91, effective 1/1/92.] Decodified by 96-04-013, filed 1/26/96, effective 2/26/96. Statutory Authority: RCW 43.320.040, 31.04.045, [31.04].105, [31.04].145, [31.04].155 and [31.04].165.
- 50-20-160 Open-end loans—Increase in interest—Notice to borrower. [Statutory Authority: 1991 c 208 § 17, 91-22-035, § 50-20-160, filed 10/30/91, effective 1/1/92.] Decodified by 96-04-013, filed 1/26/96, effective 2/26/96. Statutory Authority: RCW 43.320.040, 31.04.045, [31.04].105, [31.04].145, [31.04].155 and [31.04].165.
- 50-20-170 File for official correspondence and reports. [Statutory Authority: 1991 c 208 § 17, 91-22-035, § 50-20-170, filed 10/30/91, effective 1/1/92.] Repealed by 96-04-013, filed 1/26/96, effective 2/26/96. Statutory Authority: RCW 43.320.040, 31.04.045, [31.04].105, [31.04].145, [31.04].155 and [31.04].165.
- 50-20-180 Knowledge of the law and regulations. [Statutory Authority: 1991 c 208 § 17, 91-22-035, § 50-20-180, filed 10/30/91, effective 1/1/92.] Decodified by 96-04-013, filed 1/26/96, effective 2/26/96. Statutory Authority: RCW 43.320.040, 31.04.045, [31.04].105, [31.04].145, [31.04].155 and [31.04].165.
- 50-20-190 Schedule of fees. [Statutory Authority: 1991 c 208 § 17, 91-22-035, § 50-20-190, filed 10/30/91, effective 1/1/92.] Decodified by 96-04-013, filed 1/26/96, effective 2/26/96. Statutory Authority: RCW 43.320.040, 31.04.045, [31.04].105, [31.04].145, [31.04].155 and [31.04].165.
- 50-20-200 Transitional rule. [Statutory Authority: 1991 c 208 § 17, 91-22-035, § 50-20-200, filed 10/30/91, effective 1/1/92.] Repealed by 96-04-013, filed 1/26/96, effective 2/26/96. Statutory Authority: RCW 43.320.040, 31.04.045, [31.04].105, [31.04].145, [31.04].155 and [31.04].165.

Reviser's note: Later promulgation, see chapter 208-620 WAC.

Chapter 50-24 PUBLIC RECORDS

- 50-24-010 Purpose. [Order 14, § 50-24-010, filed 5/1/73.] Repealed by 96-17-072, filed 8/20/96, effective 9/20/96. Statutory Authority: RCW 42.320.040 [43.320.040].
- 50-24-020 Definitions. [Order 14, § 50-24-020, filed 5/1/73.] Repealed by 96-17-072, filed 8/20/96, effective 9/20/96. Statutory Authority: RCW 42.320.040 [43.320.040].
- 50-24-030 Description of central and field organization of division of banking. [Statutory Authority: RCW 42.17.250, 82-24-074 (Order 48), § 50-24-030, filed 12/1/82; 79-04-042 (Order 40), § 50-24-030, filed 3/23/79; Order 14, § 50-24-030, filed 5/1/73.] Repealed by 96-17-072, filed 8/20/96, effective 9/20/96. Statutory Authority: RCW 42.320.040 [43.320.040].
- 50-24-040 Operations and procedures. [Statutory Authority: RCW 42.17.250, 82-24-074 (Order 48), § 50-24-040, filed 12/1/82; Order 14, § 50-24-040, filed 5/1/73.] Repealed by 96-17-072, filed 8/20/96, effective 9/20/96. Statutory Authority: RCW 42.320.040 [43.320.040].
- 50-24-050 Public records available. [Order 14, § 50-24-050, filed 5/1/73.] Repealed by 96-17-072, filed 8/20/96, effective 9/20/96. Statutory Authority: RCW 42.320.040 [43.320.040].
- 50-24-060 Public records officer. [Order 14, § 50-24-060, filed 5/1/73.] Repealed by 96-17-072, filed 8/20/96, effective 9/20/96. Statutory Authority: RCW 42.320.040 [43.320.040].
- 50-24-070 Office hours. [Order 14, § 50-24-070, filed 5/1/73.] Repealed by 96-17-072, filed 8/20/96, effective 9/20/96. Statutory Authority: RCW 42.320.040 [43.320.040].
- 50-24-080 Requests for public records. [Order 14, § 50-24-080, filed 5/1/73.] Repealed by 96-17-072, filed 8/20/96, effective 9/20/96. Statutory Authority: RCW 42.320.040 [43.320.040].
- 50-24-090 Copying. [Order 14, § 50-24-090, filed 5/1/73.] Repealed by 96-17-072, filed 8/20/96, effective 9/20/96. Statutory Authority: RCW 42.320.040 [43.320.040].
- 50-24-100 Exemptions. [Statutory Authority: RCW 30.12.060, 85-19-052 (Order 62), § 50-24-100, filed 9/13/85; Order 14, § 50-24-100, filed 5/1/73.] Repealed by 96-17-072, filed 8/20/96, effective 9/20/96. Statutory Authority: RCW 42.320.040 [43.320.040].
- 50-24-110 Review of denials of public records requests. [Statutory Authority: RCW 42.17.250, 82-24-074 (Order 48), § 50-24-110, filed 12/1/82; Order 14, § 50-24-110, filed 5/1/73.] Repealed by 96-17-072, filed 8/20/96, effective 9/20/96. Statutory Authority: RCW 42.320.040 [43.320.040].
- 50-24-120 Protection of public records. [Statutory Authority: RCW 42.17.250, 82-24-074 (Order 48), § 50-24-120, filed 12/1/82; 79-04-042 (Order 40), § 50-24-120, filed 3/23/79; Order 14, § 50-24-120, filed 5/1/73.] Repealed by 96-17-072, filed 8/20/96, effective 9/20/96. Statutory Authority: RCW 42.320.040 [43.320.040].
- 50-24-130 Records index. [Order 14, § 50-24-130, filed 5/1/73.] Repealed by 96-17-072, filed 8/20/96, effective 9/20/96. Statutory Authority: RCW 42.320.040 [43.320.040].
- 50-24-140 Information generally—Address. [Statutory Authority: RCW 42.17.250, 82-24-074 (Order 48), § 50-24-140, filed 12/1/82; 79-04-042 (Order 40), § 50-24-140, filed 3/23/79; Order 14, § 50-24-140, filed 5/1/73.] Repealed by 96-17-072, filed 8/20/96, effective 9/20/96. Statutory Authority: RCW 42.320.040 [43.320.040].
- 50-24-150 Adoption of form. [Order 14, § 50-24-150, filed 5/1/73.] Repealed by 96-17-072, filed 8/20/96, effective 9/20/96. Statutory Authority: RCW 42.320.040 [43.320.040].
- 50-24-990 Appendix I—Form—Request for public record. [Order 14, Appendix I (codified as WAC 50-24-990), filed 5/1/73.] Repealed by 96-17-072, filed 8/20/96, effective 9/20/96. Statutory Authority: RCW 42.320.040 [43.320.040].

Chapter 50-30 CHECK CASHERS AND SELLERS—REGULATION OF

- 50-30-010 Application investigation and supervision fee. [Statutory Authority: 1991 c 355 § 24, 92-02-105, § 50-30-010, filed 1/2/92, effective 2/2/92.] Decodified by 96-

- 03-059, filed 1/12/96, effective 2/12/96. Statutory Authority: RCW 43.320.040 and 31.45.200.
- 50-30-020 Schedule of fees for check cashers and sellers. [Statutory Authority: 1991 c 355 § 24, 92-02-105, § 50-30-020, filed 1/2/92, effective 2/2/92.] Decodified by 96-03-059, filed 1/12/96, effective 2/12/96. Statutory Authority: RCW 43.320.040 and 31.45.200.
- 50-30-030 Bond for applicants engaging in the business of selling checks, drafts, money orders, or other commercial paper serving the same purpose. [Statutory Authority: RCW 31.45.200, 93-16-032, § 50-30-030, filed 7/27/93, effective 8/27/93; 92-24-028, § 50-30-030, filed 11/24/92, effective 12/25/92. Statutory Authority: 1991 c 355 § 24, 92-02-105, § 50-30-030, filed 1/2/92, effective 2/2/92.] Decodified by 96-03-059, filed 1/12/96, effective 2/12/96. Statutory Authority: RCW 43.320.040 and 31.45.200.
- 50-30-040 Access to criminal history information. [Statutory Authority: 1991 c 355 § 24, 92-02-105, § 50-30-040, filed 1/2/92, effective 2/2/92.] Decodified by 96-03-059, filed 1/12/96, effective 2/12/96. Statutory Authority: RCW 43.320.040 and 31.45.200.
- 50-30-050 Issuance of license. [Statutory Authority: 1991 c 355 § 24, 92-02-105, § 50-30-050, filed 1/2/92, effective 2/2/92.] Decodified by 96-03-059, filed 1/12/96, effective 2/12/96. Statutory Authority: RCW 43.320.040 and 31.45.200.
- 50-30-060 Disclosure of significant developments. [Statutory Authority: 1991 c 355 § 24, 92-02-105, § 50-30-060, filed 1/2/92, effective 2/2/92.] Decodified by 96-03-059, filed 1/12/96, effective 2/12/96. Statutory Authority: RCW 43.320.040 and 31.45.200.
- 50-30-070 Accounting and financial records to be maintained by the licensee. [Statutory Authority: 1991 c 355 § 24, 92-02-105, § 50-30-070, filed 1/2/92, effective 2/2/92.] Decodified by 96-03-059, filed 1/12/96, effective 2/12/96. Statutory Authority: RCW 43.320.040 and 31.45.200.
- 50-30-080 Licensees are required to comply with federal and state laws including but not limited to the following. [Statutory Authority: 1991 c 355 § 24, 92-02-105, § 50-30-080, filed 1/2/92, effective 2/2/92.] Decodified by 96-03-059, filed 1/12/96, effective 2/12/96. Statutory Authority: RCW 43.320.040 and 31.45.200.
- 50-30-090 Audit report by licensee—Financial statements. [Statutory Authority: 1991 c 355 § 24, 92-02-105, § 50-30-090, filed 1/2/92, effective 2/2/92.] Decodified by 96-03-059, filed 1/12/96, effective 2/12/96. Statutory Authority: RCW 43.320.040 and 31.45.200.
- 50-30-100 Trust accounts—Limitations and prohibitions. [Statutory Authority: 1991 c 355 § 24, 92-02-105, § 50-30-100, filed 1/2/92, effective 2/2/92.] Decodified by 96-03-059, filed 1/12/96, effective 2/12/96. Statutory Authority: RCW 43.320.040 and 31.45.200.
- 50-30-110 Transitional rule. [Statutory Authority: RCW 31.45.200, 92-17-025, § 50-30-110, filed 8/11/92, effective 9/11/92. Statutory Authority: 1991 c 355 § 24, 92-02-105, § 50-30-110, filed 1/2/92, effective 2/2/92.] Repealed by 96-03-059, filed 1/12/96, effective 2/12/96. Statutory Authority: RCW 43.320.040 and 31.45.200.
- Reviser's note:** Later promulgation, see chapter 208-630 WAC.
- Chapter 50-40**
SATELLITE FACILITIES—BANKS, TRUST COMPANIES AND MUTUAL SAVINGS BANKS
- 50-40-010 Definitions. [Statutory Authority: RCW 30.04.030, 82-24-074 (Order 48), § 50-40-010, filed 12/1/82; Order 27, § 50-40-010, filed 6/3/74.] Repealed by 96-17-072, filed 8/20/96, effective 9/20/96. Statutory Authority: RCW 42.320.040 [43.320.040].
- 50-40-020 Application. [Statutory Authority: RCW 30.04.030, 82-24-074 (Order 48), § 50-40-020, filed 12/1/82; Order 27, § 50-40-020, filed 6/3/74.] Repealed by 96-17-072, filed 8/20/96, effective 9/20/96. Statutory Authority: RCW 42.320.040 [43.320.040].
- 50-40-030 Public convenience. [Order 27, § 50-40-030, filed 6/3/74.] Repealed by 82-24-074 (Order 48), filed 12/1/82. Statutory Authority: RCW 30.04.030.
- 50-40-040 Adoption of form. [Statutory Authority: RCW 30.04.030, 82-24-074 (Order 48), § 50-40-040, filed 12/1/82; Order 27, § 50-40-040, filed 6/3/74.] Repealed by 96-17-072, filed 8/20/96, effective 9/20/96. Statutory Authority: RCW 42.320.040 [43.320.040].
- 50-40-050 Network systems. [Statutory Authority: RCW 34.04.030, 83-02-013 (Order 50), § 50-40-050, filed 12/23/82.] Repealed by 96-17-072, filed 8/20/96, effective 9/20/96. Statutory Authority: RCW 42.320.040 [43.320.040].
- 50-40-060 Modification of approved network systems. [Statutory Authority: RCW 30.04.030, 82-24-074 (Order 48), § 50-40-060, filed 12/1/82.] Repealed by 96-17-072, filed 8/20/96, effective 9/20/96. Statutory Authority: RCW 42.320.040 [43.320.040].
- 50-40-070 Approval—Disapproval—Request for hearing. [Statutory Authority: RCW 30.04.030, 82-24-074 (Order 48), § 50-40-070, filed 12/1/82.] Repealed by 96-17-072, filed 8/20/96, effective 9/20/96. Statutory Authority: RCW 42.320.040 [43.320.040].
- 50-40-990 Appendix I—Form—Application to provide satellite facility. [Statutory Authority: RCW 30.04.030, 83-20-072 (Order 55), § 50-40-990, filed 10/3/83; 82-24-074 (Order 48), § 50-40-990, filed 12/1/82; Order 27, Appendix I (codified as WAC 50-40-990), filed 6/3/74.] Repealed by 96-17-072, filed 8/20/96, effective 9/20/96. Statutory Authority: RCW 42.320.040 [43.320.040].
- Chapter 50-52**
WASHINGTON LAND BANK
- 50-52-010 Purpose. [Statutory Authority: RCW 31.30.010, 87-13-030 (Order 87-1), § 50-52-010, filed 6/11/87.] Repealed by 98-16-105, filed 8/5/98, effective 9/5/98. Statutory Authority: RCW 43.320.010, 43.320.040 and 30.04.030.
- 50-52-020 Establishment. [Statutory Authority: RCW 31.30.010, 87-13-030 (Order 87-1), § 50-52-020, filed 6/11/87.] Repealed by 98-16-105, filed 8/5/98, effective 9/5/98. Statutory Authority: RCW 43.320.010, 43.320.040 and 30.04.030.
- 50-52-030 Definitions. [Statutory Authority: RCW 31.30.010, 87-13-030 (Order 87-1), § 50-52-030, filed 6/11/87.] Repealed by 98-16-105, filed 8/5/98, effective 9/5/98. Statutory Authority: RCW 43.320.010, 43.320.040 and 30.04.030.
- 50-52-040 Incorporators. [Statutory Authority: RCW 31.30.010, 87-13-030 (Order 87-1), § 50-52-040, filed 6/11/87.] Repealed by 98-16-105, filed 8/5/98, effective 9/5/98. Statutory Authority: RCW 43.320.010, 43.320.040 and 30.04.030.
- 50-52-050 Notice of intention to organize. [Statutory Authority: RCW 31.30.010, 87-13-030 (Order 87-1), § 50-52-050, filed 6/11/87.] Repealed by 98-16-105, filed 8/5/98, effective 9/5/98. Statutory Authority: RCW 43.320.010, 43.320.040 and 30.04.030.
- 50-52-060 Articles of incorporation. [Statutory Authority: RCW 31.30.010, 87-13-030 (Order 87-1), § 50-52-060, filed 6/11/87.] Repealed by 98-16-105, filed 8/5/98, effective 9/5/98. Statutory Authority: RCW 43.320.010, 43.320.040 and 30.04.030.
- 50-52-070 Organization meeting of directors. [Statutory Authority: RCW 31.30.010, 87-13-030 (Order 87-1), § 50-52-070, filed 6/11/87.] Repealed by 98-16-105, filed 8/5/98, effective 9/5/98. Statutory Authority: RCW 43.320.010, 43.320.040 and 30.04.030.
- 50-52-080 Amendment to articles of incorporation. [Statutory Authority: RCW 31.30.010, 87-13-030 (Order 87-1), § 50-52-080, filed 6/11/87.] Repealed by 98-16-105, filed 8/5/98, effective 9/5/98. Statutory Authority: RCW 43.320.010, 43.320.040 and 30.04.030.
- 50-52-090 Stock/voting stock. [Statutory Authority: RCW 31.30.010, 87-13-030 (Order 87-1), § 50-52-090, filed 6/11/87.] Repealed by 98-16-105, filed 8/5/98, effective 9/5/98. Statutory Authority: RCW 43.320.010, 43.320.040 and 30.04.030.
- 50-52-100 Issuance of shares. [Statutory Authority: RCW 31.30.010, 87-13-030 (Order 87-1), § 50-52-100, filed 6/11/87.] Repealed by 98-16-105, filed 8/5/98, effective 9/5/98. Statutory Authority: RCW 43.320.010, 43.320.040 and 30.04.030.
- 50-52-110 Par value—Determination of price—Payment for shares. [Statutory Authority: RCW 31.30.010, 87-13-030 (Order 87-1), § 50-52-110, filed 6/11/87.] Repealed by 98-16-105, filed 8/5/98, effective 9/5/98. Statutory Authority: RCW 43.320.010, 43.320.040 and 30.04.030.

- 50-52-120 Bylaws. [Statutory Authority: RCW 31.30.010, 87-13-030 (Order 87-1), § 50-52-120, filed 6/11/87.] Repealed by 98-16-105, filed 8/5/98, effective 9/5/98. Statutory Authority: RCW 43.320.010, 43.320.040 and 30.04.030.
- 50-52-130 Bylaws and other powers in emergency. [Statutory Authority: RCW 31.30.010, 87-13-030 (Order 87-1), § 50-52-130, filed 6/11/87.] Repealed by 98-16-105, filed 8/5/98, effective 9/5/98. Statutory Authority: RCW 43.320.010, 43.320.040 and 30.04.030.
- 50-52-140 Meetings of shareholders. [Statutory Authority: RCW 31.30.010, 87-13-030 (Order 87-1), § 50-52-140, filed 6/11/87.] Repealed by 98-16-105, filed 8/5/98, effective 9/5/98. Statutory Authority: RCW 43.320.010, 43.320.040 and 30.04.030.
- 50-52-150 Notice of shareholder meetings. [Statutory Authority: RCW 31.30.010, 87-13-030 (Order 87-1), § 50-52-150, filed 6/11/87.] Repealed by 98-16-105, filed 8/5/98, effective 9/5/98. Statutory Authority: RCW 43.320.010, 43.320.040 and 30.04.030.
- 50-52-160 Record of shareholders entitled to vote. [Statutory Authority: RCW 31.30.010, 87-13-030 (Order 87-1), § 50-52-160, filed 6/11/87.] Repealed by 98-16-105, filed 8/5/98, effective 9/5/98. Statutory Authority: RCW 43.320.010, 43.320.040 and 30.04.030.
- 50-52-170 Quorum of shareholders. [Statutory Authority: RCW 31.30.010, 87-13-030 (Order 87-1), § 50-52-170, filed 6/11/87.] Repealed by 98-16-105, filed 8/5/98, effective 9/5/98. Statutory Authority: RCW 43.320.010, 43.320.040 and 30.04.030.
- 50-52-180 Voting of shares. [Statutory Authority: RCW 31.30.010, 87-13-030 (Order 87-1), § 50-52-180, filed 6/11/87.] Repealed by 98-16-105, filed 8/5/98, effective 9/5/98. Statutory Authority: RCW 43.320.010, 43.320.040 and 30.04.030.
- 50-52-190 Board of directors. [Statutory Authority: RCW 31.30.010, 87-13-030 (Order 87-1), § 50-52-190, filed 6/11/87.] Repealed by 98-16-105, filed 8/5/98, effective 9/5/98. Statutory Authority: RCW 43.320.010, 43.320.040 and 30.04.030.
- 50-52-200 Duties of directors. [Statutory Authority: RCW 31.30.010, 87-13-030 (Order 87-1), § 50-52-200, filed 6/11/87.] Repealed by 98-16-105, filed 8/5/98, effective 9/5/98. Statutory Authority: RCW 43.320.010, 43.320.040 and 30.04.030.
- 50-52-210 Number and election of directors. [Statutory Authority: RCW 31.30.010, 87-13-030 (Order 87-1), § 50-52-210, filed 6/11/87.] Repealed by 98-16-105, filed 8/5/98, effective 9/5/98. Statutory Authority: RCW 43.320.010, 43.320.040 and 30.04.030.
- 50-52-220 Classification of directors. [Statutory Authority: RCW 31.30.010, 87-13-030 (Order 87-1), § 50-52-220, filed 6/11/87.] Repealed by 98-16-105, filed 8/5/98, effective 9/5/98. Statutory Authority: RCW 43.320.010, 43.320.040 and 30.04.030.
- 50-52-230 Vacancies. [Statutory Authority: RCW 31.30.010, 87-13-030 (Order 87-1), § 50-52-230, filed 6/11/87.] Repealed by 98-16-105, filed 8/5/98, effective 9/5/98. Statutory Authority: RCW 43.320.010, 43.320.040 and 30.04.030.
- 50-52-240 Removal of directors. [Statutory Authority: RCW 31.30.010, 87-13-030 (Order 87-1), § 50-52-240, filed 6/11/87.] Repealed by 98-16-105, filed 8/5/98, effective 9/5/98. Statutory Authority: RCW 43.320.010, 43.320.040 and 30.04.030.
- 50-52-250 Quorum of directors. [Statutory Authority: RCW 31.30.010, 87-13-030 (Order 87-1), § 50-52-250, filed 6/11/87.] Repealed by 98-16-105, filed 8/5/98, effective 9/5/98. Statutory Authority: RCW 43.320.010, 43.320.040 and 30.04.030.
- 50-52-260 Dissent by directors. [Statutory Authority: RCW 31.30.010, 87-13-030 (Order 87-1), § 50-52-260, filed 6/11/87.] Repealed by 98-16-105, filed 8/5/98, effective 9/5/98. Statutory Authority: RCW 43.320.010, 43.320.040 and 30.04.030.
- 50-52-270 Executive and other committees. [Statutory Authority: RCW 31.30.010, 87-13-030 (Order 87-1), § 50-52-270, filed 6/11/87.] Repealed by 98-16-105, filed 8/5/98, effective 9/5/98. Statutory Authority: RCW 43.320.010, 43.320.040 and 30.04.030.
- 50-52-280 Place and notice of directors' or designated committee meetings—Presence. [Statutory Authority: RCW 31.30.010, 87-13-030 (Order 87-1), § 50-52-280, filed 6/11/87.] Repealed by 98-16-105, filed 8/5/98, effective 9/5/98. Statutory Authority: RCW 43.320.010, 43.320.040 and 30.04.030.
- 50-52-290 Loans to directors—Guarantees of obligations of directors. [Statutory Authority: RCW 31.30.010, 87-13-030 (Order 87-1), § 50-52-290, filed 6/11/87.] Repealed by 98-16-105, filed 8/5/98, effective 9/5/98. Statutory Authority: RCW 43.320.010, 43.320.040 and 30.04.030.
- 50-52-300 Officers. [Statutory Authority: RCW 31.30.010, 87-13-030 (Order 87-1), § 50-52-300, filed 6/11/87.] Repealed by 98-16-105, filed 8/5/98, effective 9/5/98. Statutory Authority: RCW 43.320.010, 43.320.040 and 30.04.030.
- 50-52-310 Removal of officers. [Statutory Authority: RCW 31.30.010, 87-13-030 (Order 87-1), § 50-52-310, filed 6/11/87.] Repealed by 98-16-105, filed 8/5/98, effective 9/5/98. Statutory Authority: RCW 43.320.010, 43.320.040 and 30.04.030.
- 50-52-320 Books, records and minutes. [Statutory Authority: RCW 31.30.010, 87-13-030 (Order 87-1), § 50-52-320, filed 6/11/87.] Repealed by 98-16-105, filed 8/5/98, effective 9/5/98. Statutory Authority: RCW 43.320.010, 43.320.040 and 30.04.030.
- 50-52-330 Eligibility. [Statutory Authority: RCW 31.30.010, 87-13-030 (Order 87-1), § 50-52-330, filed 6/11/87.] Repealed by 98-16-105, filed 8/5/98, effective 9/5/98. Statutory Authority: RCW 43.320.010, 43.320.040 and 30.04.030.
- 50-52-340 Combined operations. [Statutory Authority: RCW 31.30.010, 87-13-030 (Order 87-1), § 50-52-340, filed 6/11/87.] Repealed by 98-16-105, filed 8/5/98, effective 9/5/98. Statutory Authority: RCW 43.320.010, 43.320.040 and 30.04.030.
- 50-52-350 Assumption of loans. [Statutory Authority: RCW 31.30.010, 87-13-030 (Order 87-1), § 50-52-350, filed 6/11/87.] Repealed by 98-16-105, filed 8/5/98, effective 9/5/98. Statutory Authority: RCW 43.320.010, 43.320.040 and 30.04.030.
- 50-52-360 Long-term real estate mortgages. [Statutory Authority: RCW 31.30.010, 87-13-030 (Order 87-1), § 50-52-360, filed 6/11/87.] Repealed by 98-16-105, filed 8/5/98, effective 9/5/98. Statutory Authority: RCW 43.320.010, 43.320.040 and 30.04.030.
- 50-52-370 Nondiscrimination in lending and other services. [Statutory Authority: RCW 31.30.010, 87-13-030 (Order 87-1), § 50-52-370, filed 6/11/87.] Repealed by 98-16-105, filed 8/5/98, effective 9/5/98. Statutory Authority: RCW 43.320.010, 43.320.040 and 30.04.030.
- 50-52-380 Nondiscriminatory advertising. [Statutory Authority: RCW 31.30.010, 87-13-030 (Order 87-1), § 50-52-380, filed 6/11/87.] Repealed by 98-16-105, filed 8/5/98, effective 9/5/98. Statutory Authority: RCW 43.320.010, 43.320.040 and 30.04.030.
- 50-52-390 Deferral of payments. [Statutory Authority: RCW 31.30.010, 87-13-030 (Order 87-1), § 50-52-390, filed 6/11/87.] Repealed by 98-16-105, filed 8/5/98, effective 9/5/98. Statutory Authority: RCW 43.320.010, 43.320.040 and 30.04.030.
- 50-52-400 Basis of loan. [Statutory Authority: RCW 31.30.010, 87-13-030 (Order 87-1), § 50-52-400, filed 6/11/87.] Repealed by 98-16-105, filed 8/5/98, effective 9/5/98. Statutory Authority: RCW 43.320.010, 43.320.040 and 30.04.030.
- 50-52-410 Borrower liability. [Statutory Authority: RCW 31.30.010, 87-13-030 (Order 87-1), § 50-52-410, filed 6/11/87.] Repealed by 98-16-105, filed 8/5/98, effective 9/5/98. Statutory Authority: RCW 43.320.010, 43.320.040 and 30.04.030.
- 50-52-420 Loan terms and conditions. [Statutory Authority: RCW 31.30.010, 87-13-030 (Order 87-1), § 50-52-420, filed 6/11/87.] Repealed by 98-16-105, filed 8/5/98, effective 9/5/98. Statutory Authority: RCW 43.320.010, 43.320.040 and 30.04.030.
- 50-52-430 Security requirements. [Statutory Authority: RCW 31.30.010, 87-13-030 (Order 87-1), § 50-52-430, filed 6/11/87.] Repealed by 98-16-105, filed 8/5/98, effective 9/5/98. Statutory Authority: RCW 43.320.010, 43.320.040 and 30.04.030.
- 50-52-440 Appraisals. [Statutory Authority: RCW 31.30.010, 87-13-030 (Order 87-1), § 50-52-440, filed 6/11/87.] Repealed by 98-16-105, filed 8/5/98, effective 9/5/98. Statutory Authority: RCW 43.320.010, 43.320.040 and 30.04.030.

<p>50-52-450</p> <p>50-52-460</p> <p>50-52-470</p> <p>50-52-480</p> <p>50-52-490</p> <p>50-52-500</p> <p>50-52-510</p> <p>50-52-520</p> <p>50-52-530</p> <p>50-52-540</p> <p>50-52-550</p> <p>50-52-560</p> <p>50-52-570</p> <p>50-52-580</p> <p>50-52-590</p> <p>50-52-600</p> <p>50-52-610</p>	<p>Additional security. [Statutory Authority: RCW 31.30.010, 87-13-030 (Order 87-1), § 50-52-450, filed 6/11/87.] Repealed by 98-16-105, filed 8/5/98, effective 9/5/98. Statutory Authority: RCW 43.320.010, 43.320.040 and 30.04.030.</p> <p>Interest rates and charges policy. [Statutory Authority: RCW 31.30.010, 87-13-030 (Order 87-1), § 50-52-460, filed 6/11/87.] Repealed by 98-16-105, filed 8/5/98, effective 9/5/98. Statutory Authority: RCW 43.320.010, 43.320.040 and 30.04.030.</p> <p>Interest rates. [Statutory Authority: RCW 31.30.010, 87-13-030 (Order 87-1), § 50-52-470, filed 6/11/87.] Repealed by 98-16-105, filed 8/5/98, effective 9/5/98. Statutory Authority: RCW 43.320.010, 43.320.040 and 30.04.030.</p> <p>Interest on past due loans. [Statutory Authority: RCW 31.30.010, 87-13-030 (Order 87-1), § 50-52-480, filed 6/11/87.] Repealed by 98-16-105, filed 8/5/98, effective 9/5/98. Statutory Authority: RCW 43.320.010, 43.320.040 and 30.04.030.</p> <p>Other charges and fees. [Statutory Authority: RCW 31.30.010, 87-13-030 (Order 87-1), § 50-52-490, filed 6/11/87.] Repealed by 98-16-105, filed 8/5/98, effective 9/5/98. Statutory Authority: RCW 43.320.010, 43.320.040 and 30.04.030.</p> <p>Interest rate programs. [Statutory Authority: RCW 31.30.010, 87-13-030 (Order 87-1), § 50-52-500, filed 6/11/87.] Repealed by 98-16-105, filed 8/5/98, effective 9/5/98. Statutory Authority: RCW 43.320.010, 43.320.040 and 30.04.030.</p> <p>Participations. [Statutory Authority: RCW 31.30.010, 87-13-030 (Order 87-1), § 50-52-510, filed 6/11/87.] Repealed by 98-16-105, filed 8/5/98, effective 9/5/98. Statutory Authority: RCW 43.320.010, 43.320.040 and 30.04.030.</p> <p>Lending limits. [Statutory Authority: RCW 31.30.010, 87-13-030 (Order 87-1), § 50-52-520, filed 6/11/87.] Repealed by 98-16-105, filed 8/5/98, effective 9/5/98. Statutory Authority: RCW 43.320.010, 43.320.040 and 30.04.030.</p> <p>Computation of obligation for lending limit determination. [Statutory Authority: RCW 31.30.010, 87-13-030 (Order 87-1), § 50-52-530, filed 6/11/87.] Repealed by 98-16-105, filed 8/5/98, effective 9/5/98. Statutory Authority: RCW 43.320.010, 43.320.040 and 30.04.030.</p> <p>Notice of action on loan application. [Statutory Authority: RCW 31.30.010, 87-13-030 (Order 87-1), § 50-52-540, filed 6/11/87.] Repealed by 98-16-105, filed 8/5/98, effective 9/5/98. Statutory Authority: RCW 43.320.010, 43.320.040 and 30.04.030.</p> <p>Applicant's right to appeal. [Statutory Authority: RCW 31.30.010, 87-13-030 (Order 87-1), § 50-52-550, filed 6/11/87.] Repealed by 98-16-105, filed 8/5/98, effective 9/5/98. Statutory Authority: RCW 43.320.010, 43.320.040 and 30.04.030.</p> <p>Records. [Statutory Authority: RCW 31.30.010, 87-13-030 (Order 87-1), § 50-52-560, filed 6/11/87.] Repealed by 98-16-105, filed 8/5/98, effective 9/5/98. Statutory Authority: RCW 43.320.010, 43.320.040 and 30.04.030.</p> <p>Special lending programs. [Statutory Authority: RCW 31.30.010, 87-13-030 (Order 87-1), § 50-52-570, filed 6/11/87.] Repealed by 98-16-105, filed 8/5/98, effective 9/5/98. Statutory Authority: RCW 43.320.010, 43.320.040 and 30.04.030.</p> <p>Borrowings from commercial banks. [Statutory Authority: RCW 31.30.010, 87-13-030 (Order 87-1), § 50-52-580, filed 6/11/87.] Repealed by 98-16-105, filed 8/5/98, effective 9/5/98. Statutory Authority: RCW 43.320.010, 43.320.040 and 30.04.030.</p> <p>Borrowings from financial institutions other than commercial banks. [Statutory Authority: RCW 31.30.010, 87-13-030 (Order 87-1), § 50-52-590, filed 6/11/87.] Repealed by 98-16-105, filed 8/5/98, effective 9/5/98. Statutory Authority: RCW 43.320.010, 43.320.040 and 30.04.030.</p> <p>Resolution required. [Statutory Authority: RCW 31.30.010, 87-13-030 (Order 87-1), § 50-52-600, filed 6/11/87.] Repealed by 98-16-105, filed 8/5/98, effective 9/5/98. Statutory Authority: RCW 43.320.010, 43.320.040 and 30.04.030.</p> <p>Debt policy. [Statutory Authority: RCW 31.30.010, 87-13-030 (Order 87-1), § 50-52-610, filed 6/11/87.]</p>	<p>50-52-620</p> <p>50-52-630</p> <p>50-52-640</p>	<p>Repealed by 98-16-105, filed 8/5/98, effective 9/5/98. Statutory Authority: RCW 43.320.010, 43.320.040 and 30.04.030.</p> <p>Securities issuance—Registration and disclosure. [Statutory Authority: RCW 31.30.010, 87-13-030 (Order 87-1), § 50-52-620, filed 6/11/87.] Repealed by 98-16-105, filed 8/5/98, effective 9/5/98. Statutory Authority: RCW 43.320.010, 43.320.040 and 30.04.030.</p> <p>Investments. [Statutory Authority: RCW 31.30.010, 87-13-030 (Order 87-1), § 50-52-630, filed 6/11/87.] Repealed by 98-16-105, filed 8/5/98, effective 9/5/98. Statutory Authority: RCW 43.320.010, 43.320.040 and 30.04.030.</p> <p>Debt to capital ratios requirements. [Statutory Authority: RCW 31.30.010, 87-13-030 (Order 87-1), § 50-52-640, filed 6/11/87.] Repealed by 98-16-105, filed 8/5/98, effective 9/5/98. Statutory Authority: RCW 43.320.010, 43.320.040 and 30.04.030.</p>
<p>Chapter 50-60 MORTGAGE BROKERS AND LOAN ORIGINATORS— LICENSING</p>			
<p>50-60-010</p> <p>50-60-020</p> <p>50-60-030</p> <p>50-60-035</p> <p>50-60-040</p> <p>50-60-042</p> <p>50-60-045</p> <p>50-60-050</p> <p>50-60-060</p> <p>50-60-070</p> <p>50-60-080</p>	<p>Definitions. [Statutory Authority: RCW 19.146.225, 95-13-091, § 50-60-010, filed 6/21/95, effective 7/22/95. Statutory Authority: 1993 c 468 § 9. 94-03-009, § 50-60-010, filed 1/7/94, effective 2/7/94.] Decodified by letter, filed 2/1/96, effective 4/1/96.</p> <p>Statutory exemptions. [Statutory Authority: RCW 19.146.225, 95-13-091, § 50-60-020, filed 6/21/95, effective 7/22/95. Statutory Authority: 1993 c 468 § 9. 94-03-009, § 50-60-020, filed 1/7/94, effective 2/7/94.] Decodified by letter, filed 2/1/96, effective 4/1/96.</p> <p>Application procedure for mortgage broker license. [Statutory Authority: RCW 19.146.225, 95-13-091, § 50-60-030, filed 6/21/95, effective 7/22/95. Statutory Authority: 1993 c 468 § 9. 94-03-009, § 50-60-030, filed 1/7/94, effective 2/7/94.] Decodified by letter, filed 2/1/96, effective 4/1/96.</p> <p>Interim licenses. [Statutory Authority: RCW 19.146.225, 95-13-091, § 50-60-035, filed 6/21/95, effective 7/22/95.] Decodified by letter, filed 2/1/96, effective 4/1/96.</p> <p>Experience requirements. [Statutory Authority: RCW 19.146.225, 95-13-091, § 50-60-040, filed 6/21/95, effective 7/22/95; 94-23-033, § 50-60-040, filed 11/8/94, effective 12/9/94. Statutory Authority: 1993 c 468 § 9. 94-03-009, § 50-60-040, filed 1/7/94, effective 2/7/94.] Decodified by letter, filed 2/1/96, effective 4/1/96.</p> <p>Continuing education requirement. [Statutory Authority: RCW 19.146.225, 95-13-091, § 50-60-042, filed 6/21/95, effective 7/22/95.] Decodified by letter, filed 2/1/96, effective 4/1/96.</p> <p>Approval of courses and examinations. [Statutory Authority: RCW 19.146.225, 95-13-091, § 50-60-045, filed 6/21/95, effective 7/22/95; 94-23-033, § 50-60-045, filed 11/8/94, effective 12/9/94.] Decodified by letter, filed 2/1/96, effective 4/1/96.</p> <p>Demand for criminal history information. [Statutory Authority: RCW 19.146.225, 95-13-091, § 50-60-050, filed 6/21/95, effective 7/22/95. Statutory Authority: 1993 c 468 § 9. 94-03-009, § 50-60-050, filed 1/7/94, effective 2/7/94.] Decodified by letter, filed 2/1/96, effective 4/1/96.</p> <p>Department's fees and assessments. [Statutory Authority: RCW 19.146.225, 95-13-091, § 50-60-060, filed 6/21/95, effective 7/22/95; 94-23-033, § 50-60-060, filed 11/8/94, effective 12/9/94. Statutory Authority: 1993 c 468 § 9. 94-03-009, § 50-60-060, filed 1/7/94, effective 2/7/94.] Decodified by letter, filed 2/1/96, effective 4/1/96.</p> <p>Branch office application procedure. [Statutory Authority: RCW 19.146.225, 95-13-091, § 50-60-070, filed 6/21/95, effective 7/22/95. Statutory Authority: 1993 c 468 § 9. 94-03-009, § 50-60-070, filed 1/7/94, effective 2/7/94.] Decodified by letter, filed 2/1/96, effective 4/1/96.</p> <p>Surety bond and approved alternatives—General requirements. [Statutory Authority: RCW 19.146.225, 95-13-091, § 50-60-080, filed 6/21/95, effective 7/22/95; 94-23-033, § 50-60-080, filed 11/8/94, effective 12/9/94. Statutory Authority: 1993 c 468 § 9. 94-03-009, § 50-60-080, filed 1/7/94, effective 2/7/94.] Decodified by letter, filed 2/1/96, effective 4/1/96.</p>		

50-60-08005	Alternatives to the surety bond. [Statutory Authority: RCW 19.146.225. 95-13-091, § 50-60-08005, filed 6/21/95, effective 7/22/95.] Decodified by letter, filed 2/1/96, effective 4/1/96.	2/7/94.] Decodified by letter, filed 2/1/96, effective 4/1/96.
50-60-08010	Establishment of trust account for borrower funds to pay third-party providers. [Statutory Authority: RCW 19.146.225. 95-13-091, § 50-60-08010, filed 6/21/95, effective 7/22/95.] Decodified by letter, filed 2/1/96, effective 4/1/96.	50-60-140 General recordkeeping requirements. [Statutory Authority: RCW 19.146.225. 95-13-091, § 50-60-140, filed 6/21/95, effective 7/22/95. Statutory Authority: 1993 c 468 § 9. 94-03-009, § 50-60-140, filed 1/7/94, effective 2/7/94.] Decodified by letter, filed 2/1/96, effective 4/1/96.
50-60-08015	Designation of trust account(s). [Statutory Authority: RCW 19.146.225. 95-13-091, § 50-60-08015, filed 6/21/95, effective 7/22/95.] Decodified by letter, filed 2/1/96, effective 4/1/96.	50-60-145 Forwarding appraisal, title report and credit report. [Statutory Authority: RCW 19.146.225. 95-13-091, § 50-60-145, filed 6/21/95, effective 7/22/95.] Decodified by letter, filed 2/1/96, effective 4/1/96.
50-60-08020	Required trust account records and procedures. [Statutory Authority: RCW 19.146.225. 95-13-091, § 50-60-08020, filed 6/21/95, effective 7/22/95.] Decodified by letter, filed 2/1/96, effective 4/1/96.	50-60-150 Disclosure of significant developments. [Statutory Authority: RCW 19.146.225. 95-13-091, § 50-60-150, filed 6/21/95, effective 7/22/95. Statutory Authority: 1993 c 468 § 9. 94-03-009, § 50-60-150, filed 1/7/94, effective 2/7/94.] Decodified by letter, filed 2/1/96, effective 4/1/96.
50-60-08025	Trust account deposit requirements. [Statutory Authority: RCW 19.146.225. 95-13-091, § 50-60-08025, filed 6/21/95, effective 7/22/95.] Decodified by letter, filed 2/1/96, effective 4/1/96.	50-60-160 License application denial or condition; license suspension or revocation. [Statutory Authority: RCW 19.146.225. 95-13-091, § 50-60-160, filed 6/21/95, effective 7/22/95. Statutory Authority: 1993 c 468 § 9. 94-03-009, § 50-60-160, filed 1/7/94, effective 2/7/94.] Decodified by letter, filed 2/1/96, effective 4/1/96.
50-60-08030	Trust account disbursement requirements. [Statutory Authority: RCW 19.146.225. 95-13-091, § 50-60-08030, filed 6/21/95, effective 7/22/95.] Decodified by letter, filed 2/1/96, effective 4/1/96.	50-60-165 Fines and penalties for violation of the Mortgage Broker Practices Act. [Statutory Authority: RCW 19.146.225. 95-13-091, § 50-60-165, filed 6/21/95, effective 7/22/95; 94-23-033, § 50-60-165, filed 11/8/94, effective 12/9/94.] Decodified by letter, filed 2/1/96, effective 4/1/96.
50-60-08035	Computerized accounting system requirements. [Statutory Authority: RCW 19.146.225. 95-13-091, § 50-60-08035, filed 6/21/95, effective 7/22/95.] Decodified by letter, filed 2/1/96, effective 4/1/96.	50-60-170 Transitional rule. [Statutory Authority: RCW 19.146.225. 94-23-033, § 50-60-170, filed 11/8/94, effective 12/9/94. Statutory Authority: 1993 c 468 § 9. 94-03-009, § 50-60-170, filed 1/7/94, effective 2/7/94.] Decodified by letter, filed 2/1/96, effective 4/1/96.
50-60-08040	Automated check writing systems. [Statutory Authority: RCW 19.146.225. 95-13-091, § 50-60-08040, filed 6/21/95, effective 7/22/95.] Decodified by letter, filed 2/1/96, effective 4/1/96.	50-60-180 Licensing of independent contractors to conduct mortgage brokering. [Statutory Authority: 1993 c 468 § 9. 94-03-009, § 50-60-180, filed 1/7/94, effective 2/7/94.] Repealed by 95-13-091, filed 6/21/95, effective 7/22/95. Statutory Authority: RCW 19.146.225.
50-60-085	Alternatives to the surety bond. [Statutory Authority: RCW 19.146.225. 94-23-033, § 50-60-085, filed 11/8/94, effective 12/9/94.] Decodified by letter, filed 2/1/96, effective 4/1/96.	50-60-190 Prohibited practices—Improperly influencing appraisals. [Statutory Authority: RCW 19.146.225. 95-13-091, § 50-60-190, filed 6/21/95, effective 7/22/95.] Decodified by letter, filed 2/1/96, effective 4/1/96.
50-60-090	License standards for applicants licensed in other jurisdictions. [Statutory Authority: 1993 c 468 § 9. 94-03-009, § 50-60-090, filed 1/7/94, effective 2/7/94.] Decodified by letter, filed 2/1/96, effective 4/1/96.	50-60-200 Mortgage broker fees allowed. [Statutory Authority: RCW 19.146.225. 95-13-091, § 50-60-200, filed 6/21/95, effective 7/22/95.] Decodified by letter, filed 2/1/96, effective 4/1/96.
50-60-09005	Registered agent and agent's office. [Statutory Authority: RCW 19.146.225. 95-13-091, § 50-60-09005, filed 6/21/95, effective 7/22/95.] Decodified by letter, filed 2/1/96, effective 4/1/96.	50-60-210 Mortgage brokerage commission. [Statutory Authority: RCW 19.146.225. 95-13-091, § 50-60-210, filed 6/21/95, effective 7/22/95.] Decodified by letter, filed 2/1/96, effective 4/1/96.
50-60-09010	Change of registered agent or agent's office. [Statutory Authority: RCW 19.146.225. 95-13-091, § 50-60-09010, filed 6/21/95, effective 7/22/95.] Decodified by letter, filed 2/1/96, effective 4/1/96.	
50-60-09015	Resignation of registered agent. [Statutory Authority: RCW 19.146.225. 95-13-091, § 50-60-09015, filed 6/21/95, effective 7/22/95.] Decodified by letter, filed 2/1/96, effective 4/1/96.	
50-60-09020	Service on licensee. [Statutory Authority: RCW 19.146.225. 95-13-091, § 50-60-09020, filed 6/21/95, effective 7/22/95.] Decodified by letter, filed 2/1/96, effective 4/1/96.	
50-60-100	License standards for associations. [Statutory Authority: RCW 19.146.225. 95-13-091, § 50-60-100, filed 6/21/95, effective 7/22/95. Statutory Authority: 1993 c 468 § 9. 94-03-009, § 50-60-100, filed 1/7/94, effective 2/7/94.] Decodified by letter, filed 2/1/96, effective 4/1/96.	
50-60-110	Transfers by, or changes in principal or designated broker of, a licensee. [Statutory Authority: RCW 19.146.225. 95-13-091, § 50-60-110, filed 6/21/95, effective 7/22/95. Statutory Authority: 1993 c 468 § 9. 94-03-009, § 50-60-110, filed 1/7/94, effective 2/7/94.] Decodified by letter, filed 2/1/96, effective 4/1/96.	
50-60-120	Employees and independent contractors of licensees. [Statutory Authority: RCW 19.146.225. 95-13-091, § 50-60-120, filed 6/21/95, effective 7/22/95. Statutory Authority: 1993 c 468 § 9. 94-03-009, § 50-60-120, filed 1/7/94, effective 2/7/94.] Decodified by letter, filed 2/1/96, effective 4/1/96.	
50-60-125	Recordkeeping and other requirements for advertising materials. [Statutory Authority: RCW 19.146.225. 95-13-091, § 50-60-125, filed 6/21/95, effective 7/22/95.] Decodified by letter, filed 2/1/96, effective 4/1/96.	
50-60-130	Disclosures required to borrower. [Statutory Authority: RCW 19.146.225. 95-13-091, § 50-60-130, filed 6/21/95, effective 7/22/95. Statutory Authority: 1993 c 468 § 9. 94-03-009, § 50-60-130, filed 1/7/94, effective	

Reviser's note: Later promulgation, see chapter 208-660 WAC.

Chapter 50-12 WAC

BANKS AND TRUST COMPANIES

WAC

50-12-020	Characterization of "federal fund transactions."
50-12-030	Definitions and characterization of time deposits.
50-12-045	Schedule of fees for banks, trust companies, stock savings banks, mutual savings banks, and alien banks.
50-12-050	Limiting loans to officers.
50-12-060	Accounts in excess of one hundred thousand dollars.
50-12-070	Nonbankable assets.
50-12-080	Purchase or sale of United States government securities—Resale or repurchase agreement.
50-12-090	Purchase or sale of United States government securities solely for customers' account not within purview of RCW 30.04.200.
50-12-100	Leasing bank premises—Limitations.
50-12-110	Investment securities—Permissible investments.
50-12-115	Investment securities—Proper management.
50-12-116	Investment securities—Investment in investment companies.
50-12-117	Investments in corporations.
50-12-120	Promulgation.
50-12-130	Purpose.
50-12-140	Definitions.
50-12-150	Assessing the record of performance.

50-12-160	Rating assignment.
50-12-170	Rating for period January 1, 1986 through December 31, 1986.
50-12-180	Limitation on single investment.
50-12-190	Investment in qualifying community investments.
50-12-200	Consideration of performance record in meeting community credit needs in approving and disapproving applications.
50-12-210	Promulgation.
50-12-220	Purpose.
50-12-230	Definitions.
50-12-240	General limitations.
50-12-250	General limitation—Loans fully secured by readily marketable collateral.
50-12-260	Combining loans to separate borrowers.
50-12-270	Loans to corporations.
50-12-280	Loans to partnerships, joint ventures, and associations.
50-12-290	Exceptions to the lending limits.
50-12-300	Transitional rules.
50-12-310	Insurance agency activities—Promulgation.
50-12-320	Insurance agency activities—Purpose.
50-12-330	Insurance agency activities—Definitions.
50-12-340	Insurance agency activities—General rule.
50-12-350	Insurance agency activities—Exceptions.
50-12-360	Insurance agency activities—Subsidiary.
50-12-370	Insurance agency activities—Enforcement.

DISPOSITION OF SECTIONS FORMERLY CODIFIED IN THIS CHAPTER

50-12-010	Minimum reserve requirements for state banks and trust companies—Computations. [Statutory Authority: RCW 30.04.090. 79-10-107 (Order 42), § 50-12-010, filed 9/26/79; Order 38, § 50-12-010, filed 2/23/77; Order 35, § 50-12-010, filed 12/22/75; Order 12, § 50-12-010, filed 11/20/72; Order 2, § 50-12-010, filed 12/23/68; Order 1, § 50-12-010, filed 5/28/68, filed 3/1/66.] Repealed by 85-19-052 (Order 62), filed 9/13/85. Statutory Authority: RCW 30.12.060
50-12-040	Schedule of fees for banks, trust companies, stock savings banks, mutual savings banks, and alien banks. [Statutory Authority: RCW 30.12.060. 85-19-052 (Order 62), § 50-12-040, filed 9/13/85. Statutory Authority: RCW 30.04.030. 82-24-074 (Order 48), § 50-12-040, filed 12/1/82. Statutory Authority: RCW 30.08.095. 79-04-042 (Order 40), § 50-12-040, filed 3/23/79; Order 32, § 50-12-040, filed 10/2/75; Order 27, § 50-12-040, filed 6/3/74; Order 20, § 50-12-040, filed 8/6/73; Order 4, § 50-12-040, filed 5/15/69, effective 6/16/69.] Repealed by 90-12-008, filed 5/25/90, effective 6/25/90. Statutory Authority: RCW 30.08.095.

WAC 50-12-020 Characterization of "federal fund transactions." When a bank purchases funds for reserve purposes or sells excess funds to another bank so that such bank may meet its reserve requirements, these transactions between banks have been commonly referred to as "overnight borrowings," "overnight security transactions," or "federal fund transactions." "Federal fund transactions" would normally occur when member banks purchase funds for reserve purposes through the Federal Reserve System or when such banks sell excess funds through the Federal Reserve System to another member bank so that such bank may meet its reserve requirements. However, for the purpose of uniformity, all future transactions of this sort, whether through the Federal Reserve System or between banks, may be referred to as "federal fund transactions."

This type of transaction takes the form of a transfer of funds from the seller to the buyer. Payment is usually made by the purchasing bank the following day in the amount of the funds purchased and for a specified fee.

Such a transaction does not create, on the part of the buyer, an obligation subject to RCW 30.04.140 but is considered a purchase of such funds.

Conversely, such a transaction does not create a loan or investment subject to RCW 30.04.110 on the part of the seller, but is to be considered a sale of such funds.

[Order 3, § 50-12-020, filed 12/23/68.]

WAC 50-12-030 Definitions and characterization of time deposits. The term "time deposits" means "time certificates of deposit" and, "time deposits, open account," as defined below.

(1) **Time certificates of deposit.** The term "time certificate of deposit" means a deposit evidenced by a negotiable or nonnegotiable instrument which provides on its face that the amount of such deposit is payable:

(a) On a certain date, specified in the instrument, not less than thirty days after the date of the deposit; or

(b) At the expiration of a specified period not less than thirty days after the date of the instrument; or

(c) Upon written notice to be given not less than thirty days before the date of repayment.

(2) **Time deposits, open account.** The term "time deposit, open account," means a deposit, other than a "time certificate of deposit," with respect to which there is in force a written contract with the depositor that neither the whole nor any part of such deposit may be withdrawn, by check or otherwise, prior to the date of maturity, which shall be not less than thirty days after the date of the deposit, or prior to the expiration of the period of notice which must be given by the depositor in writing not less than thirty days in advance of withdrawals.

A time deposit is a deposit and therefore not subject to individual bank and trust company lending limits, as prescribed by RCW 30.04.110. However, before a bank or trust company may deposit its funds with another bank in the form of a time deposit, the depository bank must first be appointed a depository by a vote of a majority of the directors of the depositing bank and approved as a depository by the supervisor of banking.

If a bank acquires a time deposit with a bank that has not been approved as a depository by the supervisor of banking, such transaction shall be considered to be an investment and subject to the bank's lending limitation.

[Order 2, § 50-12-030, filed 12/23/68.]

WAC 50-12-045 Schedule of fees for banks, trust companies, stock savings banks, mutual savings banks, and alien banks. (1) The supervisor shall collect the following fees:

(a) Hourly charges for services plus actual expenses for review of application and attendant investigation for:

(i) New bank or trust company;

(ii) Conversion to a state chartered institution;

(iii) Alien bank to establish and operate an office or bureau in the state;

(iv) Certificate conferring trust powers;

(v) Branch;

(vi) A satellite facility or facilities which are to be used by its own customers or customers of another bank;

(vii) A network system of satellite facilities as defined in WAC 50-40-010(4) or modification of a previously approved

network system made in accordance with WAC 50-40-060 (1) or (2);

(viii) Merger, consolidation, or reorganizational agreement;

(ix) Relocation of main office or branch;

(x) An out-of-state bank holding company acquisition and control of more than five percent of the shares of voting stock or substantially all of the assets of a bank, trust company, national banking association or bank holding company, the principal operations of which are conducted within this state;

(xi) The purchase or sale of a branch;

(xii) Voluntary or involuntary liquidation of a bank or trust company pursuant to chapter 30.44 RCW or for acting as conservator of a bank or trust company pursuant to chapter 30.46 RCW;

(xiii) Conversion from a mutual savings bank to a stock savings bank;

(xiv) Notice of change of control.

(b) Hourly charges for opinions rendered regarding interpretations of statutes and rules.

(c) \$100.00 for issuing the following certificates:

(i) Branch certificate;

(ii) Increase or decrease of capital stock certificate;

(iii) Certificate of authority;

(iv) Satellite facility;

(v) Certificate of good standing;

(vi) Other.

(d) \$100.00 for filing articles of incorporation, or amendments thereof, or other certificates required to be filed with the supervisor.

(e) Fifty cents per page for furnishing copies of papers filed with the supervisor.

(2) The hourly fee for services shall be \$90.00 per employee hour expended. The supervisor may require a lump sum payment in advance to cover the anticipated cost of review and investigation of the activities described in subsection (1)(a) and (b) of this section. In no event shall the lump sum payment required under this section exceed actual amounts derived in subsection (1)(a) and (b) of this section.

[Statutory Authority: RCW 30.08.095, 91-18-055, § 50-12-045, filed 8/30/91, effective 9/30/91; 90-12-008, § 50-12-045, filed 5/25/90, effective 6/25/90.]

WAC 50-12-050 Limiting loans to officers. (1) A bank or trust company may make the following loans to any of its officers:

(a) A loan secured by a first lien on a dwelling if at the time the loan is made:

(i) The dwelling secured is expected to be both owned by the officer and used by him as his residence after the loan is made; and

(ii) No other such loan made by the bank or trust company to the officer under the authority of (a) of this subsection is outstanding;

(b) A loan to finance the education of an officers' children; and

(c) Any other secured or unsecured loan including a line of credit which, at the time the loan is made, is not in excess of the greater of \$25,000 or 2.5% of capital and unimpaired

surplus as defined in RCW 30.12.060(2), but in no event for an amount greater than \$100,000.

(2) A bank or trust company shall not make a loan under subsection (1) of this section to an officer which, at the time the loan is made, exceeds the greater of \$25,000 or 5% of capital and unimpaired surplus as defined in RCW 30.12.060(2) unless a resolution authorizing a loan for a greater amount is adopted by a vote of a majority of the board of directors of the bank or trust company prior to the making of such loan, and the vote and resolution is entered in the corporate minutes.

(3) In no case shall the total liability of an officer to a bank or trust company under subsection (1) of this section exceed either \$500,000, unless approved in advance for a greater amount by a majority of the board of directors prior to the making of any loan in excess of this amount, or the limit prescribed by RCW 30.04.110, whichever is less. When computing the total outstanding liability of an officer of a bank or trust company belonging to an affiliated group of two or more corporations, all loans to the officer from the affiliated corporations shall be aggregated, including but not limited to loans from:

(a) The bank or trust company's parent bank holding company; or

(b) Any other corporation held by the bank or trust company's parent bank holding company; or

(c) A subsidiary of the bank or trust company; or

(d) A subsidiary of any other corporation if such corporation is held by the bank or trust company's parent bank holding company.

(4) Any loan to an officer of a bank that does not require specific prior approval by a majority of the board of directors by resolution or otherwise pursuant to subsections (2) and (3) of this section shall be promptly reported to the board of directors and duly reflected in the minutes of the next regular board meeting.

(5) For purposes of this section, the words "loan" and "loans" shall mean all extensions of credit by the bank or trust company including but not limited to the purchase, discount, or acquisition, as security or otherwise, of any debt or obligation of any officer owed to any other person.

[Statutory Authority: RCW 30.12.060, 85-19-052 (Order 62), § 50-12-050, filed 9/13/85; 84-03-036 (Order 58), § 50-12-050, filed 1/13/84; 79-04-042 (Order 40), § 50-12-050, filed 3/23/79; Order 31, § 50-12-050, filed 10/2/75; Order 4, § 50-12-050, filed 5/15/69, effective 6/16/69.]

WAC 50-12-060 Accounts in excess of one hundred thousand dollars. A mutual savings bank may accept or hold accounts in excess of one hundred thousand dollars on the following terms and conditions:

(1) Such accounts in the aggregate are placed in assets of similar maturity;

(2) The following records are maintained at all times with respect to each such account:

(a) The name(s) and address(es) of the depositor(s);

(b) The manner in which the account is held;

(c) The amount of the initial deposit;

(d) The contemplated time of withdrawal, if known;

(e) The interest rate; and

(f) Such other information available to the mutual savings bank as the supervisor may from time to time require in order to carry out the duties of his office;

(3) A separate report maintained showing at all times the aggregate total of all such accounts accepted or held; and

(4) Asset liquidity records and controls are maintained. The supervisor may from time to time impose such requirements or restrictions as he deems appropriate in connection with accepting or holding one or more such accounts, based upon the nature and size of the account, the condition of the mutual savings bank accepting the same, the general economic conditions then existing, and such other factors as the supervisor may deem relevant to the prudent operation of the mutual savings bank accepting or holding the account.

[Order 29, § 50-12-060, filed 10/2/75; Order 7 and Emergency Order 6, § 50-12-060, filed 1/7/70.]

WAC 50-12-070 Nonbankable assets. In determining whether an asset of a bank, mutual savings bank or trust company is bankable all of the circumstances of the asset shall be weighed, including but not limited to the following:

- (1) Character of the borrower
- (2) Capacity of the borrower
- (3) Capital of the borrower
- (4) Collateral, sufficiency of
- (5) Economic conditions pertaining to the type of business in which the borrower is engaged
- (6) Conformance to general banking standards as then currently practiced in the banking industry.

If, in the examination of a bank, mutual savings bank or trust company, an examiner finds an asset which in his opinion, after weighing all the circumstances of the asset, is non-bankable, the supervisor may require that such asset be charged off the books of the bank, mutual savings bank or trust company.

Within fifteen days following the next meeting of the board of directors following receipt of written notice from the supervisor to charge off such asset, but in no event more than forty-five days following receipt of such written notice, the bank, mutual savings bank or trust company, shall write the same off as an asset or file a written statement with the supervisor explaining why, in its opinion, the asset should not be so treated. After considering such written statement and within ten days after receipt thereof, the supervisor will notify the bank in writing of his decision as to the treatment of the asset.

[Order 9, § 50-12-070, filed 5/9/72.]

WAC 50-12-080 Purchase or sale of United States government securities—Resale or repurchase agreement. The purchase or sale of securities of, or fully guaranteed as to principal and interest by, the United States government and agencies thereof, or a fractional undivided interest therein by a bank, under an agreement or agreements to resell or repurchase the interest transferred, or a portion thereof, at the end of a stated period, shall not constitute an obligation subject to the lending limit of RCW 30.04.110, an indebtedness or liability of the bank within the meaning of RCW 30.04.150, a borrowing for the purposes of reloaning within the meaning of RCW 30.04.160, nor a pledge or hypothecation of securi-

ties or assets of the bank to a depositor or creditor within the meaning of RCW 30.04.140.

[Statutory Authority: RCW 30.04.030. 83-03-020 (Order 51), § 50-12-080, filed 1/13/83; Order 28, § 50-12-080, filed 9/10/74.]

WAC 50-12-090 Purchase or sale of United States government securities solely for customers' account not within purview of RCW 30.04.200. The provisions of RCW 30.04.200 shall not prohibit banks or the officers or employees thereof in the course of their employment from purchasing and selling securities and stocks without recourse, solely upon the order and for the account of customers of the bank, or from dealing in, underwriting and purchasing for the account of the bank obligations of, or obligations guaranteed as to principal and interest by, the United States or agencies thereof or of any state or political subdivision thereof.

[Statutory Authority: RCW 30.04.030. 83-01-082 (Order 49), § 50-12-090, filed 12/17/82.]

WAC 50-12-100 Leasing bank premises—Limitations. A bank or trust company may lease part of the premises in which it conducts its day-to-day business pursuant to RCW 30.04.210 to persons engaged in nonbanking or nontrust business activities subject to the following limitations:

(1) No director, officer, or employee of such bank or trust company may have any direct or indirect financial interest in the lessee's business activities conducted on the premises leased;

(2) No bank or trust company may receive commissions or other revenues from the lessee other than periodic rental payments received under terms that are usual and customary in leasing space used for similar commercial purposes as determined by the supervisor;

(3) No lessee may have access to security areas of the bank or trust company's premises, nor may a lessee conduct business activities on a bank or trust company's premises other than during regular banking hours;

(4) No director, officer, or employee of a bank or trust company may be employed by, or serve in any fiduciary capacity for a corporation or other person leasing the premises of such bank or trust company for such business activities;

(5) No bank or trust company may exercise managerial control over the lessee's business activities or assume, guarantee, or otherwise become obligated for the lessee's debts or legal obligations;

(6) No bank or trust company may advertise a lessee's business activities conducted on such bank or trust company's premises as a service provided by the bank or trust company, or otherwise represent that the lessee's business activities are not independently owned and operated;

(7) No bank or trust company may use tying arrangements involving the sale of a lessee's goods or services offered on such bank or trust company's premises or in any other way require purchase of a lessee's goods or services as a condition for granting credit or performing services.

(8) For purposes of this section, the term "bank or trust company" means any person or corporation operating under the provisions of Title 30 RCW directly or indirectly affiliated with the lessor.

[Statutory Authority: RCW 30.12.060. 85-19-052 (Order 62), § 50-12-100, filed 9/13/85.]

WAC 50-12-110 Investment securities—Permissible investments. A bank or trust company may purchase or hold obligations of a single obligor which are "investment securities," as defined below, and meet the following guidelines for proper "investment security" management. The term "investment security" shall mean a marketable obligation evidencing indebtedness of any person, copartnership, association, or corporation; of the government of the United States or any agency thereof; of any state, or political subdivision thereof; or of any publicly-owned entity that is an instrumentality of a state or municipal corporation in the form of bonds, notes, and/or debentures. They exclude investments which are predominately speculative but shall include:

(1) Type I securities which a bank may deal in, purchase, and sell for its own account without limitation. These securities include:

(a) Obligations of the United States;

(b) Obligations issued, insured, or guaranteed by a department or agency of the United States, including obligations of such departments or agencies representing an interest in a loan or pool of loans;

(c) General obligations of a state or political subdivision including but not limited to obligations of a county, city, town, municipal corporation, or any publicly-owned entity that is an instrumentality of a state or municipal corporation;

(d) Obligations of any state or political subdivision of a state if a state or political subdivision of a state having general powers of taxation has unconditionally promised to make sufficient funds available for full repayment of the obligation; and

(e) Revenue bonds issued by public improvement agencies.

(2) Type II securities which a bank may deal in, purchase and sell for its own account subject to a twenty percent of capital and surplus limitation and any limitation set forth in WAC 50-12-115 (2)(c). These include obligations issued by any state or political subdivision, or any agency of a state or political subdivision for housing, university or dormitory purposes. Such obligations include:

(a) Obligations issued by any state or a political subdivision for the purpose of financing the construction or improvement of facilities at or used by a university or a degree-granting college-level institution, or financing loans for studies at such institutions; and

(b) Obligations which finance the construction or improvement of facilities used by a hospital, provided that the hospital is a department or a division of a university, or otherwise provides a sufficient nexus with university purposes.

(3) Type III securities which a bank may purchase and sell for its own account with a twenty percent of capital and surplus limitation and any limitation set forth in WAC 50-12-115 (2)(c), but may not deal in. These include investment securities issued by corporations, provided that such securities have received in the most recent edition one of the four highest rating grades by Standard and Poor's, Moodys, or equivalent rating service. Unrated securities must be invest-

ment grade and be of equivalent quality to the four highest rating grades and where the investment characteristics are distinctly or predominately not speculative.

[Statutory Authority: RCW 30.08.140. 87-20-036 (Order 70), § 50-12-110, filed 9/30/87. Statutory Authority: RCW 30.12.060. 85-19-052 (Order 62), § 50-12-110, filed 9/13/85.]

WAC 50-12-115 Investment securities—Proper management. (1) A bank may purchase a Type I security for its own account, provided it is permissible under the provisions of Title 30 RCW and this regulation, if through prudent banking judgment it determines there is adequate evidence that the obligor will be able to perform all necessary undertakings in connection with the security, including all debt service requirements.

(2)(a) A bank may purchase a Type II or III security for its own account when through prudent banking judgment (which may be based in part upon estimates which it believes to be reliable), it determines that there is adequate evidence that the obligor will be able to perform all that it undertakes to perform in connection with the security, including all debt service requirements, and that the security is marketable so that it can be sold with relative promptness at a fair market value.

(b) A bank may, subject to the limitations set forth in (c) of this subsection, purchase a security of Type II or III for its own account although its judgment with respect to the obligor's ability to perform is based predominantly upon estimates it believes to be reliable. This subsection permits a bank to exercise a somewhat broader range of judgment with respect to a more restricted portion of its investment portfolio.

(c) If a bank holds at any time Type II or III securities which would not be eligible for purchase pursuant to (a) of this subsection in a total amount in excess of five percent of the bank's capital and surplus, they are to be charged down to market value or a specific reserve is to be established within ninety days.

(3) Each bank shall maintain in its files credit information adequate to demonstrate that it has exercised prudence in making the determinations and carrying out the transactions involving underwriting, dealing in, and purchase and sale of investment securities. This information shall be retained:

(a) When securities are purchased for the bank's own portfolio, as long as the security remains in the portfolio;

(b) When securities are underwritten by the bank, for the maturity or the life of the security; and

(c) With regard to dealer activities, for periods set forth in the relevant rules of the municipal securities rule-making board.

(4) When a bank purchases an investment security convertible into stock or with stock purchase warrants attached, entries must be made by the bank at the time of purchase to write down the cost of such security to an amount which represents the investment value of the security considered independently of the conversion feature or attached stock purchase warrants. Purchase of securities convertible into stock at the option of the issuer is prohibited.

(5) When an investment security is purchased at a price exceeding par or face value, the bank shall:

(a) Charge off the entire premium at the time of purchase; or

(b) Provide for a program to amortize the premium paid or that portion of premium remaining after the write-down subject to subsection (2) of this section so that such premium or portion thereof shall be entirely extinguished at or before the maturity of the security.

(6) Each bank shall take measures to insure the cumulative investment holdings do not exceed the limitations for a specific investment set forth in Title 30 RCW.

(7) The board of directors, a committee thereof, or a duly appointed committee of senior level management shall review at least quarterly the bank's investment portfolio to insure compliance with the provisions contained in WAC 50-12-110 through 50-12-116.

(8) The restrictions and limitations set forth in this section do not apply to securities acquired through foreclosure on collateral, or acquired in good faith by way of compromise of a doubtful claim or to avoid a loss in connection with a debt previously contracted.

[Statutory Authority: RCW 30.08.140, 87-20-036 (Order 70), § 50-12-115, filed 9/30/87.]

WAC 50-12-116 Investment securities—Investment in investment companies. A bank or trust company may invest in shares of an investment company provided that all of the following conditions are met:

(1) The investment company must be registered with Securities and Exchange Commission under the Investment Company Act of 1940 and the Securities Act of 1933 or be a privately offered fund sponsored by an affiliated commercial bank.

(2) The shareholder has a fair and equal proportionate undivided interest in the underlying assets of the investment company calculated pursuant to the Investment Company Act of 1940.

(3) When an investment company's assets consist solely of and are expressly limited to obligations that are eligible for unlimited investment (Type I) as described in WAC 50-12-100, there is no limit on the bank's investment. However, where the investment companies portfolio contains, or is permitted to contain, securities subject to the bank's investment or lending limitations, investment by the bank shall be subject to a twenty percent of capital and surplus limitation.

(4) The shareholders are protected against personal liability for acts or obligations of the investment company.

(5) The bank's investment policy, as formally approved by its board of directors, specifically provides for such investments; prior approval of the board of directors is obtained for initial investments in specific investment companies and recorded in the official board minutes; and procedures, standards, and controls for managing such investments are implemented prior to acquirement of these investments.

(6) If the investment company makes use of futures, forwards, options, repurchase agreements and securities lending arrangements, their use must be consistent with standards adopted for use of such instruments in the bank's portfolio.

(7) Regulatory reporting of holdings in investment companies is consistent with established standards for "marketable equity securities."

[Title 50 WAC—p. 12]

[Statutory Authority: RCW 30.08.140(7), 92-04-027, § 50-12-116, filed 1/28/92, effective 2/28/92. Statutory Authority: RCW 30.08.140, 87-20-036 (Order 70), § 50-12-116, filed 9/30/87.]

WAC 50-12-117 Investments in corporations. Nothing in WAC 50-12-110, 50-12-115, or 50-12-116 shall limit the authority of a bank or trust company to invest in corporations or entities, with the prior authorization of the supervisor, pursuant to RCW 30.04.____, (section 1, chapter 498, Laws of 1987).

[Statutory Authority: RCW 30.08.140, 87-24-042 (Order 71), § 50-12-117, filed 11/25/87.]

WAC 50-12-120 Promulgation. The division of banking, hereinafter referred to as the "division," after due and proper notice, and pursuant to chapter 30.60 RCW hereby adopts and promulgates the following rules and regulations, effective January 1, 1986.

[Statutory Authority: Chapter 30.60 RCW, RCW 30.04.212 and 30.04.214, 87-02-010 (Order 66), § 50-12-120, filed 12/30/86.]

WAC 50-12-130 Purpose. This regulation is intended to encourage banks chartered under Title 30 RCW to help meet the credit needs of their local community or communities; to provide guidance to banks as to how the division will assess the records of these banks in satisfying their continuing and affirmative obligations to help meet the credit needs of the local communities, including low-income and moderate-income neighborhoods, consistent with safe and sound operation of those banks; and to provide for proper consideration of those records in connection with certain applications.

[Statutory Authority: Chapter 30.60 RCW, RCW 30.04.212 and 30.04.214, 87-02-010 (Order 66), § 50-12-130, filed 12/30/86.]

WAC 50-12-140 Definitions. For purposes of interpreting and administering the provisions and procedures contained herein, the definitions of terms used shall be identical to the corresponding definitions set forth in the Community Reinvestment Act of 1977, Public Law 95-128, sections 801-806, 12 U.S.C. 2901, et seq. and regulations promulgated pursuant thereto; provided, these definitions are not inconsistent with the context used, or otherwise defined, in this regulation.

The term "division" means the division of banking of the state of Washington. The term "supervisor" means the supervisor of banking.

[Statutory Authority: Chapter 30.60 RCW, RCW 30.04.212 and 30.04.214, 87-02-010 (Order 66), § 50-12-140, filed 12/30/86.]

WAC 50-12-150 Assessing the record of performance. In connection with its examination of a bank, the division shall assess the record of performance of the bank in helping to meet the credit needs of its entire community, including low-income and moderate-income neighborhoods, consistent with safe and sound operation of the bank. The division will review the bank's Community Reinvestment Act statement(s) and any other written and signed reports, documents, or comments prepared or filed by the bank with the division, or one or more federal bank regulatory agencies, and will use this material as part of or in lieu of an investiga-

(1999 Ed.)

tion as set forth by RCW 30.60.010. The foregoing material, together with such additional information as may be deemed necessary and obtained by investigation performed by the division, will be considered in assessing the bank's record of performance, based upon the following factors:

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

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

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

(4) Any practices intended to discourage applications for types of credit set forth in the institution's Community Reinvestment Act statement(s);

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

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

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

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

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

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

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

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

[Statutory Authority: Chapter 30.60 RCW, RCW 30.04.212 and 30.04.214, 87-02-010 (Order 66), § 50-12-150, filed 12/30/86.]

WAC 50-12-160 Rating assignment. (1) Based upon the foregoing investigation and assessment, the supervisor shall annually assign to the bank a numerical community reinvestment rating based on a one through five scoring system in accordance with RCW 30.60.010. Such numerical scores shall represent performance assessments as follows:

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

(2) For each calendar year commencing after December 31, 1986, the most recent community reinvestment rating assigned to the bank by the supervisor shall be used as a basis for limiting the funds invested in real property and improve-

(1999 Ed.)

ments thereof pursuant to RCW 30.04.212. These investments shall be limited to a percentage of capital, surplus, and undivided profits, as follows:

- (a) Excellent performance-rating (1): 10% limitation
- (b) Good performance-rating (2): 8% limitation
- (c) Satisfactory performance-rating (3): 6% limitation
- (d) Inadequate performance-rating (4): 3% limitation
- (e) Poor performance-rating (5): no investment

No bank may at any time be required to dispose of any investment made in accordance with this section because the bank is not then authorized to acquire such investment, if such investment was lawfully acquired by the bank at the time of acquisition.

[Statutory Authority: Chapter 30.60 RCW, RCW 30.04.212 and 30.04.214, 87-02-010 (Order 66), § 50-12-160, filed 12/30/86.]

WAC 50-12-170 Rating for period January 1, 1986 through December 31, 1986. For the period January 1, 1986 through December 31, 1986, the rating assigned to all state chartered banks shall be a "1"; provided, however, that if a bank has been assigned a CRA rating of 3 or less in the most recent compliance report prepared by the FDIC or the Federal Reserve, the division deems the ten percent limitation for this period to be excessive, and an unsafe and unsound banking practice, and the bank shall be allowed to invest only the amount which would be allowable pursuant to RCW 30.04.212 if the rating of the most recent compliance report of the FDIC or Federal Reserve were assigned to the bank for the period January 1, 1986 through December 31, 1986.

[Statutory Authority: Chapter 30.60 RCW, RCW 30.04.212 and 30.04.214, 87-02-010 (Order 66), § 50-12-170, filed 12/30/86.]

WAC 50-12-180 Limitation on single investment. The total investment by a bank in a single parcel of real property, and improvements thereon, shall not exceed twenty-five percent of the aggregate amount of such bank's real estate investments allowed by RCW 30.04.212.

[Statutory Authority: Chapter 30.60 RCW, RCW 30.04.212 and 30.04.214, 87-02-010 (Order 66), § 50-12-180, filed 12/30/86.]

WAC 50-12-190 Investment in qualifying community investments. (1) An amount equal to ten percent of the aggregate amount invested in real estate by a bank pursuant to RCW 30.04.212 shall be placed in qualifying community investments as defined in subsection (3) of this section.

(2) A qualifying community investment made by an entity that wholly owns a bank, is wholly owned by a bank, or is wholly owned by an entity that wholly owns the bank, shall be deemed to have been made by a bank to satisfy the requirements of subsection (1) of this section.

(3) The term "qualifying community investment" means any direct or indirect investment or extension of credit made by a bank in projects or programs designed to develop or redevelop areas in which persons with low-incomes or moderate-incomes reside, designed to meet the credit needs of such low-income or moderate-income areas, or that primarily benefits low-income and moderate-income residents of such areas. The term includes, but is not limited to, any of the following investments within the state of Washington:

(a) Investments in governmentally insured, guaranteed, subsidized, or otherwise sponsored programs for housing, small farms, or business that address the needs of the low-income and moderate-income areas.

(b) Investments in residential mortgage loans, home improvement loans, housing rehabilitation loans, and small business or small farm loans originated in low-income and moderate-income areas, or the purchase of such loans originated in low-income and moderate-income areas.

(c) Investments for the preservation or revitalization of urban or rural communities in low-income and moderate-income areas.

The term does not include personal installment loans, or loans made for the purchase of, or secured by, an automobile.

[Statutory Authority: Chapter 30.60 RCW, RCW 30.04.212 and 30.04.214. 87-02-010 (Order 66), § 50-12-190, filed 12/30/86.]

WAC 50-12-200 Consideration of performance record in meeting community credit needs in approving and disapproving applications. The division shall consider, among other factors, the record of performance of the applicant in helping to meet the credit needs of the applicant's entire community, including low-income and moderate-income neighborhoods in determining the approval or disapproval for the following applications:

- (1) For a new branch or satellite facility;
- (2) For a purchase of assets;
- (3) For a merger;
- (4) For an acquisition;
- (5) For authority to engage in a business activity;
- (6) For a conversion from a national bank to a state-chartered bank; and
- (7) Such other application as the supervisor may consider appropriate.

The performance record need not be considered for subsections (2), (3), and (4) of this section where solvency and safety soundness of the bank is threatened. Assessment of an institution's CRA performance may be a basis for denying an application.

[Statutory Authority: Chapter 30.60 RCW, RCW 30.04.212 and 30.04.214. 87-02-010 (Order 66), § 50-12-200, filed 12/30/86.]

WAC 50-12-210 Promulgation. The division of banking, hereinafter referred to as the "division," after due and proper notice, and pursuant to the provisions of RCW 30.04.111 hereby adopts and promulgates the following rules and regulations, effective September 9, 1987.

[Statutory Authority: RCW 30.04.111. 87-20-022 (Order 69), § 50-12-210, filed 9/30/87.]

WAC 50-12-220 Purpose. These rules and regulations are intended to prevent one individual, or relatively small group, from borrowing an unduly large amount of the bank's funds. Further, the intention is also to safeguard the bank's depositors by spreading the loans among a relatively large number of persons engaged in different lines of business.

[Statutory Authority: RCW 30.04.111. 87-20-022 (Order 69), § 50-12-220, filed 9/30/87.]

[Title 50 WAC—p. 14]

WAC 50-12-230 Definitions. (1) The term "person" shall include an individual, sole proprietor, partnership, joint venture, association, trust, estate, business trust, corporation, sovereign government or agency, instrumentality, or political subdivision thereof, or any similar entity or organization.

(2) The term "loans and extensions of credit" means any direct or indirect advance of funds to a person made on a basis of any obligation of that person to repay the funds, or repayable from specific property pledged by or on behalf of a person. "Loans and extensions of credit" also includes a "contractual commitment to advance funds" as that term is defined in this section, and includes a renewal, modification, or extension of the maturity date of a loan or extension of credit. Provided, the term "loan or extension of credit" does not include a renewal, extension or restructuring of an existing loan, with interest paid current and no further advance of funds, by a bank under the direction and control of a conservator appointed by the supervisor.

(3) The term "contractual commitment to advance funds" means:

(a) An obligation on the part of the bank to make payments (directly or indirectly) to a designated third party contingent upon a default by the bank's customer in the performance of an obligation under the terms of that customer's contract with the third party; or

(b) An obligation to guarantee or stand as surety for the benefit of a third party. The term includes, but is not limited to, standby letters of credit, guarantees, puts, and other similar arrangements. Undisbursed loan funds, loan commitments not yet drawn upon which do not fall under this definition, and commercial letters of credit or similar instruments are not considered contractual commitments to advance funds.

(4) The term "readily marketable collateral" means financial instruments and bullion which are saleable under ordinary circumstances with reasonable promptness at a fair market value determined by daily quotations based on actual transactions on an auction or a similarly available daily bid and ask price market.

(5) The term "financial instruments" shall include stocks, notes, bonds, and debentures traded on a national securities exchange, "OTC margin stocks" (as defined in Regulation U of the Federal Reserve Board), commercial paper, negotiable certificates of deposit, bankers' acceptances, and shares in money market and mutual funds of the type which issue shares in which banks may perfect a security interest.

(6) The term "current market value" means the bid or closing price listed for an item in a regularly published listing or an electronic reporting service.

(7) The term "capital" will include the amount of common stock outstanding and unimpaired, the amount of preferred stock outstanding and unimpaired, and capital notes or debentures issued pursuant to chapter 30.36 RCW.

(8) The term "surplus" shall include capital surplus, reflecting the amounts paid in excess of the par or stated value of capital stock, or amounts contributed to the bank other than for capital stock, and amounts transferred to surplus from undivided profits pursuant to resolution of the board of directors.

(9) The term "subsidiary" means:

(a) Any company twenty-five percent or more of whose voting shares (excluding shares owned by the United States or by any company wholly owned by the United States) is directly or indirectly owned or controlled by such person, or is held by it with power to vote;

(b) Any company the election of a majority of whose directors is controlled in any manner by such person; or

(c) Any company with respect to the management or policies of which such person has power, directly or indirectly, to exercise a controlling influence, as determined by the division, after notice and opportunity for hearing.

[Statutory Authority: RCW 30.04.111. 88-16-066 (Order 74), § 50-12-230, filed 8/1/88; 87-20-022 (Order 69), § 50-12-230, filed 9/30/87.]

WAC 50-12-240 General limitations. The total loans and extensions of credit by a state bank or trust company to a person outstanding at one time and not fully secured by collateral in a manner defined in WAC 50-12-250 shall not exceed twenty percent of the capital and surplus of the bank or trust company.

[Statutory Authority: RCW 30.04.111. 87-20-022 (Order 69), § 50-12-240, filed 9/30/87.]

WAC 50-12-250 General limitation—Loans fully secured by readily marketable collateral. (1) Loans or extensions of credit by a state bank to a person outstanding at one time and fully secured by readily marketable collateral having a market value, as determined by reliable and continuously available price quotations, shall not be subject to any limitations based on capital and surplus. However, if the total of such loans and extensions of credit, together with loans made under general limitations pursuant to WAC 50-12-240 exceed forty-five percent, the division of banking will review the credits as a possible concentration, with regard to both risk diversification within the bank's asset structure and diversification or other risk in the marketable collateral securing the loan. This limitation shall be separate and in addition to the general twenty percent limitation set forth in WAC 50-12-240.

(2) Each loan or extension of credit based on the foregoing limitation shall be secured by readily marketable collateral having a current market value of at least one hundred fifteen percent of the amount of the loan or extension of credit at all times.

(3) Financial instruments may be denominated in foreign currencies which are freely convertible to United States dollars. If collateral is denominated and payable in a currency other than that of the loan or extension of credit which it secures, the bank's procedures must require that the collateral be revalued at least monthly, using appropriate foreign exchange rates, in addition to being repriced at current market value.

(4) Each bank must institute adequate procedures to ensure that the collateral value fully secures the outstanding loan at all times. If collateral values fall below one hundred fifteen percent of the outstanding loan, to the extent that the loan is no longer in conformance with this section and exceeds the general twenty percent limitation, the loan must be brought into conformance within five business days, except where judicial proceedings, regulatory actions, or

(1999 Ed.)

other extraordinary occurrences prevent the bank from taking actions.

[Statutory Authority: RCW 30.08.140. 87-24-042 (Order 71), § 50-12-250, filed 11/25/87. Statutory Authority: RCW 30.04.111. 87-20-022 (Order 69), § 50-12-250, filed 9/30/87.]

WAC 50-12-260 Combining loans to separate borrowers. (1) Loans or extensions of credit to one person will be attributed to other persons when:

(a) The proceeds of the loans or extensions of credit are to be used for the direct benefit of the other person or persons; or

(b) A "common enterprise" exists between the persons.

(2) Determination of whether a "common enterprise" exists depends upon a realistic evaluation of the facts and circumstances of the particular transaction. A "common enterprise" is presumed to exist when:

(a) The expected source of repayment for each loan or extension of credit is the same for each person; or

(b) Separate persons borrow from a bank for the purpose of acquiring a business enterprise of which those persons will own more than fifty percent of the voting securities; or

(c) The loans or extensions of credit are made to persons who are related by common control and (i) are engaged in interdependent business or (ii) there is substantial financial interdependence among them.

(3) Substantial financial interdependence occurs when fifty percent or more of one person's gross receipts or gross expenditures (on an annual basis) are derived from transactions with one or more persons related through common control. Gross receipts and expenditures include gross revenues/expenses, intercompany loans, dividends, capital contributions, and similar receipts or payments.

(4) Throughout this section the term "control" is presumed to exist when one or more persons acting in concert directly or indirectly:

(a) Own, control, or have power to vote twenty-five percent or more of any class of voting securities of another person;

(b) Exercise a controlling influence over the management or policies of another person; or

(c) Control in any manner the election of a majority of the directors, trustees or other persons exercising similar functions of another person. "Common control" includes control of one person by another person.

[Statutory Authority: RCW 30.04.111. 87-20-022 (Order 69), § 50-12-260, filed 9/30/87.]

WAC 50-12-270 Loans to corporations. Loans or extensions of credit to a person and its subsidiaries or to subsidiaries of one person need not be combined where the bank has determined that the person and subsidiaries involved are not engaged in a "common enterprise." If members of a corporate group (a person and all its subsidiaries) are either:

(1) Substantially financially interdependent; or

(2) Engaged in "common enterprise," then the total amount of loans or extensions of credit to these persons must be attributed to each of the other persons in the corporate group. Conversely, if members of a corporate group are neither substantially financially interdependent nor engaged in

"common enterprise," then the loans to different members are separately subject to a twenty percent limitation. In no event may the total amount of loans or extensions of credit by a state bank to a corporate group exceed fifty percent of the bank's capital and surplus.

[Statutory Authority: RCW 30.04.111, 87-20-022 (Order 69), § 50-12-270, filed 9/30/87.]

WAC 50-12-280 Loans to partnerships, joint ventures, and associations. (1) Loans or extensions of credit to a partnership, joint venture, or association shall, for purposes of WAC 50-12-210 through 50-12-300, be considered loans or extensions of credit to each member of such partnership, joint venture, or association.

(2) Loans or extensions of credit to members of a partnership, joint venture, or association are considered loans or extensions of credit to the partnership, joint venture, or association if one or more of the tests presented in WAC 50-12-260(1) is satisfied with respect to one or more of the members. However, loans to members of a partnership, joint venture or association will not be attributed to other members of the partnership, joint venture, or association unless one or more of the tests set forth in WAC 50-12-260(1) is satisfied with respect to such other members. The tests set forth in WAC 50-12-260(1) shall be deemed satisfied when loans or extensions of credit are made to members of a partnership, joint venture, or association for the purpose of purchasing an interest in such partnership, joint venture, or association.

(3) The rule set forth in subsection (1) of this section is not applicable to limited partners in limited partnerships or to members of joint ventures if such partners or members, by the terms of the partnership or membership agreement are not to be held liable for the debts or actions of the partnerships, joint venture, or association. However, the rules set forth in WAC 50-12-260(1) are applicable to such partners or members.

[Statutory Authority: RCW 30.04.111, 87-20-022 (Order 69), § 50-12-280, filed 9/30/87.]

WAC 50-12-290 Exceptions to the lending limits. (1) Discount of commercial or business paper: Loans or extensions of credit arising from the discount of commercial or business paper evidencing an obligation to the person negotiating it with recourse shall not be subject to any limitation based on capital and surplus.

(a) This exception applies to negotiable paper given in payment of the purchase price of commodities in domestic or export transactions purchased for resale or to be used in the fabrication of a product, or to be used for any other business purposes which may reasonably be expected to provide funds for payment of the paper. Loans or extensions of credit arising from the discount of paper must bear the full recourse endorsement of the owner. However, loans or extensions of credit arising from the discount of such paper in export transactions may be endorsed by such owner without recourse or with limited recourse, or may be accompanied by a separate agreement for limited recourse; provided, that if transferred without full recourse the paper must be supported by an assignment of appropriate insurance covering the political, credit, and transfer risks applicable to the paper.

[Title 50 WAC—p. 16]

(b) Since the basis for unlimited credit stems from the anticipated sale of a commodity to provide funds for payment of the paper, failure to pay either principal or interest when due removes the reason for unlimited credit. Consequently, although the line of credit to the maker or endorser should not be classified as excessive by reason of such default, the paper on which the default occurred must thereafter be taken into consideration in determining whether additional loans or extensions of credit may be made. These same principles of disqualification apply to any renewal or extension of either the entire loan or an installment thereof.

(2) Bankers' acceptances: The purchase of banker's acceptances of the kind described in section 13 of the Federal Reserve Act and issued by other banks shall not be subject to any limitation based on capital and surplus.

(a) Acceptances by a state bank of "ineligible" drafts, i.e., time drafts which do not meet the requirements for discount with a Federal Reserve Bank, are subject to the general twenty percent limitation of RCW 30.04.111.

(b) During any period within which a state bank holds its own acceptances, eligible or ineligible, having given value therefor, the amount given is considered to be a loan or extension of credit to the customer for whom the acceptance was made and is subject to the lending limits. To the extent that a loan or extension of credit created by discounting the acceptance is covered by a bona fide participation agreement, the discounting bank need only consider that portion of the discounted acceptance which it retains as being subject to appropriate limitations.

(3) Loans secured by bills of lading or warehouse receipts covering readily marketable staples: Loans and extensions of credit secured by bills of lading, warehouse receipts, or similar documents transferring or securing title to readily marketable staples shall be subject to a limitation of thirty-five percent of capital and surplus in addition to the general limitations if the market value of the staples securing each additional loan or extension of credit at all times equals or exceeds one hundred fifteen percent of the outstanding amount of such loan or extension of credit. The staples shall be fully covered by insurance whenever it is customary to insure such staples.

(a) This exception allows a state bank to make loans or extensions of credit to one person in an amount equal to thirty-five percent of its capital and surplus in addition to the general twenty percent limitation.

(b) A readily marketable staple means an article of commerce, agriculture, or industry of such uses as to make it the subject of dealings in a ready market with sufficiently frequent price quotations as to make (i) the price easily and definitely ascertainable, and (ii) the staple itself easy to realize upon sale at any time at a price which would not involve any considerable sacrifice from the amount at which it is valued as collateral. Staples eligible for this exception must be non-perishable, may be refrigerated or frozen, and must be fully covered by insurance when such insurance is customary. This exception is intended to apply primary to basic commodities, such as wheat and other grains, cotton, wool, and basic metals such as tin, copper, lead, and the like. Whether a commodity is readily marketable depends upon existing conditions and it is possible that a commodity that qualifies at one time

may cease to qualify [qualify] at a later date. Fabricated commodities which do not constitute standardized interchangeable units and do not possess uniformly broad marketability do not qualify as readily marketable staples.

(c) Commodities sometimes fail to qualify as nonperishable because of the manner in which they are handled or stored during the life of the loan or extension of credit. Accordingly, the question as to whether a staple is nonperishable must be determined on a case-by-case basis.

(d) This exception is applicable to a loan or extension of credit arising from a single transaction or secured by the same staples for (i) not more than ten months if secured by nonperishable staples, and (ii) not more than six months if secured by refrigerated or frozen staples.

(e) The important characteristic of warehouse receipts, order bills of lading, or other similar documents is that the holder of such documents has control of the commodity and can obtain immediate possession. (However, the existence of brief notice periods, or similar procedural requirements under state law, for the disposal of the collateral will not affect the eligibility of the instruments for this exception.) Only documents with these characteristics are eligible security for loans under this exception. In the event of default on a loan secured by one of these documents, the bank must be in a position to sell the underlying commodity and promptly transfer title and possession to the purchaser, thus being able to protect itself without extended litigation. Generally, documents qualifying as "documents of title" under the Uniform Commercial Code are "similar documents" qualifying for this exception.

(f) Field warehouse receipts are an acceptable form of collateral when they are issued by a duly bonded and licensed grain elevator or warehouse having exclusive possession and control of the commodities even though the grain elevator or warehouse is maintained on the commodity owner's premise.

(g) Warehouse receipts issued by the borrower-owner which is a grain elevator or warehouse company, duly bonded and licensed and regularly inspected by state or federal authorities, may be considered eligible collateral under this exception only when the receipts are registered with a registrar whose consent is required before the commodities can be withdrawn from the warehouse.

(4) Loans secured by United States obligations: Loans or extensions of credit secured by bonds, notes, certificates of indebtedness, or treasury bills of the United States or by other such obligations wholly guaranteed as to principal and interest by the United States shall not be subject to any limitation based on capital and surplus.

(a) This exception applies only to loans or extensions of credit which are fully secured by the current market value of obligations of the United States or guaranteed by the United States.

(b) If the market value of the collateral declines so that the loan is no longer in conformance with this exception and exceeds the general twenty percent limitation, the loan must be brought into conformance within five business days.

(c) Securities issued by any department, agency, bureau, board, commission or establishment of the United States, or any corporation wholly owned, directly or indirectly, shall not be considered eligible collateral for purposes of this section, unless such securities shall be direct obligation of or

fully guaranteed as to principal and interest by the United States.

(5) Loans to or guaranteed by a federal agency: Loans or extensions of credit to or secured by unconditional takeout commitments or guarantees of any department, agency, bureau, board, commission, or establishment of the United States or any corporation wholly owned directly or indirectly by the United States shall not be subject to any limitation based on capital and surplus.

(a) This exception may apply to only that portion of a loan or extension of credit that is covered by a federal guarantee or commitment.

(b) For purposes of this exception, the commitment or guarantee must be payable in cash or its equivalent within sixty days after demand for payment is made.

(c) A guarantee or commitment is unconditional if the protection afforded the bank is not substantially diminished or impaired in the case of loss resulting from factors beyond the bank's control. Protection against loss is not materially diminished or impaired by procedural requirements, including default over a specific period of time, a requirement that notification of default be given within a specific period after its occurrence, or a requirement of good faith on the part of the bank.

(6) Loans secured by segregated deposit accounts: Loans or extensions of credit secured by a segregated deposit account in the lending bank shall not be subject to any limitation based on capital and surplus.

(a) Deposit accounts which may qualify for this exception include deposits in any form generally recognized as deposits. In the case of the secured loan, the bank must establish internal procedures which will prevent the release of the security.

(b) The bank must ensure that a security interest has been perfected in the deposit, including the assignment of a specifically identified deposit and any other actions required by state law.

(c) A deposit which is denominated and payable in a currency other than that of the loan or extension of credit which it secures may be eligible for this exception if it is freely convertible to United States dollars. The deposit must be revalued at least monthly, using appropriate foreign exchange rates, to ensure that the loan or extension of credit remains fully secured. This exception applies to only that portion of the loan or extension of credit that is covered by the United States dollar value of the deposit. If the United States dollar value of the deposit falls to the extent that the loan is in non-conformance with this exception and exceeds the general twenty percent limitation, the loan must be brought into conformance within five business days, except where judicial proceedings, regulatory actions, or other extraordinary occurrences prevent the bank from taking such action. This exception is not authority for state banks to take deposits denominated in foreign currencies.

(7) Unpaid purchase price of sale of bank property: The unpaid portion of the purchase price of a sale of bank property, if secured by that property, shall not be subject to any limitation based on capital and surplus.

(a) Any sale of bank property, resulting in an unpaid purchase price exceeding the bank's lending limit must be

approved in advance of the sale by the board of directors, including the terms of payment of such unpaid purchase price, and if the purchase is by a director, officer or employee of the bank, shall conform to Regulation O of the Federal Reserve System and RCW 30.12.050.

(b) The bank must ensure that a security interest has been perfected in the collateral, including execution and recording or filing of documents and any other action required by state law.

(8) Discount of installment consumer paper.

(a) Loans and extensions of credit arising from the discount of negotiable or nonnegotiable installment consumer paper which carries a full recourse endorsement or unconditional guarantee by the person transferring the paper shall be subject under this section to a maximum limitation equal to twenty per centum of capital and surplus.

(b) If the bank's files or the knowledge of its officers of the financial condition of each maker of such consumer paper is reasonably adequate, and an officer of the bank designated for that purpose by the board of directors of the bank certifies in writing that the bank is relying primarily upon the responsibility of each maker for payment of such loans or extensions of credit and not upon any full or partial recourse endorsement or guarantee by the transferor, the limitations of this section as to the loans or extensions of credit of each such maker shall be the sole applicable loan limitations.

(c) This exception allows a bank to discount negotiable or nonnegotiable installment consumer paper of one person in an amount equal to twenty per centum of its capital and surplus if the paper carries a full recourse endorsement or unconditional guarantee by the seller transferring such paper. The unconditional guarantee may be in the form of a repurchase agreement or a separate guarantee agreement. A condition reasonably within the power of the bank to perform, such as the repossession of collateral, will not be considered to make conditional an otherwise unconditional agreement.

(d) For purposes of this subsection, "consumer" means the user of any products, commodities, goods, or services, whether leased or purchased, and does not include any person who purchases products or commodities for the purpose of resale or for fabrication into goods for sale.

(e) For purposes of this subsection, "consumer paper" includes paper relating to automobiles, mobile homes, residences, office equipment, household items, tuition fees, insurance premium fees, and similar consumer items. Also included is paper covering the lease (where the bank is not the owner or lessor) or purchase of equipment for use in manufacturing, farming, construction, or excavation.

(f) Under certain circumstances, installment consumer paper which otherwise meets the requirements of this exception will be considered a loan or extension of credit to the maker of the paper rather than the seller of the paper. Specifically, where (i) through the bank's files it has been determined that the financial condition of each maker is reasonably adequate to repay the loan or extension of credit, and (ii) an officer designated by the bank's chairman or chief executive officer pursuant to authorization by the board of directors certifies in writing that the bank is relying primarily upon the maker to repay the loan or extension of credit, the loan or extension of credit is subject only to the lending limits of the

maker of the paper. Where paper is purchased in substantial quantities, the records, evaluation, and certification may be in such form as is appropriate for the class and quantity of paper involved.

(g) If a loan under this section is in default and the dealer or seller of the loan has contractually committed to repurchase the paper, then the loan will be aggregated with the dealer or seller's other outstanding debt for lending limit purposes and will be subject to the twenty per centum limitation.

(h) If loan payments are received and/or controlled by the dealer or seller of the paper and remitted to the bank, then those loans will be aggregated with the dealer or seller's other outstanding debt for lending limit purposes and will be subject to the twenty per centum limitation.

[Statutory Authority: RCW 30.04.111, 87-20-022 (Order 69), § 50-12-290, filed 9/30/87.]

WAC 50-12-300 Transitional rules. (1) Loans or extensions of credit which were in violation of RCW 30.04.111 prior to the relevant effective dates of WAC 50-12-210 through this section will be considered to remain in violation of law until they are paid in full, regardless of whether the loans or extensions of credit conform to the rules established in WAC 50-12-210 through this section. Renewals or extensions of such loans or extensions of credit will also be considered violations of law.

(2) A state bank which has outstanding loans or extensions of credit to a person in violation of RCW 30.04.111 as of the relevant effective dates of WAC 50-12-210 through this section may make additional advances to such person after those dates if the additional advances are permitted under WAC 50-12-210 through this section. The additional advances, however, may not be used directly or indirectly to repay any outstanding illegal loans or extensions of credit.

(3) Loans or extensions of credit which were in conformance with RCW 30.04.111 prior to the relevant effective dates of WAC 50-12-210 through this section but are not in conformance with the rules established in WAC 50-12-210 through this section will not be considered to be violations of law during the existing contract terms of such loans or extensions of credit. Renewals or extensions of such loans or extensions of credit which are not in conformance with WAC 50-12-210 through this section may be made on or after the effective dates of WAC 50-12-210 through this section, if the nonconformity is caused by the amendments to Title 30 RCW contained in ESSB 4917; however, all loans or extensions of credit made under such renewals or extensions must conform with WAC 50-12-210 through this section no later than April 1, 1988. Loans or extensions of credit which are not in conformance with WAC 50-12-210 through this section for any other reason (i.e., a reduction in the bank's capital) must conform to this section upon renewal or extension.

(4) If a state bank, prior to the relevant effective dates of WAC 50-12-210 through this section, entered into a legally binding commitment to advance funds on or after those dates, and such commitment was in conformance with RCW 30.04.111, advances under such commitment may be made notwithstanding the fact that such advances are not in conformance with WAC 50-12-210 through this section. The bank must, however, demonstrate that the commitment repre-

sents a legal obligation to fund, either by a written agreement or through file documentation. Advances under renewals or extensions of such extension of the commitment is made on or after the relevant effective dates of WAC 50-12-210 through this section.

[Statutory Authority: RCW 30.04.111. 87-20-022 (Order 69), § 50-12-300, filed 9/30/87.]

WAC 50-12-310 Insurance agency activities—Promulgation. The division of banking, after due and proper notice, and pursuant to the general rule-making authority in RCW 30.04.030 hereby adopts and promulgates the following rules and regulations.

[Statutory Authority: RCW 30.04.030. 90-10-074, § 50-12-310, filed 5/2/90, effective 6/2/90.]

WAC 50-12-320 Insurance agency activities—Purpose. These rules and regulations are intended to administer and interpret the provisions governing the authority of state-chartered commercial banks and trust companies to act as insurance agents pursuant to the provisions in RCW 30.04.215(1), 30.08.140(10), and 30.08.150(3).

[Statutory Authority: RCW 30.04.030. 90-10-074, § 50-12-320, filed 5/2/90, effective 6/2/90.]

WAC 50-12-330 Insurance agency activities—Definitions. (1) "Bank" means a bank chartered under the provisions of Title 30 RCW.

(2) "Trust company" means a trust company chartered under the provisions of Title 30 RCW.

(3) "Insurance agent" means any person, including a bank, appointed by an insurer to solicit applications for insurance on its behalf and conduct such other activities and be subject to such restrictions of an insurance agent as authorized by the Washington insurance code, Title 48 RCW.

(4) "City" means a city whose boundaries and powers of self-government are defined by Title 35 or 35A RCW.

(5) "Located in a city" means operating a duly certificated full service branch within the city limits of the city.

(6) "Act as insurance agent" means to exercise the full power of an insurance agent on all lines of insurance subject only to the limitations and requirements of Title 48 RCW.

[Statutory Authority: RCW 30.04.030. 90-10-074, § 50-12-330, filed 5/2/90, effective 6/2/90.]

WAC 50-12-340 Insurance agency activities—General rule. Except as provided in these rules, or as otherwise provided by law, a bank may not act as insurance agent.

[Statutory Authority: RCW 30.04.030. 90-10-074, § 50-12-340, filed 5/2/90, effective 6/2/90.]

WAC 50-12-350 Insurance agency activities—Exceptions. (1) A bank located in a city of not more than five thousand inhabitants may act as insurance agent from an office in that city. A bank exercising this power may continue to act as insurance agent notwithstanding a change of the population of the city in which it is located.

(2) A trust company may act as an insurance agent pursuant to its powers under RCW 30.08.150(3) "to act as attor-

(1999 Ed.)

ney in fact or agent of any corporation, foreign or domestic, for any purpose, statutory or otherwise."

(3) A bank may engage in insurance activities that have been determined by the board of governors of the federal reserve system or by the United States Congress to be closely related to the business of banking, as of June 11, 1986. These activities include, but are not limited to:

(a) General insurance agency activities conducted by a bank with total assets of fifty million dollars or less, provided, however, that such bank may not engage in the sale of life insurance or annuities. For purposes of this exception "total assets" is determined by the latest consolidated report of condition filed with the supervisor of banking. This exception ceases when the value of the assets of the bank exceed fifty million dollars. The insurance agency license must be surrendered and the assets sold or otherwise disposed of within three years unless otherwise extended by the supervisor of banking.

(b) A bank may act as agent for life, disability, and involuntary unemployment insurance if the insurance is limited to assuring the repayment of the outstanding balance due on a specific extension of credit by the bank.

(c) A bank may act as agent for property insurance on loan collateral, provided such insurance is limited to assuring repayment of the outstanding balance of the extension of credit and such extension of credit is not more than ten thousand dollars (twenty-five thousand dollars to finance the purchase of a residential manufactured home and which is secured by such home) increased by the percentage increase in the *Consumer Price Index for Urban Wage Earners and Clerical Workers* published monthly by the Bureau of Labor Statistics for the period beginning on January 1, 1982, and ending on December 31 of the year preceding the year of the extension of credit.

(4) A bank or trust company may engage in any insurance agency activity lawfully engaged in by national banks located in the state of Washington.

[Statutory Authority: RCW 30.04.030. 90-10-074, § 50-12-350, filed 5/2/90, effective 6/2/90.]

WAC 50-12-360 Insurance agency activities—Subsidiary. A bank or trust company may conduct insurance agency activities that are authorized to be engaged in by the bank or trust company through a subsidiary of the bank or trust company as authorized by RCW 30.04.125(8).

[Statutory Authority: RCW 30.04.030. 90-10-074, § 50-12-360, filed 5/2/90, effective 6/2/90.]

WAC 50-12-370 Insurance agency activities—Enforcement. It shall be considered an unsafe and unsound practice in conducting the affairs of the bank or trust company if in the opinion of the supervisor the insurance agency activities of the bank or bank subsidiary are:

(1) A violation of any applicable state or federal consumer protection law; or

(2) A violation of any applicable state or federal statute prohibiting anticompetitive activities.

[Statutory Authority: RCW 30.04.030. 90-10-074, § 50-12-370, filed 5/2/90, effective 6/2/90.]

[Title 50 WAC—p. 19]

Chapter 50-14 WAC
MUTUAL SAVINGS BANKS

WAC

50-14-010	Facilitating loans—Real property.
50-14-020	Introduction.
50-14-030	Definitions—Regulations not exclusive.
50-14-040	Authorization to form mutual holding companies.
50-14-050	Required approvals.
50-14-060	Formation of a mutual holding company.
50-14-070	Mutual holding company powers.
50-14-080	Offering of securities.
50-14-090	Subscription rights.
50-14-100	Stock issuance and stock award plans.
50-14-110	Liquidation account.
50-14-120	Reorganization into mutual holding company form.
50-14-130	Conversion of mutual holding company into stock holding company.
50-14-140	Construction.

WAC 50-14-010 Facilitating loans—Real property.

For purposes of this section the following words shall have the following meanings:

(1) "Foreclosed property" means real estate or interest therein, or other property used in connection therewith acquired through foreclosure or similar action, deed of trust sales, or by deed in lieu of any thereof.

(2) "Facilitating loan" means a loan or real estate contract covering foreclosed property made by a mutual savings bank to the purchaser of the foreclosed property.

(3) "Loan limits" means the limitations on investments imposed by RCW 32.20.410.

A mutual savings bank may make a facilitating loan for not in excess of the sale price of the property if the board of trustees or officers or committees designated by the board deem it prudent to dispose of the property in that manner. Facilitating loans shall not be deemed violations of RCW 32.20.250 or 32.20.260, nor shall the division of banking require facilitating loans to be classified as loans made pursuant to RCW 32.20.255. Until such time as a facilitating loan conforms to the requirements of RCW 32.20.250, 32.20.255 or 32.20.260, or other investment statutes relating to mutual savings bank, it shall be carried on the books and records of the bank as "Other real estate loans - Debts previously contracted," and shall not be carried at more than the value of the property securing it. Facilitating loans shall be included in determining the amounts invested which are subject to the loan limits to the extent of the value at which they are carried on the books of the bank. The bank may, however, make facilitating loans regardless of the loan limits.

[Order 36, § 50-14-010, filed 7/8/76.]

WAC 50-14-020 Introduction. This chapter implements the authority of the supervisor of banking (the "supervisor") under chapters 32.08, 32.34, and 34.05 RCW to enact regulations concerning the organization and operation of mutual holding companies. It addresses only those features of the organization and operation of mutual holding companies and their subsidiary stock savings banks that are not governed by Title 32 RCW. Among the provisions that must be considered are:

(1) Chapter 32.32 RCW for the chartering of a mutual savings bank and the conversion of a mutual savings bank to a stock savings bank;

[Title 50 WAC—p. 20]

(2) Title 32 RCW generally for the operations of any such savings bank; and

(3) Chapter 32.34 RCW for any merger or acquisition of assets involving a mutual holding company or banking subsidiary of a mutual holding company.

In addition, the supervisor has determined that formation of a business trust is not the sole and exclusive method by which a state savings bank may form a mutual holding company ("MHC").

Under RCW 32.34.050, a state savings bank is allowed to form a business trust that, in turn, is authorized to become a MHC. However, based on the statutory authority granted to the supervisor under that statute as well as chapters 32.08 and 34.05 RCW, the supervisor has determined that utilization of a business trust is not the exclusive procedure for creation of MHCs.

By enacting RCW 32.08.142, the legislature evidenced a clear intent that state-chartered savings banks not be placed at a competitive disadvantage to federally chartered savings banks. While the state Constitution prohibits automatic incorporation into state law of federal laws enacted after adoption of RCW 32.08.142, that restriction does not invalidate the legislative intent that state institutions not be placed at an undue competitive disadvantage with federal savings banks.

Conditioning MHC formation on the utilization of a business trust to act as the MHC is potentially disadvantageous to state savings banks in view of:

(a) The absence of state statutory and regulatory guidance concerning the governance and authority of trusts when acting as holding companies;

(b) The uncertainty of regulations of such trusts as MHCs; and

(c) The potential federal tax uncertainties that would arise by utilizing a trust in connection with a tax free reorganization into a mutual holding company.

In addition, business trusts are permitted by statute (chapter 23.90 RCW) to exercise the general powers of domestic corporations, including the power to merge into a domestic corporation. As a result, the supervisor has determined that the scope of chapter 32.34 RCW and the incidental powers clause of RCW 32.08.140 make it convenient or useful in connection with a savings bank's performance of its specifically enumerated powers to accomplish a MHC reorganization, to utilize either a corporation formed under the laws of the state of Washington or a business trust.

[Statutory Authority: RCW 32.34.040 - [32.34].050 and chapters 32.08 and 34.05 RCW. 93-13-142, § 50-14-020, filed 6/23/93, effective 7/24/93. Statutory Authority: RCW 32.34.040 - [32.34].050. 92-06-041, § 50-14-020, filed 2/28/92, effective 3/30/92.]

WAC 50-14-030 Definitions—Regulations not exclusive. (1) The definitions in RCW 32.32.025 shall apply to any transaction under these rules unless the context requires otherwise and except as provided herein.

(2) The reorganization of a mutual savings bank into mutual holding company form ("reorganization") and the subsequent conversion of the MHC into stock form or the offering of common stock of a subsidiary of a MHC that will cause the MHC to hold less than fifty-one percent of the issued and outstanding common stock of the stock savings

(1999 Ed.)

bank ("conversion to stock form") shall be governed by chapter 32.32 RCW, except as provided in these rules.

(3) The term "mutual holding company" shall mean the business trust or mutually owned corporation, or the successor of either, originally established by a savings bank to serve as the holding company of a stock savings bank subsidiary, provided that a MHC shall at all times own fifty-one percent or more of the issued and outstanding common stock of a stock savings bank subsidiary that is the successor by merger or purchase to substantially all of the assets and all of the deposits and other liabilities of the savings bank that has reorganized into a mutual holding company pursuant to RCW 32.34.050 and these rules.

(4) To achieve the intent of RCW 32.34.050 in a manner that ensures consistency with chapter 32.32 RCW, and acting pursuant to RCW 32.32.010, the supervisor hereby waives or modifies to the extent set forth in these rules the applicability of the following provisions of chapter 32.32 RCW as they relate to the organization and operation of mutual holding companies and their stock savings bank subsidiaries: RCW 32.32.035, 32.32.045 through 32.32.070, 32.32.085, 32.32.090, 32.32.095, 32.32.110, 32.32.120, 32.32.135 through 32.32.160, 32.32.185 through 32.32.205, 32.32.240 through 32.32.275, 32.32.315, 32.32.320, 32.32.330, 32.32.335, 32.32.355, 32.32.440, and 32.32.485.

[Statutory Authority: RCW 32.34.040 - [32.34].050 and chapters 32.08 and 34.05 RCW. 93-13-142, § 50-14-030, filed 6/23/93, effective 7/24/93. Statutory Authority: RCW 32.34.040 - [32.34].050. 92-06-041, § 50-14-030, filed 2/28/92, effective 3/30/92.]

WAC 50-14-040 Authorization to form mutual holding companies. (1) Notwithstanding any other provision of law, and in accordance with the general requirements set forth in WAC 50-14-050 through 50-14-140, a mutual savings bank may reorganize under a plan of reorganization so as to cause its deposit-taking and one or more other activities to be conducted by a stock savings bank subsidiary of a mutual holding company, which subsidiary is formed for such purpose. The plan of reorganization must be adopted by the bank's trustees and submitted to and approved by the supervisor as provided in these rules.

(2) Except to the extent that such provisions are inconsistent with these rules, the new stock savings bank subsidiary of the mutual holding company shall be subject to the same provisions of Title 32 RCW as apply to other stock savings banks.

[Statutory Authority: RCW 32.34.040 - [32.34].050 and chapters 32.08 and 34.05 RCW. 93-13-142, § 50-14-040, filed 6/23/93, effective 7/24/93. Statutory Authority: RCW 32.34.040 - [32.34].050. 92-06-041, § 50-14-040, filed 2/28/92, effective 3/30/92.]

WAC 50-14-050 Required approvals. (1) A reorganization of a mutual savings bank pursuant to these rules shall be approved by not less than two-thirds of the board of trustees of the mutual savings bank.

(2)(a) A mutual savings bank proposing a reorganization pursuant to these rules shall provide the supervisor with written notice of such proposed reorganization. Such notice shall include (i) a copy of the plan of reorganization approved by the board of trustees pursuant to subsection (1) of this section, (ii) the proposed incorporation and authorization certifi-

icates for the mutual holding company and/or the stock savings bank subsidiary, as appropriate, and (iii) such other information as the supervisor shall require. The supervisor shall approve or disapprove the plan of reorganization within sixty days of acceptance of a completed plan of reorganization.

(b) In determining whether to approve the plan of reorganization, the supervisor shall consider:

(i) Whether the formation of the mutual holding company would be in the interests of the depositors of the mutual savings bank proposing to reorganize;

(ii) Whether the reorganization would promote safe and sound banking practices;

(iii) Whether the reorganization would serve the public interest;

(iv) Whether the financial and management resources of the mutual savings bank proposing to reorganize are sufficient to warrant approval of the reorganization; and

(v) Whether the mutual savings bank proposing to reorganize either fails to furnish any information required under (a) of this subsection or furnishes information containing any statement that, at the time and in the circumstances under which it was made, was false or misleading with respect to any material fact or omits any material fact necessary to make statements therein not false or misleading.

(c) When the supervisor shall have determined to approve or disapprove the plan of reorganization, the supervisor shall so advise the mutual savings bank in writing and, if appropriate, shall endorse approval on the incorporation and authorization certificates and cause the same to be filed in such manner and in the respective offices provided in chapter 32.08 RCW. Upon the filing of the authorization certificate as provided in RCW 32.08.080, the existence of the mutual holding company and/or stock savings bank, as appropriate, shall commence. As used in these rules, the term "authorization certificate" shall include an amended authorization certificate.

[Statutory Authority: RCW 32.34.040 - [32.34].050 and chapters 32.08 and 34.05 RCW. 93-13-142, § 50-14-050, filed 6/23/93, effective 7/24/93. Statutory Authority: RCW 32.34.040 - [32.34].050. 92-06-041, § 50-14-050, filed 2/28/92, effective 3/30/92.]

WAC 50-14-060 Formation of a mutual holding company. (1)(a) The plan of reorganization may authorize the formation of a MHC by:

(i) The organization by or at the discretion or request of the mutual savings bank of a business trust or mutual corporation that shall serve as a MHC, the organization by the MHC of a stock savings bank subsidiary and the transfer to such stock savings bank of substantially all of the mutual savings bank's assets and liabilities, including all of its deposit liabilities, in accordance with these rules;

(ii) The organization by or at the direction or request of the mutual savings bank of a business trust or mutual corporation that shall serve as the MHC, and the organization by such MHC of a stock savings bank subsidiary that merges with the mutual savings bank; or

(iii) The reorganization of the mutual savings bank under any other method approved by the supervisor.

(b) For the purposes of (a) of this subsection and when authorized by the supervisor, as hereinafter provided, the trustees of the mutual holding company, consisting of five or more natural persons who are citizens of the United States, may incorporate an interim stock savings bank subsidiary in the manner herein prescribed. No savings bank shall incorporate for less amount nor commence business unless it has a paid-in capital stock in such amount as may be determined by the supervisor after consideration of the proposed transaction.

(i) Persons desiring to incorporate an interim stock savings bank shall file with the supervisor a notice of their intention to organize a savings bank in such form and containing such information as the supervisor shall prescribe by regulation or otherwise require, together with proposed articles of incorporation and bylaws, which shall be submitted for examination to the supervisor at his office in Olympia. The proposed articles of incorporation shall state:

(A) The name of such savings bank.

(B) The city, village or locality and county where the head office of such savings bank is to be located.

(C) The nature of its business (i.e., that of a savings bank).

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

(E) The names, places of residence, and mailing addresses of the persons who as directors are to manage the bank until the first annual meeting of its shareholders.

(F) If there is to be preferred or special classes of stock, a statement of preferences, voting rights, if any, limitations and relative rights in respect of the shares of each class; or a statement that the shares of each class shall have the attributes as shall be determined by the bank's board of directors from time to time with the approval of the supervisor.

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

(H) Any provision, not inconsistent with law, which the incorporators elect to set forth in the articles of incorporation for the regulation of the internal affairs of the corporation, including, without limitation, any provision restricting the transfer of shares.

(I) Any provision the incorporators elect to so set forth, not inconsistent with law or with the purposes for which the bank is organized, or any provision limiting any of the powers granted in the applicable provisions of the Revised Code of Washington.

It shall not be necessary to set forth in the articles of incorporation any of the corporate powers granted in the applicable provisions of the Revised Code of Washington. The articles of incorporation shall be signed by all of the incorporators and acknowledged before an officer authorized to take acknowledgements.

(ii) In case of approval, the supervisor shall forthwith give notice thereof to the proposed incorporators and file one of the triplicate articles of incorporation in his own office, transmit another triplicate to the secretary of state, and the last to the incorporators. Upon receipt from the proposed

incorporators of the same fees as are required for filing and recording other articles of incorporation, the secretary of state shall file such articles and record the same. Upon the filing of articles of incorporation approved as aforesaid by the supervisor, with the secretary of state, all persons named therein and their successors shall become and be a corporation, which shall have the powers and be subject to the duties and obligations prescribed by the applicable provisions of the Revised Code of Washington, and whose existence shall continue from the date of the filing of such articles until terminated pursuant to law; but such corporation shall not transact any business, except as is necessary or convenient to its organization and preparation to engage in business, until it has received from the supervisor a certificate of authority to engage in the banking business as a stock savings bank.

(c) For the purposes of (a) of this subsection, WAC 50-14-080 permits a newly organized stock savings bank to issue to persons other than its parent MHC, an amount of common stock and securities convertible into common stock that, in the aggregate, does not exceed forty-nine percent of the issued and outstanding common stock of such stock savings bank upon completion of the offering. Issued and outstanding securities that are convertible into common stock shall be considered issued and outstanding common stock for purposes of computing the forty-nine percent limitation. This subsection shall not limit the authority of such stock savings bank to issue equity or debt securities other than common stock and securities convertible into common stock.

(2) In connection with the reorganization of a mutual savings bank as provided in WAC 50-14-040, the MHC may acquire assets of the mutual savings bank to the extent that such assets are not then required to be transferred to (or retained by) the stock savings bank in order to satisfy capital or reserve requirements of any applicable state or federal law or regulation.

(3) A stock savings bank whose outstanding common stock is at least fifty-one percent but less than one hundred percent owned by a mutual holding company shall have at least one director, but no more than two-fifths of its directors, who are "unaffiliated directors" who shall represent the interests of the minority shareholders. An "unaffiliated director" is a director who is not:

(a) An officer or employee of the stock savings bank (or any affiliate thereof); or

(b) An officer, trustee, or employee of the mutual holding company.

If the incorporation certificate or bylaws of the stock savings bank provide that the board of directors shall be divided into two or more classes, then to the extent possible, each class shall contain the same number of unaffiliated directors as each other class.

[Statutory Authority: RCW 32.34.040 - [32.34].050 and chapters 32.08 and 34.05 RCW. 93-13-142, § 50-14-060, filed 6/23/93, effective 7/24/93. Statutory Authority: RCW 32.34.040 - [32.34.]050, 92-06-041, § 50-14-060, filed 2/28/92, effective 3/30/92.]

WAC 50-14-070 Mutual holding company powers.

(1) Upon the formation of a MHC:

(a) The MHC shall possess all the rights, powers, and privileges (except deposit-taking powers) and shall be subject

to all the limitations, not inconsistent with these rules, of a mutual savings bank under Title 32 RCW; and

(b) The MHC shall be subject to the limitations imposed by the Bank Holding Company Act of 1956 (12 U.S.C. Section 1841, et seq.) or, in the case of a MHC resulting from the reorganization of a savings bank that elected either before or after such reorganization to be treated as a savings association (as defined in 12 U.S.C. Section 1467a), such mutual holding company shall be subject to the limitations imposed by the savings and loan holding company provisions of the Home Owners' Loan Act (12 U.S.C. Section 1467a).

(2) Notwithstanding any inconsistent provisions of Title 32 RCW, and subject to the express approval of (or additional rules promulgated by) the supervisor, a MHC may:

(a) Merge with, acquire, or purchase the assets of a mutual holding company established pursuant to these rules or the savings and loan holding company provisions of the Home Owners' Loan Act (12 U.S.C. Section 1467a);

(b) Acquire or purchase the assets or stock of a stock savings bank, commercial bank, credit union, stock savings and loan association, stock federal savings bank, or stock federal savings and loan association;

(c) Acquire a mutual savings bank, mutual savings and loan association, federal mutual savings bank, or federal mutual savings and loan association through the merger of such institution with a stock subsidiary of such mutual holding company;

(d) Convert to a stock holding company pursuant to the provisions of a plan which is approved by the supervisor, preserves the subscription and liquidation account rights of depositors of the mutual savings bank who then remain depositors of the stock savings bank and otherwise complies with WAC 50-14-130; and

(e) Engage in any other acquisition or combination, specifically permitted by the supervisor, including a merger into or sale of assets to another mutual or stock corporation.

[Statutory Authority: RCW 32.34.040 - [32.34].050 and chapters 32.08 and 34.05 RCW. 93-13-142, § 50-14-070, filed 6/23/93, effective 7/24/93. Statutory Authority: RCW 32.34.040 - [32.34].050. 92-06-041, § 50-14-070, filed 2/28/92, effective 3/30/92.]

WAC 50-14-080 Offering of securities. (1) Any offering of shares of voting securities by a MHC which converts to stock form or of common stock of a stock savings bank subsidiary of a MHC that will cause the holding company to hold less than fifty-one percent of the issued and outstanding common stock of the stock savings bank upon completion of the offering (a "subsequent offering") shall be governed by the rules prescribed in chapter 32.32 RCW, except to the extent that those rules are explicitly waived or modified by the supervisor.

(2) Any offering of shares of any class of stock of a stock savings bank subsidiary of a MHC that will not cause the MHC to hold less than fifty-one percent of the issued and outstanding common stock of the stock savings bank upon completion of the offering may be accomplished through either a public distribution or by means of a limited distribution or placement of the securities, none of which methods of offering will require the stock of the savings bank subsidiary to be offered to members of the unconverted mutual savings bank

(1999 Ed.)

or of the MHC. Any such offering shall comply with the disclosure requirements of chapter 32.32 RCW, shall be made by means of an offering circular approved by the supervisor, and shall be sold at a price that is approved (a) by the supervisor in the case of the initial offering of shares to persons other than the MHC, and in such case based upon a proposed price range established by qualified persons who are independent of the bank and (b) by the board of directors in the case of other offerings contemplated by this subsection.

(3) The procedures to follow in conducting a subsequent offering may, with the supervisor's approval, differ from those set forth in chapter 32.32 RCW.

(4) Notwithstanding any contrary provision of Title 32 RCW, there shall be no requirement to use an underwriter in an offering made pursuant to subsection (2) of this section, though such use is permissible.

(5) Subject to approval of the supervisor, a stock savings bank subsidiary of a MHC may declare or pay a cash dividend that is payable only to shareholders of the stock savings bank other than the MHC.

(6) Notwithstanding any contrary provision of Title 32 RCW, no offering circular used in connection with an offering pursuant to subsection (2) of this section shall be required to set forth the estimated subscription price range of the shares being offered.

(7) A stock savings bank subsidiary of a MHC may issue and, consistent with these rules, any person may acquire any amount of preferred stock of the bank.

[Statutory Authority: RCW 32.34.040 - [32.34].050 and chapters 32.08 and 34.05 RCW. 93-13-142, § 50-14-080, filed 6/23/93, effective 7/24/93. Statutory Authority: RCW 32.34.040 - [32.34].050. 92-06-041, § 50-14-080, filed 2/28/92, effective 3/30/92.]

WAC 50-14-090 Subscription rights. (1) Upon a conversion to stock form, as such conversion is defined in WAC 50-14-030(2), by a MHC or a stock savings bank subsidiary of a MHC, depositors of the stock savings bank at the record date of the conversion to stock form who continuously have been depositors since the reorganization, or were depositors of any savings association subsequently acquired by a MHC at a time when the association was in mutual form and remained depositors of the stock savings bank, shall receive, without payment, nontransferable rights to subscribe for stock of the converted MHC or the converted stock savings bank to be sold in the subsequent offering, to the extent that such depositors would have received those rights pursuant to RCW 32.32.045 in a stock conversion of the savings bank as prescribed in chapter 32.32 RCW; provided, however, that such depositors who are not shareholders of the stock savings bank at the record date for the subsequent offering shall have priority rights, not inconsistent with the provisions of chapter 32.32 RCW, to subscribe for shares to be issued in the subsequent offering in accordance with a plan approved by the supervisor or made pursuant to subsequent rules to be promulgated by the supervisor.

(2) For purposes of this section, an "eligible account holder" is any depositor of a stock savings bank at the record date for a conversion to stock form of the bank or the MHC who has continuously owned in such bank one or more accounts valued in the aggregate of fifty dollars or more since

the date that the trustees of the unconverted mutual savings bank approved the reorganization or the date that the bank's predecessor mutual association was acquired by the MHC.

(3) Nothing in chapter 32.34 RCW or chapter 50-14 WAC shall be construed to authorize or require that depositors in a mutual savings bank that reorganizes as a MHC be offered stock in the stock savings bank subsidiary except as provided in subsection (1) of this section.

(4) Depositors in a mutual savings bank that reorganizes as a MHC with a stock savings bank subsidiary shall become depositors in such subsidiary when the mutual savings bank merges with or transfers its assets and liabilities to the stock savings bank.

[Statutory Authority: RCW 32.34.040 - [32.34].050 and chapters 32.08 and 34.05 RCW, 93-13-142, § 50-14-090, filed 6/23/93, effective 7/24/93. Statutory Authority: RCW 32.34.040 - [32.34].050, 92-06-041, § 50-14-090, filed 2/28/92, effective 3/30/92.]

WAC 50-14-100 Stock issuance and stock award plans. The authority for a stock savings bank subsidiary of a MHC to issue stock shall be subject to the following limitations, unless otherwise approved by the supervisor.

(1) The stock sold in the reorganization shall be sold at a total price equal to the estimated pro forma market value of such stock, based on an independent valuation as provided in WAC 50-14-080(2) and any stock sold in a later offering shall be sold at its fair value as determined by the board of directors of the stock savings bank.

(2) The aggregate amount of issued and outstanding common stock of the stock savings bank owned or controlled by persons other than the MHC at the close of any proposed issuance shall be forty-nine percent or less than the savings bank's total outstanding common stock.

(3) The aggregate amount of common stock acquired in the proposed issuance, plus all prior issuances of the savings bank, by any nontax-qualified employee stock benefit plan of the savings bank or any insider (which for the purpose of these rules will mean an officer, director, or associate of an officer or director) of the savings bank (exclusive of any stock acquired by said plan or insider and his or her associates in the secondary market) shall not exceed ten percent of the outstanding shares of common stock of the savings bank held by persons other than the savings bank's MHC parent at the close of the proposed issuance. In calculating the number of shares held by any insider or associate, shares held by any tax-qualified or nontax-qualified employee stock benefit plan of the savings bank that are attributable to such person shall not be counted.

(4) The aggregate amount of stock, whether common or preferred, acquired in the proposed issuance, plus all prior issuances of the savings bank, by any nontax-qualified employee stock benefit plan of the savings bank or any insider of the savings bank and his or her associates (exclusive of any stock acquired by said plan or insider and his or her associates in the secondary market) shall not exceed ten percent of the stockholders' equity of the savings bank held by persons other than the MHC parent at the close of the proposed issuance.

(5) The aggregate amount of common stock acquired in the proposed issuance, plus all prior issuances of the savings

bank, by any one or more tax-qualified employee stock benefit plans of the savings bank (exclusive of any stock acquired by such plans in the secondary market) shall not exceed ten percent of the outstanding shares of common stock of the savings bank held by persons other than the MHC parent at the close of the proposed issuance.

(6) The aggregate amount of stock, whether common or preferred, acquired in the proposed issuance, plus all prior issuances of the savings bank, by any one or more tax-qualified employee stock benefit plans of the savings bank (exclusive of any stock acquired by such plans in the secondary market) shall not exceed ten percent of the stockholders' equity of the savings bank held by persons other than the MHC parent at the close of the proposed issuance.

(7) The aggregate amount of common stock acquired in the proposed issuance, plus all prior issuances of the savings bank by all nontax-qualified employee stock benefit plans of the savings bank and insiders of the savings bank (exclusive of any stock acquired by said plans and by insiders in the secondary market) shall not exceed thirty-five percent of the outstanding shares of common stock of the savings bank held by persons other than the MHC parent at the close of the proposed issuance if the savings bank has less than fifty million dollars in total assets prior to the issuance or twenty-five percent of such outstanding shares if the savings bank has more than five hundred million dollars in total assets before the issuance. If the savings bank has between fifty million dollars and five hundred million dollars in total assets before the issuance, the maximum percentage shall be equal to thirty-five percent minus one percent multiplied by the quotient of total assets less fifty million dollars divided by forty-five million dollars. In calculating the number of shares held by insiders and their associates, shares held by any tax-qualified or nontax-qualified employee stock benefit plan of the savings bank that are attributable to such persons shall not be counted.

(8) The aggregate amount of stock, whether common or preferred, acquired in the proposed issuance, plus all prior issuances of the savings bank, by all nontax-qualified employee stock benefit plans of the savings bank, insiders of the savings bank, and associates of insiders of the savings bank (exclusive of any stock acquired by said plans and by insiders in the secondary market) shall not exceed thirty-five percent of the stockholders' equity of the savings bank held by persons other than the association's mutual holding company parent at the close of the proposed issuance if the savings bank has less than fifty million dollars in total assets before the issuance or twenty-five percent of such stockholders' equity if the savings bank has more than five hundred million dollars in total assets prior to the issuance. If the savings bank has between fifty million dollars and five hundred million dollars in total assets before the proposed issuance, the maximum percentage shall be equal to thirty-five percent minus one percent multiplied by the quotient of total assets less fifty million dollars divided by forty-five million dollars.

(9) Shares of authorized but unissued stock of a stock savings bank subsidiary of a MHC may be reserved to satisfy and may be issued pursuant to any stock-based incentive plan for employees, directors, and others approved by the savings bank's board of directors and a majority of its stockholders.

(10) If, at the close of any stock issuance, the stock savings bank has holders of record of its outstanding voting securities that would require registration under the Securities Exchange Act of 1934, then such requirement shall be met.

(11) For a period of three years following the proposed issuance, no insider of the savings bank shall sell, without the supervisor's prior written approval, any stock of the savings bank purchased in connection with the reorganization except that the personal representative of such insider may sell shares in the event of the death of the insider.

[Statutory Authority: RCW 32.34.040 - [32.34].050 and chapters 32.08 and 34.05 RCW. 93-13-142, § 50-14-100, filed 6/23/93, effective 7/24/93. Statutory Authority: RCW 32.34.040 - [32.34].050. 92-06-041, § 50-14-100, filed 2/28/92, effective 3/30/92.]

WAC 50-14-110 Liquidation account. (1) The entire unconsolidated net worth of a MHC shall constitute a liquidation account for the benefit of the depositors of its subsidiary stock savings banks who continuously have been depositors since the reorganization or were depositors of any savings association subsequently acquired by a MHC at a time when the association was in mutual form and remained depositors of the stock savings bank ("eligible depositors"). The liquidation account shall not be a fixed amount but may increase (as to the entire account but not as to any individual eligible depositor) or decrease (as provided in RCW 32.32.190 through 32.32.205, except as application of those sections is inconsistent with these rules) over time. The function of the liquidation account is to establish that upon the complete liquidation of the mutual holding company, the entire net worth of the mutual holding company will be distributed among those persons who are the eligible depositors of its subsidiary savings bank(s) as of the date of the liquidation. The designation of the mutual holding company's net worth as a liquidation account shall not operate to restrict the use or application of the mutual holding company's net worth accounts.

(2) In the event of a complete liquidation of a mutual holding company, the remaining liquidation account of the mutual holding company shall be distributed ratably among all the eligible depositors of its subsidiary savings bank(s) as of the date of the liquidation.

(3) Upon the conversion to stock form of a mutual holding company, the liquidation account of the holding company shall no longer be maintained. Instead, each subsidiary savings bank shall at that time establish a liquidation account, which liquidation accounts shall in the aggregate equal the mutual holding company's liquidation account as of its last periodic report of condition immediately preceding its conversion into a stock-form holding company. The liquidation account established by each subsidiary savings bank shall be in the same proportion to the mutual holding company's liquidation account as the total of the subaccount balances of the then eligible depositors of the subsidiary savings bank bears to the total subaccount balances of the eligible depositors of all subsidiary savings banks of the mutual holding company. The liquidation account established by a subsidiary savings bank shall comply with the rules contained in RCW 32.32.185 through 32.32.205, to the extent not inconsistent with these rules.

[Statutory Authority: RCW 32.34.040 - [32.34].050 and chapters 32.08 and 34.05 RCW. 93-13-142, § 50-14-110, filed 6/23/93, effective 7/24/93. Stat-

(1999 Ed.)

utory Authority: RCW 32.34.040 - [32.34].050. 92-06-041, § 50-14-110, filed 2/28/92, effective 3/30/92.]

WAC 50-14-120 Reorganization into mutual holding company form. (1) The mutual holding company may retain or acquire assets of the mutual savings bank only to the extent permitted by the supervisor.

(2) A stock savings bank established in connection with a reorganization shall reserve no authorized but unissued shares, except as necessary to satisfy a stock option plan or issue securities convertible into stock.

(3) A plan of reorganization shall contain the provisions referenced in RCW 32.32.035, except that it need not provide for the sale of any stock and the aggregate price of any stock sold shall bear the same proportion to total estimated pro forma market value of the subsidiary savings bank(s) determined by an independent appraisal that the shares sold bear to the total issued and outstanding shares of the savings bank(s).

[Statutory Authority: RCW 32.34.040 - [32.34].050. 92-06-041, § 50-14-120, filed 2/28/92, effective 3/30/92.]

WAC 50-14-130 Conversion of mutual holding company into stock holding company. (1) If approved by the supervisor, a MHC may convert to a stock form holding company.

(2) The MHC shall adopt a plan of conversion which the supervisor finds to be in accordance with the provisions of chapter 32.32 RCW and these rules.

(3) The conversion must include such provisions requiring the exchange of shares of the subsidiary savings bank(s) for shares of the resulting stock holding company as the supervisor finds to be fair to members of the MHC who possess subscription rights and to stockholders of the subsidiary banks.

[Statutory Authority: RCW 32.34.040 - [32.34].050 and chapters 32.08 and 34.05 RCW. 93-13-142, § 50-14-130, filed 6/23/93, effective 7/24/93. Statutory Authority: RCW 32.34.040 - [32.34].050. 92-06-041, § 50-14-130, filed 2/28/92, effective 3/30/92.]

WAC 50-14-140 Construction. Nothing contained in chapter 50-14 WAC shall be construed to prohibit the de novo chartering of a stock savings bank not intended to be in holding company form.

[Statutory Authority: RCW 32.34.040 - [32.34].050. 92-06-041, § 50-14-140, filed 2/28/92, effective 3/30/92.]

Chapter 50-16 WAC

CONSUMER FINANCE ACT RULES

WAC

50-16-020	Recordkeeping—General.
50-16-025	Allocation of expenses to consumer finance business.
50-16-030	Books, files and accounting records required.
50-16-035	Forms.
50-16-040	Litigation record.
50-16-045	Loans.
50-16-050	Computation of charges.
50-16-055	Rebate of precomputed charges.
50-16-060	Splitting loans prohibited.
50-16-065	Statement to borrower—Receipt.
50-16-070	Advertising.
50-16-075	Restrictions on insurance.
50-16-080	Delivery of policy or evidence to borrower—Master policy required.
50-16-085	Rebate of credit life insurance charge.

50-16-090 File for official correspondence and reports.
 50-16-095 Knowledge of the law and regulations.
 50-16-100 Hours of business.
 50-16-105 Insufficient funds charge.

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

50-16-990 Appendix to Small Loan Act rules. [Letters (codified as WAC 50-16-990), filed 3/23/60.] Repealed by 82-24-074 (Order 48), filed 12/1/82. Statutory Authority: RCW 31.08.230.

WAC 50-16-020 Recordkeeping—General. Each licensee shall install and maintain, in connection with the business done in each licensed office, such books, accounts and records as will lend themselves readily to inspection and audit by the supervisor of banking or his representatives, and shall maintain separate books and records pertaining to the business done under the provisions of the Consumer Finance Act in the event any other type of business is conducted in the same office by the licensee.

[Statutory Authority: RCW 31.08.230. 82-24-074 (Order 48), § 50-16-020, filed 12/1/82; Rule 50-16-020, filed 12/20/63; § 50-16-020, filed 1/17/61; § 50-16-020, filed 12/12/60; Small Loan Act rules (part), filed 11/29/60; Small Loan Act rules, § 1 (part), filed 3/23/60.]

WAC 50-16-025 Allocation of expenses to consumer finance business. If any other business than that authorized under the Consumer Finance Act is conducted in the same office, the licensee shall fairly and equitably allocate all expenses for the purpose and with the result that the books relating to the licensee's business under the Consumer Finance Act will fairly reflect the expense of conducting such business.

[Statutory Authority: RCW 31.08.230. 82-24-074 (Order 48), § 50-16-025, filed 12/1/82; Rule 50-16-025, filed 12/20/63; § 50-16-025, filed 1/17/61; § 50-16-025, filed 12/12/60; Small Loan Act rules (part), filed 11/29/60; § 1 (part), filed 3/23/60.]

WAC 50-16-030 Books, files and accounting records required. At least the following books, files and accounting records shall be maintained:

(1) Loan register.

(a) Every loan shall be recorded in the loan register, which shall be kept currently in the order made showing the following information:

- (i) Number of loan
- (ii) Date of loan
- (iii) Name of borrower
- (iv) Amount of loan

(b) As an alternative method for maintaining records, the licensee may maintain a copy of the disclosure statement in a separate binder, and in chronological order.

(2) Borrowers' individual account cards or looseleaf ledgers. A separate account record shall be maintained for each loan made to any one borrower. Each such account record shall provide space for the proper recording of the following information:

- (a) Loan register number of loan
- (b) Date of loan
- (c) Name and address of borrower

(d) Rate at which charges are to be computed or the annual percentage rate (APR), if less than the maximum

- (e) Terms of repayment
- (f) Face amount of note
- (g) If charges are precomputed:

- (i) Principal amount of loan
- (ii) Total amount of charges
- (iii) Amount which may be collected as a default charge
- (h) Payments received showing:

- (i) Date of payment
- (ii) Amount paid on principal or amount paid on note when charges have been precomputed

(iii) Remaining principal balance or remaining face amount of note when charges have been precomputed

(iv) Amount paid on charges, except when charges are precomputed

(v) Date to which charges are paid, except when charges are precomputed

(vi) The amount of default and/or deferment charges collected

- (i) Name and address of co-maker or endorser, if any

- (j) Date of maturity of loan

- (k) Amount of charge for life insurance

(l) When a note has been reduced to judgment, the face of the account record must show the following:

- (i) Date of judgment

- (ii) Amount of judgment

- (iii) Court costs

Thereafter, all payments received must be applied on the judgment and properly identified.

(3) **Cash book.** Acceptable records showing all cash receipts and disbursements.

(4) **Alphabetical record of makers, endorsers, co-makers, sureties.** Cards or other records of makers, endorsers, co-makers or sureties, showing liability thereof on all loans.

(5) **General ledger.** The general ledger, which shall be posted at least once as of the close of business on a fixed date (preferably the last business day) of each month, and a trial balance taken therefrom. When the general ledger for the office is maintained elsewhere, a copy of the monthly trial balance shall be forwarded to the consumer finance office, showing the following information as of the end of each month:

- (a) Total number and amount of precomputed loans
- (b) Reserve for unearned precomputed charges
- (c) Total number and amount of nonprecomputed loans
- (d) Total number and amount of contracts outstanding
- (e) Total number and amount of all other loans, being loans not made under the Consumer Finance Act.

(6) Such books, accounts, and records may be maintained in each licensed office by means of electronic display equipment if such equipment is made available to the supervisor of banking or his representatives for purposes of examination in the licensed office. Such books, accounts, and records shall be made available to the supervisor of banking or his representatives in printed form within ten days after a request for such records.

[Statutory Authority: RCW 31.04.150. 85-19-054 (Order 64), § 50-16-030, filed 9/13/85. Statutory Authority: RCW 31.08.230. 82-24-074 (Order 48), § 50-16-030, filed 12/1/82; 79-04-042 (Order 40), § 50-16-030, filed 3/23/79; Rule 50-16-030, filed 12/20/63; § 50-16-030, filed 1/17/61; § 50-

16-030, filed 12/12/60; Small Loan Act rules (part), filed 11/29/60; § 1 (part), filed 3/23/60.]

WAC 50-16-035 Forms. Copies of all forms of applications, notes, statements to borrowers, receipts, mortgages, security agreements and/or chattel assignments, and other documents which are currently used by the licensee and which relate to loan transactions, shall be filed with the supervisor.

[Statutory Authority: RCW 31.08.230. 79-04-042 (Order 40), § 50-16-035, filed 3/23/79; Rule 50-16-035, filed 12/20/63; § 50-16-035, filed 1/17/61; § 50-16-035, filed 12/12/60; Small Loan Act rules (part), filed 11/29/60; § 1 (part), filed 3/23/60.]

WAC 50-16-040 Litigation record. Each licensed office shall maintain a separate permanent record of all loans in litigation, so entitled, including all loans assigned, sold or transferred for the purpose of suit, which record shall contain the following:

- (1) Loan number, original amount of loan, and unpaid balance.
- (2) Nature of security foreclosed, attached, to be recovered, or otherwise repossessed.
- (3) Name of owner of such property, if not the property of the borrower.
- (4) Date and terms of settlement of account, if prior to obtaining judgment, or if after judgment obtained, all items included in collection after suit is instituted.

[Rule 50-16-040, filed 12/20/63; § 50-16-040, filed 1/17/61; § 50-16-040, filed 12/12/60; Small Loan Act rules (part), filed 11/29/60; § 1 (part), filed 3/23/60.]

WAC 50-16-045 Loans. (1) **Numbering and filing.** Each loan made shall have its proper account number and all instruments taken in connection with any loan must bear this account number. All such instruments and papers required by the Consumer Finance Act to be retained by the licensee shall be filed so as to be readily available for inspection at any time, and shall be retained for a period of two years after date of final entry.

(2) **Payment schedule.** All loan contracts shall provide for substantially equal payments, and such payments shall be due not less frequently than once in each month. If agreed by the parties to the loan contract the due date of the first installment may be not more than fifteen days more than one month from date of loan. A month shall be that period of time from any date in a month to a corresponding date in the next month and if there is no corresponding date, then to the last day of the next month.

[Statutory Authority: RCW 31.08.230. 82-24-074 (Order 48), § 50-16-045, filed 12/1/82; 79-04-042 (Order 40), § 50-16-045, filed 3/23/79; Rule 50-16-045, filed 12/20/63; § 50-16-045, filed 1/17/61; § 50-16-045, filed 12/12/60; Small Loan Act rules, § II, filed 11/29/60; § 2, filed 3/23/60.]

WAC 50-16-050 Computation of charges. Licensees shall adopt a fixed method of computing charges on fractional balances and shall either compute charges on the actual fractional dollar which may be contained in any balance or disregard the fraction entirely. Under no circumstances shall charges be computed on "even dollar" balances in excess of the amount actually due upon the loan.

(1999 Ed.)

[Rule 50-16-050, filed 12/20/63; § 50-16-050, filed 1/17/61; § 50-16-050, filed 12/12/60; Small Loan Act rules, § III A, filed 11/29/60; § 3, filed 3/23/60.]

WAC 50-16-055 Rebate of precomputed charges. (1) **General.** When the loan is prepaid in full, a rebate of the precomputed charge must be made either by the method prescribed by the Consumer Finance Act in RCW 31.08.160 (3)(b) or by recomputing charges on actual unpaid balances for the actual time outstanding.

(2) **Prepayment before first installment date.** If prepayment in full occurs before the first installment date the rebate must be made as of the exact day of prepayment. In addition to the standard rebate as of the first installment, an additional rebate of one-thirtieth of the portion of the precomputed charge applicable to a first installment period of one month shall be made for each day from the date of such prepayment to the first scheduled installment date. The full amount of the precomputed charges may be rebated and charges recomputed on the unpaid principal balance for the actual time such balance was outstanding.

(3) **Prepayment after first installment date.** When prepayment in full occurs on an installment date the rebate must be made as of that installment date. When an installment date precedes the prepayment date by fifteen days or less, the rebate shall be made as of such preceding installment date. When an installment date precedes the prepayment date by sixteen days or more, the rebate shall be made as of the first installment date following such prepayment (except during the first installment period).

(4) **Renewal, refinanced, judgment obtained before maturity.** When the contract is renewed or refinanced before maturity, or judgment is obtained before maturity, the same rebate is required as for prepayment in full.

[Statutory Authority: RCW 31.08.230. 82-24-074 (Order 48), § 50-16-055, filed 12/1/82; Rule 50-16-055, filed 12/20/63; § 50-16-055, filed 1/17/61; § 50-16-055, filed 12/12/60; Small Loan Act rules, § III B, filed 11/29/60.]

WAC 50-16-060 Splitting loans prohibited. A licensee who makes loans to both members of a marital community individually in compliance with the provisions of the Federal Equal Credit Opportunity Act shall not be deemed to have violated RCW 31.08.160(4). If separate loans are made for the purpose of obtaining a higher rate of charge, then the making of such loans shall be deemed a violation. For the purpose of RCW 31.08.160(4), and this rule, "licensee" shall include two or more licensees who are, directly or indirectly owned or controlled by the same group or have common management.

[Statutory Authority: RCW 31.08.230. 79-04-042 (Order 40), § 50-16-060, filed 3/23/79; Rule 50-16-060, filed 12/20/63; § 50-16-060, filed 1/17/61; § 50-16-060, filed 12/12/60; Small Loan Act rules, § III D, filed 11/29/60.]

WAC 50-16-065 Statement to borrower—Receipt. Every licensee shall:

(1) Deliver to the borrower at the time the loan is made, a statement of the loan as provided in RCW 31.08.170(1) of the Consumer Finance Act and shall retain a copy of said statement which shall bear an acknowledgment by the borrower that he has received the original thereof.

[Title 50 WAC—p. 27]

(2) Procure a receipt from the borrower for the proceeds of the loan. (Statement of loan, acknowledgment by borrower and receipt for proceeds of loan, for convenience, may be incorporated in one instrument.)

(3) All of the above instruments shall be retained by the licensee for a period of not less than two years after recorded date of cancellation of the note.

[Statutory Authority: RCW 31.08.230, 82-24-074 (Order 48), § 50-16-065, filed 12/1/82; Rule 50-16-065, filed 12/20/63; § 50-16-065, filed 1/17/61; § 50-16-065, filed 12/12/60; Small Loan Act rules, § IV, filed 11/29/60; § 4(a), filed 3/23/60.]

WAC 50-16-070 Advertising. (1) **General.** No licensee in any of its advertising or upon any of its forms, instruments or stationary shall use any phrase or expression referring to its authority or supervision by the state, or any department thereof, or the supervisor of banking, except the following: "Licensed under the Washington Consumer Finance Act" or "under state regulation," or both: *Provided*, That when either such phrase is employed, it shall be used in conjunction only with the business of making small loans under the Consumer Finance Act.

(2) **Misleading advertising.** All advertising, printed or spoken, shall be truthful in statement and implication and shall not be of such a nature as may reasonably be construed to be misleading or deceptive. In determining whether any particular advertising matter violates the provisions or intent of RCW 31.08.150, the supervisor will give consideration to general arrangement of copy and to whether, from statements made, the inference or impression may reasonably be drawn that such statements or representations are inaccurate, deceptive or misleading. It shall be considered misleading:

(a) To use phrases such as "lowest costs," "lowest rates," "quickest service," "legal rates," "no red tape," "easy payments," "repayment in easy installments."

(b) To advertise "new reduced rates" or "a new type of service" or any such similar comparative expression unless such statement is in fact accurate with respect to the business of the licensee so advertising and unless such advertisement clearly indicates that such new plan refers specifically to a change in the particular licensee's plan of operation, and which change must be of more than minor importance with respect to the business of the licensee. Any such advertisement shall not be used for a period longer than sixty days after such plan has been put into effect.

(3) **Blind loan advertisements.** Licensees shall not use blind loan advertisements such as using only telephone numbers or newspaper box addresses. Every advertisement shall clearly indicate the identity of the licensee.

(4) **Disclosure of extension charge.** Licensees shall not advertise that in the event of sickness or disability or other contingency, payment will be extended without also stating that charges continue during the period of extension, if such is the fact.

(5) **Distribution of handbills.** No licensee shall distribute, or cause to be distributed, handbills or similar advertising matter except in the office of the licensee or through the mails.

(6) **Credit cards—Letters of credit.** No licensee shall solicit business by means of "credit cards," "letters of credit,"

or other similar devices which indicate that a holder has an established credit standing with a licensee unless such holder has made a bona fide application to the licensee and credit has actually been established.

(7) **Inducements prohibited.** No licensee shall, by any representation or device, either directly or indirectly, offer to any persons anything of value by means of which they will be encouraged to become borrowers or for recommending, referring, or inducing applicants to apply for or secure loans from any such licensee.

Note: The distribution of articles of trivial value for general good will advertising, in the ordinary course of business, will not be deemed to be in violation of this prohibition.

(8) **Charges and payments specified.** When examples or tables of periodic payments under a flat payment plan are advertised, they shall include all charges to the borrower as well as principal. If principal payments only are advertised, a clear statement of the rate of charge or the total amount of charge shall be included. In all such advertising the total number and frequency of payments must be specified. No advertising shall include average repayments or average cost of a loan.

(9) **Retention of advertising copy.** Each licensee shall retain for a period of one year from date of use, with date of use indicated thereon, information disclosing the medium through which any advertisement was disseminated, identical copies of all advertising material published, distributed, broadcast or televised, available for inspection by the supervisor at any time.

All form letters sent to former or present customers soliciting additional loans shall be considered advertising. If the advertisement relates to a specific office maintained by the licensee, the material must be maintained in that office. If the advertisement relates to the licensee's business generally and does not relate to a particular office, the material need be maintained only in one office in this state designated by the licensee.

[Statutory Authority: RCW 31.08.230, 82-24-074 (Order 48), § 50-16-070, filed 12/1/82; 79-04-042 (Order 40), § 50-16-070, filed 3/23/79; Rule 50-16-070, filed 12/20/63; § 50-16-070, filed 1/17/61; § 50-16-070, filed 12/12/60; Small Loan Act rules, § V, filed 11/29/60; § 5, filed 3/23/60.]

WAC 50-16-075 Restrictions on insurance. (1) No licensee shall write or sell insurance on the life of any borrowers where such insurance is a condition to the granting of a loan.

(2) No insurance shall be required in connection with any loan made under the Consumer Finance Act, except as and to the extent authorized by RCW 31.08.175.

[Statutory Authority: RCW 31.08.230, 82-24-074 (Order 48), § 50-16-075, filed 12/1/82; 79-04-042 (Order 40), § 50-16-075, filed 3/23/79; Rule 50-16-075, filed 12/20/63; § 50-16-075, filed 1/17/61; § 50-16-075, filed 12/12/60; Small Loan Act rules, § VI A and B, filed 11/29/60; § 3(d), filed 3/23/60.]

WAC 50-16-080 Delivery of policy or evidence to borrower—Master policy required. (1) If any borrowers procure any insurance by or through a licensee, the licensee shall cause to be delivered to the borrowers within thirty days from date of loan a copy of the policy, certificate, or other evidence thereof which may be incorporated in the statement required by RCW 31.08.170.

(2) Each licensee shall maintain at each licensed office a specimen copy of any master or blanket policy in lieu of which a certificate or other evidence thereof has been delivered to borrowers under the provisions of RCW 31.08.175(3).

[Statutory Authority: RCW 31.08.230, 79-04-042 (Order 40), § 50-16-080, filed 3/23/79; Rule 50-16-080, filed 12/20/63; § 50-16-080, filed 1/17/61; § 50-16-080, filed 12/12/60; Small Loan Act rules, § V, C and D, filed 11/29/60.]

WAC 50-16-085 Rebate of credit life insurance charge. When a loan is prepaid in full by cash, a new loan, renewal, refinancing or otherwise, a portion of the life insurance charge made in connection with the loan contract shall be rebated in accordance with paragraphs (a) and (b) of subsection (3) of RCW 31.08.160, regardless of the amount of such rebate.

[Rule 50-16-085, filed 12/20/63; § 50-16-085, filed 1/17/61; § 50-16-085, filed 12/12/60; Small Loan Act rules, § VI E, filed 11/29/60.]

WAC 50-16-090 File for official correspondence and reports. Each licensee shall maintain a permanent file for all official communications from the office of the supervisor of banking and for copies of correspondence and reports addressed to the supervisor of banking.

[Rule 50-16-090, filed 12/20/63; § 50-16-090, filed 1/17/61; § 50-16-090, filed 12/12/60; Small Loan Act rules, § VII A, filed 11/29/60; § 7(a), filed 3/23/60.]

WAC 50-16-095 Knowledge of the law and regulations. Each licensee shall be responsible for assuring that any person making loans on behalf of the licensee under the Consumer Finance Act shall have a sufficient understanding of the statutes and regulations applicable to its business so as to insure compliance with the Consumer Finance Act.

[Statutory Authority: RCW 31.08.230, 82-24-074 (Order 48), § 50-16-095, filed 12/1/82; 79-04-042 (Order 40), § 50-16-095, filed 3/23/79; Rule 50-16-095, filed 12/20/63; § 50-16-095, filed 1/17/61; § 50-16-095, filed 12/12/60; Small Loan Act rules, § VII B, filed 11/29/60; § 7(b), filed 3/23/60.]

WAC 50-16-100 Hours of business. The place of business designated in the license shall be open during customary hours to receive payments from borrowers, and such hours shall be posted at the entrance to the office.

[Statutory Authority: RCW 31.08.230, 79-04-042 (Order 40), § 50-16-100, filed 3/23/79; Rule 50-16-100, filed 12/20/63; § 50-16-100, filed 1/17/61; § 50-16-100, filed 12/12/60; Small Loan Act rules, § VII C, filed 11/29/60; § 7 C, filed 3/23/60.]

WAC 50-16-105 Insufficient funds charge. If any payment on a loan is made by check and payment of that check is refused because there was no account or due to insufficient funds, the licensee may charge a fee not to exceed ten dollars for each check on which payment is refused.

[Statutory Authority: RCW 31.08.230, 83-18-017 (Order 54), § 50-16-105, filed 8/30/83.]

(1999 Ed.)

Chapter 50-28 WAC

NEW STATE BANKS AND TRUST COMPANIES— APPLICATION AND INVESTIGATION

WAC

50-28-010	Purpose.
50-28-020	Operations and procedures.
50-28-030	Policy and guidelines.
50-28-040	Fees.
50-28-050	Field investigation.
50-28-060	Adoption of form.
50-28-070	Payment on subscription for the capital stock.
50-28-990	Appendix I—Form—Notice of intention to organize a state bank or trust company.

WAC 50-28-010 Purpose. The purpose of this chapter shall be to provide persons desiring to incorporate a bank or trust company with the requirements and guidelines necessary to comply with statutory provisions and to insure expeditious processing of a notice of intention to organize a bank or trust company.

[Order 21, § 50-28-010, filed 8/6/73.]

WAC 50-28-020 Operations and procedures. A notice of intention to incorporate a bank or trust company shall be filed with the supervisor at the division of banking in Olympia. As a matter of general procedure, it has been found desirable and is recommended that interested groups visit the office of the supervisor for a round-table discussion of statutory and other requirements, the forms, documentation and general information needed, the fees payable to the supervisor of banking and the secretary of state, plus a general discussion of the primary market area the applicants wish to serve and of economic resources of that area together with a brief review of existing financial institutions now serving that area.

[Order 21, § 50-28-020, filed 8/6/73.]

WAC 50-28-030 Policy and guidelines. The notice of intention to organize a state bank or trust company shall be filed with the supervisor in duplicate, on a form furnished by the division of banking. It is the established policy of the division of banking to require diligent and timely completion and submission of forms, schedules, surveys, economic studies, maps and all supporting data deemed necessary and required to conduct the statutory investigation. For the purpose of expediting the investigation and correlating said investigation with that of the Federal Deposit Insurance Corporation, in the event deposits of the proposed bank or trust company are to be insured by that agency, the schedules, statements and supporting data shall be organized under six basic general headings or factors:

(1) Financial history and condition.

(a) Pro forma statement of condition - beginning of business.

(b) Premises to be occupied by proposed bank, whether owned or leased, whether permanent or temporary, details as to description, costs, from whom purchased or leased, insurance coverage, estimated annual depreciation. If property is to be purchased or leased from a director, officer, a large shareholder, or an interest of any such, complete details should be furnished.

(c) Details as to proposed investment in and rental of furniture, fixtures and equipment.

(d) Relationships and associations with proposed bank of any of the sellers or lessors of land, buildings or equipment, either directly or indirectly.

(e) Organization expenses (which should not be borrowed from any source) - complete and detailed accounting is required for all expenses related to organization, including detailed account of actual legal work performed together with any additional costs anticipated prior to opening or costs incurred or work performed during the organization period for which disbursement has been deferred beyond the opening date.

(2) Adequacy of the capital structure.

(a) Proposed allocations within total capital structure.

(i) Amount of paid-in common capital stock (No. shares x par value).

(ii) Amount of paid-in surplus.

(iii) Amount of paid-in undivided profits.

(iv) Amount of other segregations, including the organization or expense fund, if planned.

(b) Minimum capital requirements of state law (RCW 30.08.010 as amended by chapter 104, Laws of 1973).

(c) The adequacy (deemed reasonable) of the proposed capital structure is evaluated, in part, by:

(i) The population of the community to be served.

(ii) Ratio the projected net total capital structure will bear to the estimated volume of deposits at the end of each of the first three years of operations.

(3) Future earnings prospects. A detailed projection of earnings and expenses is to be submitted showing the breakdown of income and expenses for each of the first three years of operations. Provision should be made for the bad debt reserve (loan losses) based upon the major types of loaning demands the proposed bank expects to serve and total loans expected by the end of the first, second and third years of operations.

(4) General character of management.

(a) A financial report and a biographical report for each officer and director is required together with a report by each officer and director stating the number of shares to be purchased, the total cost of such shares and details as to source and financing terms for such portion as not paid in cash. (If disclosure of any of the proposed officers would jeopardize current employment, include the information in a special "CONFIDENTIAL SECTION.")

(b) The subscribers (proposed shareholders) are to be listed alphabetically with name and address, occupation and number of shares being purchased indicated by number of shares and total subscription price. The list should indicate "D" for the directors designee, "O" for officers.

(c) For any subscribers for 5% or more of the proposed capital stock, the financing terms are required as for directors and officers.

(d) The membership of the committees of the directorate are to be designated and duties outlined, including:

(i) Loan and/or executive committee.

(ii) Investment committee.

(iii) Audit committee.

(e) Management of the proposed bank will report:

(i) Name of principal correspondent bank or banks and basis upon which the selection was made.

(ii) Determination that sufficiency of surety bond coverage conforms with generally accepted banking practices.

(f) Any changes contemplated in the proposed directorate or active management during the first year are to be reported, or, if none, so state.

(5) Convenience and needs of the community to be served.

(a) Applicants have the responsibility of developing as fully as possible the economic support and justification for the proposed bank including:

(i) The community and "surrounding country" (the trade territory or market area) which the proposed bank will serve, including the geographic boundaries within which all or most of the bank's potential customers reside.

(1) Furnish a detail map of such area pinpointing and indexing each financial institution (banks and savings and loan associations and mutual savings bank, whether head office or branch office).

(2) Provide list or recapitulation of subscribers residing in or closely identified with the area to be served.

(3) Provide estimates of the total deposits anticipated during the early period of operations together with totals expected by the end of each of the first three years. The latter should be segregated:

(a) Demand deposits.

(b) Savings passbook accounts.

(c) Other time deposits.

(d) Public funds.

(e) Recapitulation as to total demand and total time.

(4) The economic characteristics of the trade territory specified above for the most recent five-year period where possible. . . including manufacturing, agricultural and other industrial data, construction activity, retail and wholesale sales, housing starts, school population, census figures and projections.

(5) Such additional data relating to the trade area considered relevant and indicating support for the proposed bank as may be obtained from such sources as local offices of utilities, planning commission, chamber of commerce or trade associations, traffic surveys, county auditor, title insurance company, etc. (In the event an economic survey or feasibility study has been prepared it may provide most of the information needed.)

(ii) List principal business and industries of the market area by name of company, type of business, average number of employees, approximate annual payroll and annual sales. If significant, furnish details as to public employment of the area, including schools, military, U.S., state, county, municipal or other.

(b) List all banks, branches, trust companies, mutual savings banks and branches, together with savings and loan associations presently serving in the proposed market area and surrounding country, including any authorized but unopened offices, indicating "N/A" for information determined unobtainable:

(i) Name of the financial institution.

(ii) Location.

- (iii) Distance (road miles or city blocks) from proposed site.
- (iv) Direction from site.
- (v) Date established.
- (vi) Date of latest statement available.
- (vii) Deposits: Demand, time and total.
- (viii) Loans: Commercial, consumer, real estate secured and total to extent available.

(6) Consistency of corporate powers. In addition to the proposed articles of incorporation submitted with the notice of intention to organize, the proposed bylaws should be submitted together with articles of incorporation and complete details for any proposed affiliate (i.e., a premises holding company).

[Order 21, § 50-28-030, filed 8/6/73.]

WAC 50-28-040 Fees. The filing fee to accompany the notice of intention to organize a bank or trust company shall be that established by WAC 50-12-040, as now or hereafter amended. If the application is withdrawn by applicants before a field investigation is undertaken a refund will be made based upon retention of that portion deemed adequate to cover processing and preliminary investigation costs. The retained portion shall be the greater of:

- (1) \$500.00, or
- (2) Estimated number of hours times the current hourly rate as established by WAC 50-12-040 as devoted to processing and preliminary review and investigation.

[Order 21, § 50-28-040, filed 8/6/73.]

WAC 50-28-050 Field investigation. The required field investigation will be undertaken promptly upon submission of the notice of intention to organize a bank or trust company accompanied by statutory fees, provided the required documentation is determined by preliminary review to be complete in all respects. If, in the judgment of the supervisor, matters of substantive nature are missing or incomplete the notice of intent to organize and submitted documents may be returned to the correspondent of record. If the matters deemed incomplete be of relatively minor nature the applicants may be notified in writing thereof and given a reasonable time to make corrections or submit additional information or schedules required. For purposes of section 5, chapter 104, Laws of 1973 1st ex. sess. (RCW 30.08.030), a notice of intention to organize a bank or trust company shall not be deemed to be received by the supervisor unless and until all of the information required by the supervisor has been provided to him.

[Order 21, § 50-28-050, filed 8/6/73.]

WAC 50-28-060 Adoption of form. The division of banking hereby adopts for use of all persons requesting permission to organize a state bank or trust company, the form attached hereto as Appendix No. 1, entitled "Notice of intention to organize a state bank or trust company."

[Order 21, § 50-28-060, filed 8/6/73.]

WAC 50-28-070 Payment on subscription for the capital stock. The subscription agreement with prospective

(1999 Ed.)

purchasers of the capital stock of a proposed new bank or trust company shall not contain any agreement for any amount to be paid in advance for the purpose of defraying organization costs. No payment on subscription for stock shall be made until the articles of incorporation have been approved by the supervisor of banking and filed with the secretary of state.

[Order 30, § 50-28-070, filed 10/2/75.]

WAC 50-28-990 Appendix I—Form—Notice of intention to organize a state bank or trust company.

APPENDIX I

NOTICE OF INTENTION TO ORGANIZE A STATE BANK OR TRUST COMPANY

To the Supervisor of Banking:

We, the undersigned, as proposed incorporators and subscribing shareholders, being natural persons and citizens of the United States of America, make application for permission to organize a (state bank or trust company) under the title of to be located in, County of, State of Washington, with capital stock of \$., surplus of \$., and undivided profits of \$.

We submit herewith the proposed articles of incorporation for examination together with all such data, information, schedules, maps and supporting documentation specified by statute and regulations as necessary and required to conduct the statutory investigation.

We enclose Cashier's Check for \$2,000 to apply upon the statutory cost of investigation. If the cost of the investigation to be made exceeds \$2,000, we agree to pay such excess in accordance with WAC 50-12-040.

We designate, whose address is, as correspondent of records to receive all instructions and correspondence in connection with this application.

SUBSCRIBED at, Washington, this day of, 19. . .

- *
- *
- *
- *
- *
- *

Enclosure: \$2,000 Cashier's Check
Payable to the Supervisor
of Banking

(*) Please type name under signature.

[Order 21, Appendix I—Form (codified as WAC 50-28-990), filed 8/6/73.]

**Chapter 50-32 WAC
ESTABLISHMENT OF ALIEN BANKS IN
WASHINGTON—PROCEDURE**

WAC	
50-32-010	Purpose.
50-32-020	Definitions.
50-32-030	Application procedure.
50-32-040	Examination—Frequency—Scope.
50-32-050	Fees.

50-32-060	Records and books of account.
50-32-070	Branch records.
50-32-080	Agency records.
50-32-090	Reports—Required reports.
50-32-100	Notice concerning deposit insurance.
50-32-99001	Appendix I—Forms—Application for certificate authorizing an alien bank to establish and operate a branch in the state of Washington.
50-32-99002	Appendix II—Forms—Application for certificate authorizing an alien bank to establish and operate an agency in the state of Washington.
50-32-99003	Appendix III—Forms—Application for certificate authorizing an alien bank to establish and operate a bureau in the state of Washington.

WAC 50-32-010 Purpose. The purpose of this chapter is to ensure compliance with and provide the rules and regulations necessary to administer the provisions and requirements of chapter 53, Laws of 1973 1st ex. sess.

[Order 23, § 50-32-010, filed 8/14/73.]

WAC 50-32-020 Definitions. For purposes of these rules and regulations, the following terms are defined as:

(1) **Act** - chapter 53, Laws of 1973 1st ex. sess.

(2) **Application** - "Application" means an application of an alien bank to the supervisor of banking for a certificate of authority to establish and operate an agency, branch or bureau in the state of Washington.

(3) **Domiciliary country** - "Domiciliary country" means the foreign country under the laws of which the alien bank is organized.

(4) **Fiscal year** - "Fiscal year" means the fiscal year of the alien bank.

(5) **Depository** - "Depository" shall mean a bank with its principal place of business within the state of Washington selected by the alien bank and approved by the supervisor of banking, for the deposit of the cash or liquid assets required by section 7 and 12 of the act.

(6) **Rules and regulations** - "Rules and regulations" means all of Title 50 WAC. Alien banks in conducting authorized banking business shall be subject to such rules and regulations under the same terms and conditions as applied to banks organized under the laws of this state to the extent that such rules and regulations as applied to alien banking operations are consistent with the intent and purposes of the alien bank act and subject to limitations and restrictions imposed by these alien bank rules and regulations.

(7) **Section** - Section numbers referred to herein are those found in chapter 53, Laws of 1973 1st ex. sess.

[Order 23, § 50-32-020, filed 8/14/73.]

WAC 50-32-030 Application procedure. An application by an alien bank to establish and operate an office or bureau in the state of Washington shall be made on the form prescribed in Appendices 1, 2 or 3, whichever is applicable.

An application shall not be deemed complete if, in the opinion of the supervisor, the applicant has not supplied all of the required information or the information supplied is deficient. After receipt of the completed application, the supervisor shall conduct his required investigation.

(1) **Office.** The supervisor shall notify the applicant of denial or conditional approval of an application for a certifi-

cate for an agency or branch within 180 days of his receipt of the completed application.

If the application for a certificate for an agency or branch is conditionally approved, the applicant must supply the following documents executed by the governing board and properly sworn to before a U.S. Consular Official within 60 days of notification.

(a) Appointment of the supervisor of banking as agent

(b) Designation of bank's agent for service in Washington

(c) Letter of guaranty

(d) Appointment of depository(ies)

(e) Certificate of allocation and assignment of capital

(f) Depository agreements for assigned and allocated capital

(g) A power of attorney in favor of the person designated to be in charge of the business and affairs of the office.

The applicant shall also provide proof of fidelity bond coverage and the oath of the managing officer of the Washington office.

After receipt of these documents and after the supervisor is satisfied that all statutory requirements have been met, he shall issue his certificate.

(2) **Bureau.** The supervisor shall notify the applicant of denial or approval of an application for a certificate for a bureau within 90 days of his receipt of the completed application. If the application is approved, the certificate will be issued forthwith.

[Order 23, § 50-32-030, filed 8/14/73.]

WAC 50-32-040 Examination—Frequency—Scope.

The accountant selected to audit the books of account of an alien office shall be an independent accountant licensed to practice by the state of Washington and who is not an employee, officer, or holder of the securities of the alien bank or its subsidiaries. Such accountant must have knowledge and experience with respect to auditing books of international corporations. A resume' of such accountant wherein the knowledge and experience is set forth must accompany the alien bank's request that such accountant be approved by the supervisor of banking. The report of such independent accountant shall be based upon an audit made in accordance with generally accepted auditing standards without limitation on its scope and shall be unqualified.

[Order 23, § 50-32-040, filed 8/14/73.]

WAC 50-32-050 Fees. (1) The fees to accompany the filing of an application and attendant investigation are prescribed in WAC 50-12-040, as now or hereafter amended.

(2) Cost of examination. The examination fees charged to an alien bank for the examination of an office or bureau shall be the estimated actual cost of each examination calculated under the same terms and conditions as for state chartered banks and trust companies.

[Order 23, § 50-32-050, filed 8/14/73.]

WAC 50-32-060 Records and books of account.

Records and books of account of an alien bank office shall be kept as though the Washington office was conducted as a sep-

arate and distinct entity with its assets and liabilities entirely separate and apart from other operations of its head office and its subsidiaries or affiliated corporations. Books and accounts shall be maintained, where possible, as are the books and accounts of banks chartered by the state of Washington, to:

- (1) Facilitate the preparation of required reports of condition.
- (2) Facilitate the preparation of the required report of income.

[Order 23, § 50-32-060, filed 8/14/73.]

WAC 50-32-070 Branch records. An alien branch shall:

- (1) Identify United States domiciled creditors
- (2) Segregate and maintain controls for:
 - (a) Demand deposits.
 - (b) Time deposits.

for each class of depositors specified and authorized in section 11 (1)(i) through (vii) of the act.

- (3) Maintain loan records and controls to:

- (a) Identify loan customers as to types as restricted by section 11 (2)(a)(i) through (iv) of the act.
- (b) Specify the purpose of each loan or guarantee with respect to the restrictions imposed by section 11 (2)(b)(i), (ii) and (iii) of the act.

(c) Organize and maintain credit files, including appropriate comments relative to (a) and (b) above and to demonstrate the credit worthiness and standing of the customer.

(4) Maintain credit files to reflect the credit worthiness or rating of assets held as required or authorized by sections 7 and 12(2) of the act.

(5) Establish and maintain controls to reflect at all times that liquid assets held in accordance with the requirements of section 12(2) of the act are not less than one hundred eight percent of the aggregate amount of liabilities of the alien bank payable at or through its Washington office.

(6) Establish and maintain controls to reflect maintenance of additional capital equal to not less than ten percent of deposit liabilities.

[Order 23, § 50-32-070, filed 8/14/73.]

WAC 50-32-080 Agency records. With consideration to the statutory requirements imposed upon an approved agency of an alien bank by section 18 of the act, an agency shall maintain controls and records relating to the making of loans and guaranteeing obligations for the financing of the international movement of goods and services and for all operational needs including working capital and short-term operating needs and for the acquisition of fixed assets to:

- (a) Readily identify the customer and basis upon which the loan or guaranty was granted;
- (b) The purpose and terms of such loan or guaranty; and
- (c) The precise manner in which the business of the customer is directly related to the international movement of goods and services.

[Order 23, § 50-32-080, filed 8/14/73.]

(1999 Ed.)

WAC 50-32-090 Reports—Required reports. Each alien bank shall file the following periodic reports relating to the financial condition of the office:

- (1) Examination (audit) report by an accountant approved by the supervisor as of the last business day of the fiscal year as prescribed by section 14 of the act.
- (2) Reports of resources and liabilities as required by banks chartered by the state of Washington as prescribed by RCW 30.08.180 and 30.08.190, together with proof of publication. An agency need not publish such reports.
- (3) Annual report of income on calendar year basis as a special report as required of banks chartered by the state of Washington (RCW 30.08.190).

[Order 23, § 50-32-090, filed 8/14/73.]

WAC 50-32-100 Notice concerning deposit insurance. Every alien bank branch, the deposits of which are not insured by the Federal Deposit Insurance Corporation, shall display at its place of business in Washington a sign at least seven inches by three inches at each window or place where deposits are accepted stating that deposits are not insured by the Federal Deposit Insurance Corporation. A statement may be included on the same sign to the effect that deposits of U.S. domiciled depositors are partially protected by capital maintained pursuant to RCW 30.42.120(1).

[Order 25, § 50-32-100, filed 3/21/74.]

WAC 50-32-99001 Appendix I—Forms—Application for certificate authorizing an alien bank to establish and operate a branch in the state of Washington.

APPLICATION FOR CERTIFICATE AUTHORIZING
AN ALIEN BANK TO ESTABLISH AND
OPERATE A BRANCH IN THE STATE OF WASHINGTON

TO: Supervisor of Banking
Division of Banking
Olympia, Washington 98504

The (Applicant alien bank), with its head office and principal place of business located at (Domiciliary Country) hereby initiates this application for certificate authorizing the establishment and operation of a branch to be located in the City of, County of, State of Washington.

The (Bank), is incorporated, chartered or otherwise authorized to conduct a banking business under the laws of (Domiciliary Country). We enclose a verified copy of the resolution adopted by the bank's governing board, properly sworn to before a U.S. Consular Official, authorizing the filing of this application and designating the officer(s) who is (are) to sign this application and provide the material required herein, authorizing the payment of fees required by law or regulation, and designating the managing officer(s) of the proposed branch. We enclose a bank draft for \$1,500.00 to apply upon the statutory cost of investigation. If the cost of investigation to be made exceeds \$1,500.00 we agree to pay such excess in accordance with WAC 50-12-040 together with such other costs and fees as may be legally required by statute or regulation.

Correspondence, instructions, requests for information, reports, etc., should be addressed:

.....
Head Office
.....
Proposed Branch

To expedite the statutory investigation the following information, schedules, certifications, resume's, etc., are furnished:

- (a) Name of present Chief Executive Officer and Name of the Secretary
- (b) The bank's fiscal year ends
- (c) (English translation): Four certified copies of the most recent edition of the bank's certificate of authority or other legal authorization of your country to conduct a banking business and the bank's articles of incorporation.
- (d) Date of certificate of authority or its equivalent under which presently operating and expiration date, or duration, of the certificate of authority or its equivalent
- (e) Capital structure at end of last fiscal year: (i.e., equity capital, surplus, undivided profits, unallocated or contingency reserves).
- (f) Two copies of last available statement of condition.
- (g) Statement of object and purpose or purposes which bank proposes to pursue in the transaction of business in the state of Washington.
- (h) Copy of (English translation where applicable) laws of domiciliary country under which applicant bank is organized which permits a bank with its principal place of business in the state of Washington to establish in that foreign country a branch, agency or similar operation. Attached to a copy of such laws shall be either (a) an opinion of counsel (a member of the bar in the foreign country under whose laws the applicant is organized), including references to or extracts from relevant statutes, if any, to the effect that a bank with its principal place of business in the state of Washington may be permitted to establish and maintain in such foreign country a branch, agency or similar operation, or (b) a certificate of an official of the applicant's country who is authorized under its laws to issue a license to a bank with its principal place of business in the state of Washington to maintain either a branch or agency, to the effect he is so authorized.
- (i) An opinion of counsel for the applicant (a member of the bar in the foreign country under whose laws the applicant is organized) to demonstrate that this application to establish a branch is in compliance with local laws. Such opinion should state that (a) the applicant's charter authorizes it to carry on the business contemplated by the application, (b) the applicant has conducted, and is now conducting, its business as authorized by the charter and bylaws in compliance with the laws of its country of incorporation, and (c) the making of the application is in compliance with the laws of the country of incorporation.
- (j) Letter or certificate from banking authorities of domiciliary country granting permission to the applicant to apply for a branch in this state.

- (k) Furnished herewith:
 - (1) Name, title and resume' for each officer of the proposed branch in Washington.
 - (2) Confidential financial statement for the managing officer of the proposed branch in Washington.
- (l) Deposit projections for the first three years of operations:
 - I. Highest deposit totals anticipated by end of first year of operations of the proposed branch \$.
 - II. Highest deposit totals anticipated by end of second year of operations of the proposed branch \$.
 - III. Highest deposit totals anticipated by the end of the third year of operations of the proposed branch \$.
- (m) Indicate whether eligible deposit liabilities of the branch in the state of Washington will be covered by the insurance protection of the Federal Deposit Insurance Corporation (yes or no).
- (n) Outline of background information in support of application.
- (o) Copy of option or conditional lease on proposed branch site.
- (p) A verified or authenticated copy of the bank's bylaws.

EXECUTED at, for the (Bank), this day of, 19. . .

(By the bank's chief executive officer) *
(and the secretary of the banking corporation) *

Bank Seal
*Please type name and official title under the signatures.
[Order 23, Appendix I (codified as WAC 50-32-99001), filed 8/14/73.]

WAC 50-32-99002 Appendix II—Forms—Application for certificate authorizing an alien bank to establish and operate an agency in the state of Washington.

APPLICATION FOR CERTIFICATE AUTHORIZING AN ALIEN BANK TO ESTABLISH AND OPERATE AN AGENCY IN THE STATE OF WASHINGTON

TO: Supervisor of Banking
Division of Banking
Olympia, Washington 98504

The (Applicant alien bank) with its head office and principal place of business located (Domiciliary Country) hereby initiates this application for certificate authorizing the establishment and operation of an agency to be located in the City of, County of, State of Washington.

The (Bank), is incorporated, chartered or otherwise authorized to conduct a banking business under the laws of (Domiciliary Country). We enclose a verified copy of the resolution adopted by the bank's governing board, properly sworn to before a U.S. Consular Official, authorizing the filing of this application and designating the officer(s) who is

(are) to sign this application and provide the material required herein, authorizing the payment of fees required by law or regulation, and designating the managing officer(s) of the proposed agency. We enclose a bank draft for \$1,500.00 to apply upon the statutory cost of investigation. If the cost of investigation to be made exceeds \$1,500.00 we agree to pay such excess in accordance with WAC 50-12-040 together with such other costs and fees as may be legally required by statute or regulation.

Correspondence, instructions, requests for information, reports, etc., should be addressed:

.....
Head Office
.....
Proposed Agency

To expedite the statutory investigation, the following information, schedules, certifications, resume's, etc., are furnished:

- (a) Name of present chief executive officer and name of the secretary
- (b) The bank's fiscal year ends
- (c) Four certified copies (English translation where applicable) of the most recent edition of the bank's certificate of authority or other legal authorization of your country to conduct a banking business and the bank's articles of incorporation.
- (d) Date of certificate of authority or its equivalent under which presently operating and expiration date, or duration, of the certificate of authority or its equivalent
- (e) Capital structure at end of last fiscal year: (i.e., equity capital, surplus, undivided profits, unallocated or contingency reserves).
- (f) Two copies of last available statement of condition.
- (g) Statement of object and purpose or purposes which bank proposes to pursue in the transaction of business in the state of Washington.

(h) Copy of (English translation where applicable) laws of domiciliary country under which applicant bank is organized which permits a bank with its principal place of business in the state of Washington to establish in that foreign country a branch, agency of similar operation. Attached to a copy of such laws shall be either (a) an opinion of counsel (a member of the bar in the foreign country under whose laws the applicant is organized), including references to or extracts from relevant statutes, if any, to the effect that a bank with its principal place of business in the state of Washington may be permitted to establish and maintain in such foreign country a branch, agency or similar operation, or (b) a certificate of an official of the applicant's country who is authorized under its laws to issue a license to a bank with its principal place of business in the state of Washington to maintain either a branch or agency, to the effect he is so authorized.

(i) An opinion of counsel for the applicant (a member of the bar in the foreign country under whose laws the applicant is organized) to demonstrate that this application to establish an agency is in compliance with local laws. Such opinion

(1999 Ed.)

should state that (a) the applicant's charter authorizes it to carry on the business contemplated by the application, (b) the applicant has conducted, and is now conducting, its business as authorized by the charter and bylaws in compliance with the laws of its country of incorporation, and (c) the making of the application is in compliance with the laws of the country of incorporation.

(j) Letter or certificate from banking authorities of domiciliary country granting permission to the applicant to apply for an agency in this state.

(k) Furnished herewith:

- (1) Name, title and resume' for each officer of the proposed agency in Washington.
- (2) Confidential financial statement of the managing officer of the proposed agency in Washington.
- (l) Outline of background information in support of application.
- (m) Copy of option or conditional lease on proposed agency site.
- (n) A verified or authenticated copy of the bank's bylaws.

EXECUTED at, for the (Bank), this day of, 19...

(By the bank's chief executive officer) *

(and the secretary of the banking entity) *

Bank Seal

*Please type name and official title under the signatures.

[Order 23, Appendix II (codified as WAC 50-32-99002), filed 8/14/73.]

WAC 50-32-99003 Appendix III—Forms—Application for certificate authorizing an alien bank to establish and operate a bureau in the state of Washington.

APPLICATION FOR CERTIFICATE AUTHORIZING AN ALIEN BANK TO ESTABLISH AND OPERATE A BUREAU IN THE STATE OF WASHINGTON

(To be filed in duplicate)

TO: Supervisor of Banking
Division of Banking
Olympia, Washington 98504

The (Applicant alien bank), with its head office and principal place of business located at (Domiciliary Country), hereby initiates this application for certificate authorizing the establishment and operation of a bureau to be located in the City of, County of, State of Washington.

The (Bank) is incorporated, chartered or otherwise authorized to conduct a banking business under the laws of (Domiciliary Country).

We enclose a verified copy of the resolution, adopted by the bank's governing board, specifically empowering its President (or Chief Executive Officer) and the bank's Secretary (or equivalent officer) to execute this application, pay

the fees required by law or regulation, provide such information and furnish such reports and enter into such agreements as may be necessary.

Correspondence, instructions, and requests for information, reports, etc., should be addressed:

.....
Head Office
.....
Proposed Bureau

To expedite the statutory investigation, the following information, schedules, documents, etc., are furnished:

- (a) Name of present Chief Executive Officer...
(b) The bank's fiscal year ends...
(c) (English translation) Four certified copies of most recent edition of the bank's certificate of authority...
(d) Date of certificate of authority...
(e) Capital structure at end of last fiscal year...
(f) Two copies of last available statement of condition.
(g) Statement of object, purpose and activities which bank proposes to pursue...

Enclosed is a bank draft for \$300.00 to apply upon the statutory cost of investigation. If the cost of investigation to be made exceeds \$300.00, we agree to pay such excess in accordance with WAC 50-12-040 together with such other costs and fees as may be legally required by state or regulation.

.....EXECUTED in duplicate at for the (Legal name of applicant bank) this day of....., 19...

(By the chief executive officer) *
(and the Secretary of the banking corporation) *

Bank Seal

*Please type name and official title under the signatures.
[Order 23, Appendix III (codified as WAC 50-32-99003), filed 8/14/73.]

Chapter 50-36 WAC
ADMINISTRATION OF TRUST COMPANIES—
INVESTMENTS, ETC.

WAC
50-36-010 Definitions.
50-36-020 Administration of fiduciary powers.
50-36-030 Audit of the trust department.
50-36-040 Collective investment funds—Funds authorized.

50-36-050 Collective investment funds—Administration of funds.
50-36-060 Collective investment funds—Valuation of assets, admissions and withdrawals.
50-36-070 Collective investment funds—Audit.
50-36-080 Collective investment funds—Financial reports.
50-36-090 Collective investment funds—Investments and administration.
50-36-100 Organization and management fees.
50-36-110 Certificate of interest.
50-36-120 Remedy of mistake made in good faith.

WAC 50-36-010 Definitions. For purposes of this chapter, the following words are defined as:

- (1) "Fiduciary powers" means the power to act in any fiduciary capacity authorized by the state of Washington including, but not limited to, trustee, executor, administrator, registrar of stocks and bonds, guardian of estates, assignee, receiver, agent, custodian, investment adviser, if the trust company receives a fee for its investment advice, escrow agent, corporate bond paying and transfer agent, escrow holder, managing agent, depositary, committee of estates of incompetents, and any capacity in which the trust company possesses investment discretion on behalf of another.
(2) "Trust department" means that group or groups of officers and employees of a trust company organized under the supervision of officers or employees to whom are designated by the board of directors the performance of the fiduciary responsibilities of the trust company, whether or not the group or groups are so named.
(3) "Agency" means the fiduciary relationship in which title to the property constituting the agency does not pass to the trust institution but remains in the owner of the property, who is known as the principal, and in which the agent is charged with certain specific duties with respect to the property.
(4) "Agency coupled with an interest" means an agency in which the agent has a legal interest in the subject matter. Such an agency is not terminated automatically, as are other agencies, by the death of the principal but continue in effect until the agent can realize upon its legal interest.
(5) "Managing agent" means the fiduciary relationship assumed by a trust company upon the creation of an account which names the trust company as agent and confers investment discretion upon the trust company.
(6) "Trust company" as used herein shall also include banks which are authorized to exercise trust powers.

[Statutory Authority: RCW 43.320.010, 43.329.040 and 30.04.030. 99-01-119, § 50-36-010, filed 12/18/98, effective 1/18/99; Order 22, § 50-36-010, filed 8/14/73.]

WAC 50-36-020 Administration of fiduciary powers.

(1)(a) The board of directors is responsible for the proper exercise of fiduciary powers by the trust company. All matters pertinent thereto, including the determination of policies, the investment and disposition of property held in a fiduciary capacity, and the direction and review of the actions of all officers, employees, and committees utilized by the trust company in the exercise of its fiduciary powers, are the responsibility of the board. In discharging this responsibility, the board of directors may assign, by action duly entered in the minutes, the administration of such of the trust company's fiduciary powers as it may consider proper

to assign to such director(s), officer(s), employee(s) or committee(s) as it may designate.

(b) No fiduciary account shall be accepted without the prior approval of the board, or of the director(s), officer(s) or committee(s) to whom the board may have designated the performance of that responsibility. A written record shall be made of such acceptances and of the relinquishment or closing out of all fiduciary accounts. Upon the acceptance of an account for which the trust company has investment responsibilities a prompt review of the assets shall be made. The board shall also ensure that at least once during every calendar year thereafter, all the assets held in or for each fiduciary account where the bank has investment responsibilities are reviewed to determine the advisability of retaining or disposing of such assets.

(2) All officers and employees taking part in the operation of the trust department shall be adequately bonded.

(3) Every qualified fiduciary subject to this regulation and exercising fiduciary powers in this state shall designate, employ or retain legal counsel who shall be readily available to pass upon fiduciary matters and to advise the trust company and its trust department.

(4)(a) The trust department may utilize personnel and facilities of other departments of the trust company or its affiliates, and other departments of the trust company may utilize the personnel and facilities of the trust department or its affiliates only to the extent not prohibited by law and as long as the separate identity of the trust department is preserved.

(b) Agency agreements. Pursuant to a written agreement, a trust company exercising fiduciary powers may perform services related to the exercise of fiduciary powers for another trust company or other entity, and may purchase services related to the exercise of fiduciary powers from another trust company or other entity.

(5) Fiduciary records shall be kept separate and distinct from other records of the trust company and maintained in compliance with the provisions of RCW 30.04.240. All fiduciary records shall be kept and retained for such time as to enable the fiduciary to furnish such information or reports with respect thereto as may be required by the supervisor of banking.

(6) Every such fiduciary shall keep an adequate record of all pending litigation to which it is a party in connection with its exercise of fiduciary powers.

[Statutory Authority: RCW 43.320.010, 43.329.040 and 30.04.030. 99-01-119, § 50-36-020, filed 12/18/98, effective 1/18/99; Order 22, § 50-36-020, filed 8/14/73.]

WAC 50-36-030 Audit of the trust department. A committee of directors, exclusive of any active officers of the trust company, shall at least once during each calendar year make suitable audits of the trust department or cause suitable audits to be made by auditors responsible only to the board of directors, and at such time shall ascertain whether the department has been administered in accordance with law, this regulation and sound fiduciary principles. The board of directors may elect, in lieu of such periodic audits, to adopt an adequate continuous audit system. A report of the audits and examination required under this section, together

(1999 Ed.)

with the action taken thereon, shall be noted in the minutes of the board of directors.

[Statutory Authority: RCW 43.320.010, 43.329.040 and 30.04.030. 99-01-119, § 50-36-030, filed 12/18/98, effective 1/18/99; Order 22, § 50-36-030, filed 8/14/73.]

WAC 50-36-040 Collective investment funds—Funds authorized. Any trust company qualified to act as fiduciary in this state may establish common trust funds (referred to in this regulation as "collective investment funds") for the purpose of furnishing investments to itself as fiduciary, or to itself and others, as co-fiduciaries; and may, as such fiduciary or co-fiduciary, invest funds which it lawfully holds for investment in interests in such common trust funds, if such investment is not prohibited by the instrument, judgment, decree, or order creating such fiduciary relationship, and if, in the case of co-fiduciaries, the trust company procures the consent of its co-fiduciary or co-fiduciaries to such investment, and provided such investment is not in contravention with the provisions of chapter 30.24 RCW:

(a) In a common trust fund maintained by the trust company exclusively for the collective investment and reinvestment of moneys contributed thereto by the trust company in its capacity as trustee, executor, administrator, or guardian.

(b) In a fund consisting solely of assets of retirement, pension, profit sharing, stock bonus or other trusts which are exempt from federal income taxation under the Internal Revenue Code.

[Order 22, § 50-36-040, filed 8/14/73.]

WAC 50-36-050 Collective investment funds—Administration of funds. Collective investments of funds or other property held by such qualified fiduciary (and referred to in this paragraph as "collective investment funds") shall be administered as follows:

(1) Each collective investment fund shall be established and maintained in accordance with a written plan (referred to herein as the plan) which shall be approved by a resolution of the trust company's board of directors or by a committee authorized by the board and filed with the supervisor of banking. The plan shall contain appropriate provisions not inconsistent with the rules and regulations of the supervisor of banking as to the manner in which the fund is to be operated, including provisions relating to the investment powers and a general statement of the investment policy of the trust company with respect to the fund; the allocation of income, profits and losses; the terms and conditions governing the admission or withdrawal of participations in the fund; the auditing of accounts of the bank with respect to the fund; the basis and method of valuing assets in the fund, setting forth specific criteria for each type of asset; the minimum frequency for valuation of assets of the fund; the period following each such valuation date during which the valuation may be made (which period in usual circumstances should not exceed 10 business days); the basis upon which the fund may be terminated; and such other matters as may be necessary to define clearly the rights of participants in the fund. A copy of the plan shall be available at the principal office of the trust company for inspection during all banking hours, and upon request a copy of the plan shall be furnished to any person.

[Title 50 WAC—p. 37]

(2) Property held by a bank in its capacity as trustee of retirement, pension, profit sharing, stock bonus, or other trusts which are exempt from federal income taxation under any provisions of the Internal Revenue Code may be invested in collective investment funds established under the provisions of subparagraph (a) or (b) of WAC 50-36-040, subject to the provisions herein contained pertaining to such funds, and may qualify for tax exemption pursuant to section 584 of the Internal Revenue Code. Assets of retirement, pension, profit sharing, stock bonus, or other trusts which are exempt from federal income taxation by reason of being described in section 401 of the code may be invested in collective investment funds established under the provisions of subparagraph (b) of WAC 50-36-040, if the fund qualifies for tax exemption under Revenue Ruling 56-267 and following rulings.

(3) All participants in the collective investment fund shall be on the basis of a proportionate interest in all of the assets. In order to determine whether the investment of funds received or held by a trust company as fiduciary in a participation in a collective investment fund is proper, the trust company may consider the collective investment fund as a whole and shall not, for example, be prohibited from making such investment because any particular asset is nonincome producing.

[Statutory Authority: RCW 43.320.010, 43.329.040 and 30.04.030, 99-01-119, § 50-36-050, filed 12/18/98, effective 1/18/99; Order 22, § 50-36-050, filed 8/14/73.]

WAC 50-36-060 Collective investment funds—Valuation of assets, admissions and withdrawals. (1) Not less frequently than once during each period of 3 months a trust company administering a collective investment fund shall determine the value of the assets in the fund as of the date set for the valuation of assets. No participation shall be admitted to or withdrawn from the fund except: (a) On the basis of such valuation, and (b) as of such valuation date, (c) no participation shall be admitted to or withdrawn from the fund unless a written request for or notice of intention of taking such action shall have been entered on or before the valuation date in the fiduciary records of the trust company and approved in such manner as the board of directors shall prescribe, and (d) no requests or notice may be canceled or countermanded after the valuation date. However, in the case of a fund that is invested primarily in real estate or other assets that are not readily marketable, the value of the fund's assets shall be determined at least once each year.

(2) When participations are withdrawn from a collective investment fund, distributions may be made in cash or ratably in kind, or partly in cash and partly in kind, provided that all distributions as of any one valuation date shall be made on the same basis.

(3) If for any reason an investment is withdrawn in kind from a collective investment fund for the benefit of all participants in the fund at the time of such withdrawal and such investment is not distributed ratably in kind, it shall be segregated and administered or realized upon for the benefit ratably of all participants in the collective investment fund at the time of withdrawal.

[Title 50 WAC—p. 38]

(4) Any trust company administering a collective investment fund shall have the responsibility of maintaining in cash and readily marketable investments such part of the assets of the fund as shall be deemed to be necessary to provide adequately for the needs of participants and to prevent inequities between such participants, and if prior to any admissions to or withdrawals from a fund the trust company shall determine that after effecting the admissions and withdrawals which are to be made less than 40 percent of the value of the remaining assets of the collective investment fund would be composed of cash and readily marketable investments, no admissions to or withdrawals from the fund shall be permitted as of the valuation date upon which such determination is made: *Provided*, That ratable distribution upon all participations shall not be so prohibited in any case.

[Statutory Authority: RCW 43.320.010, 43.329.040 and 30.04.030, 99-01-119, § 50-36-060, filed 12/18/98, effective 1/18/99; Order 22, § 50-36-060, filed 8/14/73.]

WAC 50-36-070 Collective investment funds—Audit. A trust company administering a collective investment fund shall at least once during each period of 12 months cause an adequate audit to be made of the collective investment fund by auditors responsible only to the board of directors of the trust company. In the event such audit is performed by independent public accountants, the reasonable expenses of such audit may be charged to the collective investment fund.

[Order 22, § 50-36-070, filed 8/14/73.]

WAC 50-36-080 Collective investment funds—Financial reports. (1) A trust company administering a collective investment fund shall at least once during each period of 12 months prepare a financial report of the fund which shall be filed with the supervisor of banking within 90 days after the end of the fund's fiscal year. This report, based upon the above audit, shall contain a list of investments in the fund showing the cost and current market value of each investment; a statement for the period since the previous report showing purchases, with cost; sales, with profit or loss and any other investment changes; income and disbursements; and an appropriate notation as to any investments in default.

(2) The financial report may include a description of the fund's value on previous dates, as well as its income and disbursements during previous accounting periods. No predictions or representations as to future results may be made. In addition, as to funds described in WAC 50-36-040, neither the report nor any other publication of the trust company shall make reference to the performance of funds other than those administered by the trust company.

(3) A copy of the financial report shall be furnished, or notice shall be given that a copy of such report is available and will be furnished without charge upon request, to each person to whom a regular periodic accounting would ordinarily be rendered with respect to each participating account. A copy of such financial report may be furnished to prospective customers. The cost of printing and distribution of these reports will be borne by the trust company. In addition, a copy of the report shall be furnished upon request to any person for a reasonable charge. The fact of the availability of the

report for any fund described in WAC 50-36-040 may be given publicity solely in connection with the promotion of the fiduciary services of the trust company.

(4) Except as herein provided, the trust company shall not advertise or publicize its collective investment fund(s); provided, however, that publication in a newspaper, periodical, or other medium of the net asset value of collective investment fund(s) for which a daily net asset value is available, shall not be considered an advertisement or publication prohibited by this section. Restraint is required in fiduciary advertisements to preclude the violation of securities laws including the Mutual Fund Reform Act.

[Statutory Authority: RCW 43.320.010, 43.329.040 and 30.04.030, 99-01-119, § 50-36-080, filed 12/18/98, effective 1/18/99; Order 22, § 50-36-080, filed 8/14/73.]

WAC 50-36-090 Collective investment funds—Investments and administration. (1) A trust company administering a collective investment fund shall have the exclusive management thereof, except as a prudent person might delegate responsibilities to others.

(2) No trust company shall have any interest in a collective investment fund other than in its fiduciary capacity. Except for temporary net cash overdrafts or as otherwise specifically provided herein, it may not lend money to a fund, sell property to, or purchase property from a fund. No assets of a collective investment fund may be invested in stock or obligations, including time or savings deposits, of the bank or any of its affiliates: *Provided*, That such deposits may be made of funds awaiting investment or distribution. Subject to all other provisions of this part, funds held by a trust company as fiduciary for its own employees may be invested in a collective investment fund.

(3) A trust company may not make any loan on the security of a participation in a fund. If because of a creditor relationship or otherwise the trust company acquires an interest in a participation in a fund, the participation shall be withdrawn on the first date on which such withdrawal can be effected. However, in no case shall an unsecured advance until the time of the next valuation date to an account holding a participation be deemed to constitute the acquisition of an interest by the bank.

(4) Any trust company administering a collective investment fund may purchase for its own account from such fund any devaluated fixed income investment held by such fund, if in the judgment of the board of directors the cost of segregation of such investment would be greater than the difference between its market value and its principal amount plus interest and penalty charges due. If the trust company elects to so purchase such investment, it must do so at its market value or at the sum of cost, accrued unpaid interest, and penalty charges, whichever is greater.

(5) Except in the case of collective investment funds described in paragraph (b) of WAC 50-36-040:

(a) No funds or other property shall be invested in a participation in a collective investment fund if as a result of such investment the participant would have an interest aggregating in excess of 10 percent of the then market value of the fund: *Provided*, That in applying this limitation if two or more accounts are created by the same person or persons and

as much as one-half of the income or principal of each account is payable or applicable to the use of the same person or persons, such accounts shall be considered as one;

(b) No investment for a collective investment fund shall be made in stocks, bonds, or other obligations of any closely held corporation, as may be determined by the supervisor of banking, or, of any one person, firm, or corporation if as a result of such investment the total amount invested in stocks, bonds, or other obligations issued or guaranteed by such person, firm, or corporation would aggregate in excess of 10 percent of the then market value of the fund: *Provided*, That this limitation shall not apply to investments in direct obligations of the United States or its agencies or other obligations fully guaranteed by the United States or its agencies as to principal and interest: *And Provided Further*, That this limitation shall not apply to investments in securities of, or other interests in, an open-end or closed-end management type investment company or investment trust registered under the Federal Investment Company Act of 1940, as now or hereafter amended, if both of the following conditions are met:

(i) The portfolio of the investment company or investment trust is limited to such obligations of, or fully guaranteed by, the United States or its agencies and to repurchase agreements fully collateralized by such obligations; and

(ii) The investment company or investment trust takes delivery of the collateral for any repurchase agreement either directly or through an authorized custodian;

(6) In addition to the investments permitted under WAC 50-36-040, funds or other property received or held by a trust company as fiduciary may be invested collectively, to the extent not prohibited by law, as follows:

(a) In shares of a mutual trust investment company, organized and operated pursuant to a statute that specifically authorizes the organization of such companies exclusively for the investment of funds held by corporate fiduciaries, commonly referred to as a "bank fiduciary fund."

(b) In a single real estate loan, a direct obligation of the United States, or an obligation fully guaranteed by the United States, or in a single fixed amount security, obligation or other property, either real, personal or mixed, of a single issue: *Provided*, That the trust company owns no participation in the loan or obligation and has no interest in any investment therein except in its capacity as fiduciary.

(c) In a common trust fund maintained by the trust company for the collective investment of cash balances received or held by a trust company in its capacity as trustee, executor, administrator, or guardian, which the trust company considers to be individually too small to be invested separately to advantage. The total investment for such fund must not exceed \$1,000,000; the number of participating accounts is limited to 100, and no participating account may have an interest in the fund in excess of \$1,000,000: *Provided*, That in applying these limitations if two or more accounts are created by the same person or persons and as much as one-half of the income or principal of each account is presently payable or applicable to the use of the same person or persons, such account shall be considered as one: *And Provided*, That no fund shall be established or operated under this subparagraph for the purpose of avoiding the provisions of chapter 50-36 WAC.

(d) In any investment specifically authorized by court order, or authorized by the instrument creating the fiduciary relationship, in the case of trusts created by a corporation, its subsidiaries or affiliates or by several individual settlors who are closely related: *Provided*, That such investment is not made under this subparagraph for the purpose of avoiding any provision of this regulation, in particular, but not limited to the provisions beginning with new section WAC 50-36-040.

(e) In such other manner as shall be approved in writing by the supervisor of banking.

[Statutory Authority: RCW 43.320.010, 43.329.040 and 30.04.030. 99-01-119, § 50-36-090, filed 12/18/98, effective 1/18/99. Statutory Authority: RCW 30.04.030. 90-07-011, § 50-36-090, filed 3/13/90, effective 4/13/90; Order 22, § 50-36-090, filed 8/14/73.]

WAC 50-36-100 Organization and management fees.

(1) A trust company administering a collective investment fund may charge reasonable expenses incurred in operating the collective investment fund but shall absorb the costs of establishing or reorganizing a collective investment fund.

(2) The trust company may charge a fee for the management of the collective investment fund provided (a) the fee is permitted under applicable law (and complies with fee disclosure requirements, if any) in the state in which the trust company maintains the fund; and (b) the amount of the fee does not exceed an amount commensurate with the value of legitimate services of tangible benefit to the participating fiduciary accounts that would not have been provided to the accounts were they not invested in the fund.

(3)(a) The reasonable expenses incurred in servicing mortgages held by a collective investment fund may be charged against the income account of the fund and paid to servicing agents, including the trust company administering the fund.

(b) A trust company may (but shall not be required to) transfer up to 5 percent of the net income derived by a collective investment fund from mortgages held by such fund during any regular accounting period to a reserve account: *Provided*, That no such transfers shall be made which would cause the amount in such account to exceed 1 percent of the outstanding principal amount of all mortgages held in the fund. The amount of such reserve account, if established, shall be deducted from the assets of the fund in determining the fair market value of the fund for the purposes of admissions and withdrawals.

(c) At the end of each accounting period, all interest payments which are due but unpaid with respect to mortgages in the fund shall be charged against such reserve account to the extent available and credited to income distributed to participants. In the event of subsequent recovery of such interest payments by the fund, the reserve account shall be credited with the amount so recovered.

[Statutory Authority: RCW 43.320.010, 43.329.040 and 30.04.030. 99-01-119, § 50-36-100, filed 12/18/98, effective 1/18/99; Order 22, § 50-36-100, filed 8/14/73.]

WAC 50-36-110 Certificate of interest. No trust company administering a collective investment fund shall issue any certificate or other document evidencing a direct or indirect interest in such fund in any form, except to provide a

[Title 50 WAC—p. 40]

withdrawing account with an interest in a segregated investment.

[Statutory Authority: RCW 43.320.010, 43.329.040 and 30.04.030. 99-01-119, § 50-36-110, filed 12/18/98, effective 1/18/99; Order 22, § 50-36-110, filed 8/14/73.]

WAC 50-36-120 Remedy of mistake made in good faith. No mistake made in good faith and in the exercise of due care in connection with the administration of a collective investment fund shall be deemed to be a violation of this part if promptly after the discovery of the mistake the trust company takes whatever action may be practicable in the circumstances to remedy the mistake.

[Order 22, § 50-36-120, filed 8/14/73.]

Chapter 50-44 WAC

SCHEDULE OF COSTS OF EXAMINATIONS

WAC

50-44-005	Determination of collection method—Principles.
50-44-010	Collection of examination costs—Collection method.
50-44-020	Semiannual asset charge—Assessment.
50-44-025	Fees paid by interstate banks.
50-44-030	Hourly fees and charges—Regular, including extraordinary examination and special examinations.
50-44-050	Limitations on assessments.
50-44-060	Banking fund—Minimum cash balance.

DISPOSITION OF SECTIONS FORMERLY CODIFIED IN THIS CHAPTER

50-44-040	Special assessment for working capital. [Statutory Authority: RCW 34.04.070. 82-02-037 (Order 45), § 50-44-040, filed 12/31/81.] Repealed by 83-09-037 (Order 52), filed 4/18/83. Statutory Authority: RCW 30.04.030.
-----------	---

WAC 50-44-005 Determination of collection method—Principles. When determining a revision to the collection method, the supervisor shall consider but not be limited to the following principles.

(1) The revenue to be collected shall be sufficient to allow the division of banking to achieve its statutory mission to examine institutions within all required time periods.

(2) Regulatory costs shall be apportioned in a manner consistent with the state of Washington's overall policy commitments to rural and economically distressed areas, promoting the delivery of financial services to those areas.

(3) No industry or institution shall bear a disproportionate share of regulatory costs.

(4) There shall be a significant correlation between assessments and examination costs across institutions.

(5) The division of banking shall have sufficient resources to maintain a competent and motivated staff.

(6) Such other principles as the supervisor may deem relevant.

[Statutory Authority: RCW 30.04.070 and 30.08.095. 91-18-054, § 50-44-005, filed 8/30/91, effective 9/30/91.]

WAC 50-44-010 Collection of examination costs—Collection method. The requirement of RCW 30.04.070 and 30.08.095 that the supervisor collect from each bank, mutual savings bank, stock savings bank, trust company, or industrial loan company, the costs of the division, shall be met in

accordance with the procedures established in this chapter. Costs shall be recouped by the following methods: Semiannual asset charges in order to recoup nondirect bank examination related expenses (RCW 30.08.095, giving the supervisor the authority to charge for other services rendered), and an hourly charge for the estimated actual cost of examination determined by a rate specified herein times the number of hours spent by division personnel in regular or extraordinary examinations.

[Statutory Authority: RCW 30.04.070 and 30.08.095. 90-12-007, § 50-44-010, filed 5/25/90, effective 6/25/90. Statutory Authority: RCW 30.04.030, 83-20-072 (Order 55), § 50-44-010, filed 10/3/83; 82-24-074 (Order 48), § 50-44-010, filed 12/1/82. Statutory Authority: RCW 34.04.070, 82-02-037 (Order 45), § 50-44-010, filed 12/31/81.]

WAC 50-44-020 Semiannual asset charge—Assessment. A semiannual charge for assets will be used to recoup nondirect bank examination related expenses (RCW 30.08.095). The semiannual charge for assets will be computed upon the asset value reflected in the most recent report of condition. The rate of such charge shall be as set forth in the following schedules:

(1) Commercial banks, mutual savings banks, and stock savings banks.

The rate of such charge shall be based on the total asset value as reflected in the report of condition due for that period provided, the director may adjust such rates if the director determines that a disproportionate amount of revenue is being collected by such rate. In no event shall the amount of revenue collected from any one bank exceed one hundred thirty-three thousand four hundred ninety dollars per assessment period.

If the bank's total assets are:			The assessment is:	
Over	But not Over	This Amount	Plus	Of Excess Over
Million	Million			Million
0	500	0	.00001408	0
500	1000	7040	.0000135	500
1000	—	13,790	.0000133	1000

(2) Alien banks.

The rate of such charge shall be .000035189 of the total asset value as reflected in the report of condition due for that period provided, the director may adjust such rate if the director determines that a disproportionate amount of revenue is being collected by such rate.

(3) The director's office shall forward by United States mail a notice to each financial institution showing the manner of calculating the asset charge due and a worksheet for such purposes. The notices shall be mailed with the blank June and December report of condition. The asset charge shall be calculated by the financial institution and forwarded to the division of banks with the applicable report. A completed copy of the worksheet shall be included with the assessment. An additional two hundred dollar penalty shall be assessed if the amount is not paid by the time such report of condition or notice of assessment is due.

[Statutory Authority: RCW 43.320.010, 43.329.040 and 30.04.030. 96-04-022, § 50-44-020, filed 1/30/96, effective 3/1/96. Statutory Authority: RCW

30.04.070 and 30.08.095. 91-18-054, § 50-44-020, filed 8/30/91, effective 9/30/91; 90-12-007, § 50-44-020, filed 5/25/90, effective 6/25/90. Statutory Authority: RCW 30.04.030 and 31.04.150. 89-09-004 (Order 77), § 50-44-020, filed 4/6/89. Statutory Authority: RCW 30.04.030, 83-20-072 (Order 55), § 50-44-020, filed 10/3/83; 82-24-074 (Order 48), § 50-44-020, filed 12/1/82. Statutory Authority: RCW 34.04.070, 82-02-037 (Order 45), § 50-44-020, filed 12/31/81.]

WAC 50-44-025 Fees paid by interstate banks. (1) Semiannual asset charge. The semiannual asset charge established in WAC 50-44-020 shall be assessed against any state-chartered bank, as defined in 12 U.S.C. sec. 1813(a), that operates branches in Washington and any other state. The assets subject to assessment under WAC 50-44-020(1) shall be determined as follows: Divide the number of branches in Washington by the total number of branches in all states including Washington and multiply the result by the asset value reflected in the most recent report of condition.

(2) **Other fees.** All other fees that normally apply to Washington-chartered banks under WAC 50-44-030 and 50-12-045 shall also be paid by banks chartered in other states.

[Statutory Authority: RCW 43.320.010, 43.329.040 and 30.04.030. 96-04-022, § 50-44-025, filed 1/30/96, effective 3/1/96.]

WAC 50-44-030 Hourly fees and charges—Regular, including extraordinary examination and special examinations. Each bank, mutual savings bank, trust company, alien bank, or industrial loan company shall pay to the supervisor the following fees:

(1) For regular examinations, including extraordinary examinations for the express purpose of examining unusual conditions or circumstances, including extensions of regular examinations wherein conditions may warrant extension of time required in the examination beyond normal allotted time and such other reviews as determined by the supervisor; sixty-five dollars per hour. The supervisor may charge the actual cost of examinations performed under personal service contracts by third parties.

(2) For electronic data processing examination, trust examination, or other examination requiring specialized expertise, ninety dollars per hour. Electronic data processing centers and trust companies are exempt from the asset assessment provisions of WAC 50-44-020(1) if such centers or companies are not a part of the assets of the bank as reported in the report of condition.

(3) The supervisor shall submit a statement for the foregoing charges following the completion of any applicable examination, and the charges shall be paid not later than thirty days after submission of such statement.

(4) These charges shall become effective for invoicing that occurs after the effective date of this rule, provided such invoicing relates to examinations occurring on or after July 1, 1991.

[Statutory Authority: RCW 30.04.070 and 30.08.095. 91-18-054, § 50-44-030, filed 8/30/91, effective 9/30/91; 90-12-007, § 50-44-030, filed 5/25/90, effective 6/25/90. Statutory Authority: RCW 30.12.060, 85-19-052 (Order 62), § 50-44-030, filed 9/13/85. Statutory Authority: RCW 34.04.070, 82-02-037 (Order 45), § 50-44-030, filed 12/31/81.]

WAC 50-44-050 Limitations on assessments. (1) Definitions. For purposes of this provision, the following terms, or the plural thereof, shall have the meaning ascribed.

(a) "Rural community" is a community of population less than ten thousand inhabitants located in a county without a metropolitan sampling area ("MSA"), as established by the United States Office of Management and Budget.

(b) "Economically distressed area" is a county with an unemployment rate that is twenty percent above the state-wide average for the previous three years; or a community that has experienced sudden and severe or long-term and severe loss of employment, or erosion of its economic base due to decline of its dominant industries; or an area within a county which area:

- (i) Is composed of contiguous census tracts;
- (ii) Has a minimum population of five thousand persons;
- (iii) Has at least seventy percent of its families and unrelated individuals with incomes below eighty percent of the county's median income for families and unrelated individuals; and
- (iv) Has an unemployment rate which is at least forty percent higher than the county's unemployment rate.

(c) "Located" means the institution's primary market area where at least sixty percent of the institution's deposits are booked.

(2) Limit on assessment. If an institution is located in a rural community or economically distressed area, and if the charges assessed under WAC 50-44-020(1) relating to a semiannual asset charge and WAC 50-44-030(1) relating to the hourly examination fee, exceed ninety-five percent of the assessment charge applicable for a two-year period of the office of the comptroller of the currency ("OCC") or its successor then the assessments paid in excess of such amount shall be rebated to the institution pursuant to subsection (5) of this section unless abated by the supervisor as provided in subsection (6) of this section.

(3) Determination. For purposes of determining rebate entitlement, the total of semiannual assessments and examination fees are determined by adding the monthly average semiannual assessment and the monthly average of the examination fees for any twenty-four month period after June 1, 1990. The monthly average is determined by dividing the semiannual assessment fee by six and applying the monthly average to the previous six months. The monthly average examination fee is determined by dividing the examination fee for each examination during the averaging period by the number of months between each such examination and the previous examination as determined by the date of the examinations and applying the monthly average to those months. The OCC charge is determined in the same manner.

(4) Rebate. The rebate is determined by the difference between the sum of the applicable monthly average state charges for the twenty-four month period minus ninety-five percent of the sum of the applicable monthly average OCC charge for the same period, as each are determined in subsection (3) of this section. The total amounts of all rebates shall not exceed three-quarters of one percent of the current biennium budget.

(5) Petition. Entitlement of the rebate shall occur only upon petition and proof to the supervisor during the first month of the last quarter of the current biennium.

(6) Rebate abatement. At the discretion of the supervisor, all or part of the rebate determined under subsection (4) of this section may be denied if the supervisor determines that:

(a) The institution required a substantially greater than average amount of supervisory time for reasons other than as a result of economic, legal, regulatory, or other conditions beyond the control of competent management;

(b) The institution required a substantially greater than average amount of examination time for an institution of its size for reasons other than as a result of economic, legal, regulatory, or other conditions beyond the control of competent management;

(c) Examinations or investigations were performed by third parties under personal services contracts; or

(d) Such other factors as the supervisor may deem equitable or relevant.

(7) Institutions may become eligible to receive a rebate on or after April 1, 1993, for amounts paid on or after the 1991-1993 biennium and such eligibility shall continue for two years thereafter.

[Statutory Authority: RCW 30.04.070 and 30.08.095. 91-18-054, § 50-44-050, filed 8/30/91; 90-12-007, § 50-44-050, filed 5/25/90, effective 6/25/90.]

WAC 50-44-060 Banking fund—Minimum cash balance. The supervisor shall maintain a minimum cash balance in the banking fund (RCW 43.19.095) of at least one month's allotment. One month's allotment is based upon the current biennium budget divided by twenty-four months. In the event the banking fund balance drops below this figure the supervisor shall declare the next semiannual asset assessment due; payment within thirty days of such declaration. The supervisor shall bill each institution based on the most current report of condition and payment shall be in lieu of the next regularly scheduled asset assessment.

[Statutory Authority: RCW 30.04.070 and 30.08.095. 91-18-054, § 50-44-060, filed 8/30/91, effective 9/30/91.]

Chapter 50-48 WAC

ACQUISITION OF BANKS, TRUST COMPANIES, NATIONAL BANKING ASSOCIATIONS OF BANK HOLDING COMPANIES BY OUT-OF-STATE BANK HOLDING COMPANIES

WAC

50-48-010	Authority and purpose.
50-48-020	Joint application.
50-48-030	Information required—Identity of applicant parties and operating subsidiaries—Designation of representative of each applicant.
50-48-040	Information required from applicant to be acquired.
50-48-050	Information required from acquiring applicant.
50-48-060	Information to be made available by acquiring applicant.
50-48-070	Information to be made available by applicant to be acquired.
50-48-080	Application to include statement of interlocking management or ownership.
50-48-090	Supervisor may consult with and obtain information from appropriate federal regulatory authority.
50-48-100	Interstate acquisition reciprocity—States possessing.

WAC 50-48-010 Authority and purpose. These regulations are promulgated pursuant to section 9, chapter 157, Laws of 1983, to establish a procedure under which an out-

of-state bank holding company which desires to acquire more than five percent of the shares of the voting stock, or all or substantially all of the assets, of a bank, trust company, national banking association or bank holding company, the principal operations of which are conducted within this state, may apply to the supervisor for approval of such acquisition.

[Statutory Authority: RCW 30.04.230 as amended by 1983 c 157 § 9. 83-20-073 (Order 56), § 50-48-010, filed 10/3/83.]

WAC 50-48-020 Joint application. An application for approval of such acquisition shall be submitted jointly by the acquiring bank holding company and the domestic institution or bank holding company to be acquired. The application need not be in any particular format, but must set forth all the information required under these regulations. The application shall include a copy of the agreement setting forth the plan of merger or acquisition, including certified copies of the resolutions of the respective boards of directors of parties to the agreement approving same. The application shall also include a statement authorizing any federal or state regulatory agency to make available to the supervisor any and all information which such agency may have relating to the applicants or any of their subsidiaries.

[Statutory Authority: RCW 30.12.060, 85-19-052 (Order 62), § 50-48-020, filed 9/13/85. Statutory Authority: RCW 30.04.230 as amended by 1983 c 157 § 9. 83-20-073 (Order 56), § 50-48-020, filed 10/3/83.]

WAC 50-48-030 Information required—Identity of applicant parties and operating subsidiaries—Designation of representative of each applicant. Unless included in other information required by this chapter, the application shall set forth the name and main office address of all operating subsidiaries of both the acquiring bank holding company and the bank, trust company, national banking association or domestic bank holding company to be acquired. In addition, the application shall set forth the name, office address, and telephone of one or more persons designated by each applicant to be its official representative in connection with the application. All contact between the supervisor's office and the applicant should, except in extraordinary circumstances, be through such representatives.

[Statutory Authority: RCW 30.04.230 as amended by 1983 c 157 § 9. 83-20-073 (Order 56), § 50-48-030, filed 10/3/83.]

WAC 50-48-040 Information required from applicant to be acquired. The bank, trust company, national banking association, or domestic bank holding company to be acquired shall include with the application each of the following items of information:

(a) A statement verifying that the bank, trust company, national banking association or domestic bank holding company to be acquired is in such a liquidity or financial condition as to be in danger of closing, failing or insolvency, setting forth with specificity the circumstances upon which such conclusion is based.

(b) A statement of all courses of action actively considered as an alternative to the proposed merger or acquisition; a statement of why each such course of action or combination of more than one of them was not taken; a statement as to why assistance available from the Federal Reserve Board, the

(1999 Ed.)

Federal Deposit Insurance Corporation, or other governmental agency either alone or in combination with other actions is not sufficient to alleviate the liquidity or financial situation so as to avoid the danger of closing, failing or insolvency; and if known, the course or courses of action which will be taken in the event the merger or acquisition is not consummated.

(c) Financial records including: (1) Copies of reports of condition required to be filed with the appropriate regulatory authorities and financial statements showing its assets and liabilities as of the end of each of the six most recent quarterly periods of operation; (2) copies of income and expense statements for each of the six most recent quarterly periods of operation; and (3) a copy of the most recent independent audit report.

Information submitted in response to this subsection shall be consolidated figures for the entire organization. If individual figures for operating subsidiaries are available, they shall also be submitted.

(d) A statement setting forth which, if any, state banks, trust companies, or national banking associations doing business in this state, or domestic bank holding companies have been solicited to make an offer for acquisition or merger. If no such solicitations have been made, the application shall include an explanation of the decision not to make such solicitations. The application shall include a summary of the terms of any bona fide offer for merger or acquisition received from any domestic bank, trust company, national banking association or bank holding company, and shall further state whether any domestic offerors have been given the opportunity to match the terms of the proposed acquisition by or merger with the out-of-state bank holding company.

[Statutory Authority: RCW 30.04.230 as amended by 1983 c 157 § 9. 83-20-073 (Order 56), § 50-48-040, filed 10/3/83.]

WAC 50-48-050 Information required from acquiring applicant. The applicant out-of-state bank holding company shall submit with the application each of the following items of information:

(a) A copy of its most recent audited financial statement, its most recently prepared statement of assets and liabilities, including footnotes and explanations, and its most recent income and expense report.

(b) A statement of its then existing business plan, both short-range and long-range, for operation of the bank, trust company, national banking association or domestic bank holding company to be acquired. Such statement shall include comments by the acquirer as to how the proposed acquisition will meet the needs and convenience of the people of the state of Washington.

(c) A list of any other notices pursuant to the change in Bank Control Act (12 U.S.C. §1817(j)) filed on its behalf involving any other bank, trust company, national banking association or bank holding company which is presently pending. Such list shall include the date and place of filing each notice and the name and address of the institution to which each notice pertains.

(d) A statement as to what part, if any, of the funds to be used in making the acquisition or merger are borrowed from sources other than its own subsidiaries. With respect to any such funds, the applicant shall state: (1) The amount and

source of borrowed funds; (2) collateral pledged, if any; (3) terms of the loan, including interest rates, amortization requirements, guarantors, endorsers, and any other arrangements or agreements among the parties to such loan transaction; (4) proposed source of funds for debt service; (5) whether and to what extent the acquiring party intends to rely on dividends, fees, etc. from the institution being acquired for debt servicing requirements.

[Statutory Authority: RCW 30.04.230 as amended by 1983 c 157 § 9. 83-20-073 (Order 56), § 50-48-050, filed 10/3/83.]

WAC 50-48-060 Information to be made available by acquiring applicant. The applicant out-of-state bank holding company shall make available for review by the office of the supervisor the following:

(a) Any current file which it or its principal banking subsidiary or subordinate is required to maintain by regulations promulgated by the appropriate federal financial supervisory authority (as defined in 12 U.S.C. §2902(1)) for purposes of the Community Reinvestment Act (12 U.S.C. §2902 et seq.).

(b) Copies of all internal documents having to do with the proposed merger or acquisition, including, without limitation, memoranda or analyses together with conclusions and recommendations to management and all financial or other information from which such memoranda, analyses, conclusions, recommendations or other documents were prepared.

[Statutory Authority: RCW 30.04.230 as amended by 1983 c 157 § 9. 83-20-073 (Order 56), § 50-48-060, filed 10/3/83.]

WAC 50-48-070 Information to be made available by applicant to be acquired. The bank, trust company, national banking association or domestic bank holding company to be acquired shall make available to the supervisor all internally generated reports relating to the operation of any or all operating subsidiaries during the immediately preceding two-year period.

[Statutory Authority: RCW 30.04.230 as amended by 1983 c 157 § 9. 83-20-073 (Order 56), § 50-48-070, filed 10/3/83.]

WAC 50-48-080 Application to include statement of interlocking management or ownership. The application must state whether any management official (as defined in 12 U.S.C. §3201(4)) of the acquiring out-of-state bank holding company or any of its affiliated corporations (as the term "affiliated" is defined by 12 U.S.C. §3201(3)) is also a management official of any other depository institution or holding company other than the bank, trust company, or national banking association being acquired, or whether any person, partnership or corporation who owns or controls, directly or indirectly, ten percent or more of the outstanding voting shares of the acquiring applicant also owns, directly or indirectly, ten percent or more of the outstanding voting shares of any other depository institution or holding company. If such circumstances do exist, the application shall include: (1) The name of such person or persons, partnerships or corporations; (2) name and address of the depository institution or holding company; (3) relationship triggering this reporting requirement; and (4) nature and extent of ownership interest held by such person, partnership or corporation in the applicant and other depository institution or holding company.

[Title 50 WAC—p. 44]

[Statutory Authority: RCW 30.04.230 as amended by 1983 c 157 § 9. 83-20-073 (Order 56), § 50-48-080, filed 10/3/83.]

WAC 50-48-090 Supervisor may consult with and obtain information from appropriate federal regulatory authority. The supervisor may consult with appropriate federal regulatory agencies in connection with any application filed hereunder and shall consider any information received from such agency or agencies in ruling upon the application.

[Statutory Authority: RCW 30.04.230 as amended by 1983 c 157 § 9. 83-20-073 (Order 56), § 50-48-090, filed 10/3/83.]

WAC 50-48-100 Interstate acquisition reciprocity—States possessing. The supervisor of banking, having reviewed the laws of the following states as they relate to a domestic (Washington) bank holding company acquiring more than five percent of the shares of the voting stock or all or substantially all of the assets of a bank, trust company, or national banking association the principal operations of which are conducted within such states, has determined, pursuant to RCW 30.04.232, that the laws of such states allow a domestic bank holding company to acquire a bank, trust company, or national banking association, the principal operations of which are conducted within such states, and permit the operation of the acquired bank, trust company, or national banking association within such states on terms and conditions no less favorable than other banks, trust companies, or national banking associations doing a banking business within such states: (1) Alaska, (2) Arizona, (3) California, (4) Colorado, (5) Connecticut, (6) Idaho, (7) Illinois, (8) Kentucky, (9) Louisiana, (10) Maine, (11) Massachusetts, (12) Michigan, (13) Nebraska, (14) Nevada, (15) New Hampshire, (16) New Jersey, (17) New Mexico, (18) New York, (19) North Dakota, (20) Ohio, (21) Oklahoma, (22) Oregon, (23) Pennsylvania, (24) Rhode Island, (25) South Dakota, (26) Tennessee, (27) Texas, (28) Utah, (29) Vermont, (30) West Virginia, and (31) Wyoming.

Other states not listed shall be reviewed on a case-by-case basis.

[Statutory Authority: RCW 30.04.232 (1)(c). 93-07-113, § 50-48-100, filed 3/23/93, effective 4/23/93. Statutory Authority: RCW 30.04.232. 87-13-015 (Order 68), § 50-48-100, filed 6/9/87; 87-10-047 (Order 67), § 50-48-100, filed 5/5/87.]

Chapter 50-56 WAC

SMALL BUSINESS ADMINISTRATION 7(A) LOAN GUARANTY PROGRAM NONDEPOSITORY LENDERS—LICENSING AND REGULATION

WAC

50-56-010	Purpose.
50-56-020	Application procedures.
50-56-030	Application format.
50-56-040	Continuing operations.
50-56-050	Records.
50-56-060	Reports.
50-56-070	Examinations.
50-56-080	Fees.

WAC 50-56-010 Purpose. The purpose of this chapter shall be to provide guidelines for application for a license to operate a nondepository small business lending venture under the auspices of the federal Small Business Administration

(SBA) guaranty program known as the 7(a) loan guaranty program. Specifics of the program are set forth in section 7(a) of the federal "Small Business Investment Act of 1958," 15 U.S.C., part 636(a). These rules also establish other regulatory oversight guidelines and provide for fees. These rules are promulgated under the general rule-making authority of the state supervisor of banking, and are required under legislation passed by the legislature (section 3(1), chapter 212, Laws of 1989.)

[Statutory Authority: 1989 c 212 § 3(1). 90-01-001, § 50-56-010, filed 12/7/89, effective 1/7/90.]

WAC 50-56-020 Application procedures. An application for state license to operate a nondepository small business lending venture to qualify for participation in the SBA 7(a) program shall be filed with the supervisor at the division of banking and shall include such fees as established elsewhere in these rules. As a matter of general procedure, it is recommended that interested parties visit the office of the supervisor prior to submitting their application to review statutory and other requirements for this action.

[Statutory Authority: 1989 c 212 § 3(1). 90-01-001, § 50-56-020, filed 12/7/89, effective 1/7/90.]

WAC 50-56-030 Application format. Applicants may use the same documentation as required by the SBA for their approval of the lender to the extent that such documentation meets the requirements of statute and these rules unless waived by the supervisor. The application must contain the following:

- (1) Applicant's name, address, and telephone number.
- (2) A statement that the applicant is incorporated under the Washington Business Corporation Act or the Washington Nonprofit Corporation Act and a copy of applicant's Articles of Incorporation and Bylaws, properly certified.
- (3) A list of officers, directors, associates, and all holders of ten or more percent of any class of the applicant's capital stock.
- (4) A statement of personal history of all those listed in subsection (3) of this section. SBA Form 1081 or its equivalent may be used.
- (5) A copy of the most recent audited financial statement of any entity other than a natural person holding ten or more percent of any class of stock of the applicant.
- (6) An organizational chart showing the relationship of the applicant to its affiliates, as well as the applicant's internal organizational structure.
- (7) Copies of the last three audited financial statements of the applicant, and supporting tax returns.
- (8) Applicant's business plan which should include at a minimum:
 - (a) A detailed pro forma financial projection for at least three years of operations.
 - (b) A market study of the intended geographical area of operations.
 - (c) An explanation of applicant's method of funding loans, including the unguaranteed portion.
 - (d) An outline of loan servicing procedures proposed.
 - (e) Copies of written policies and procedures to be used, which must include policies requiring disclosure of conflicts

(1999 Ed.)

of interest of affiliates, directors, officers, and employees; prohibiting false statements or representations to the supervisor; and preventing fraud or undue influence by the licensee.

(9) Certified copy of a resolution by the applicant's board of directors designating the person(s) authorized to act on behalf of applicant.

(10) An opinion of independent counsel that the applicant is in compliance with applicable state and federal laws in the formation and organization of the company, with applicable securities laws, and is chartered to conduct its business in the proposed operating area.

(11) Such marketing materials as may have been prepared that portray the nature of applicant's operations.

(12) Copies of all bonds in effect for directors, officers, and employees.

(13) Other such information as the supervisor may require.

[Statutory Authority: 1989 c 212 § 3(1). 90-01-001, § 50-56-030, filed 12/7/89, effective 1/7/90.]

WAC 50-56-040 Continuing operations. Licensees shall maintain an adequate financial condition.

(1) Minimum capital (unimpaired paid-in capital, surplus, and undivided profits) shall be in the amount of five hundred thousand dollars or five and one-half percent of total assets, whichever is greater, or a greater amount should the supervisor determine that applicant's business plan or economic conditions require a greater amount to conduct the business of a 7(a) lender. The supervisor may consider and include the net worth of any corporate shareholder of the applicant if the shareholder agrees to unconditionally guarantee the liabilities of the applicant and that shareholder agrees to the reporting requirements set forth in WAC 50-56-060.

(2) Capital below the required amount precludes the presentation of additional loans to the SBA for guaranty without the written consent of the supervisor.

(3) Licensees shall maintain a reserve for anticipated loan losses appropriate to its needs, based on the following factors:

(a) The volume and mix of the existing loan portfolio, including the volume and severity of nonperforming loans and adversely classified credits, as well as an analysis of net charge-offs experienced on previously classified loans.

(b) The extent to which loan renewals and extensions are used to maintain loans on a current basis and the degree of risk associated with such loans.

(c) The trend in loan growth, including any rapid increase in loan volume within a relatively short time period.

(d) General and local economic conditions affecting the collectibility of the licensee's loans.

(e) Previous loan loss experience by loan type, including net charge-offs as a percent of average loans over the past several years.

(f) The relationship and trend over the past several years of recoveries as a percent of previous year's charge-offs.

(g) Available outside information of a comparable nature regarding the loan portfolios of other such lenders.

[Statutory Authority: 1989 c 212 § 3(1). 90-01-001, § 50-56-040, filed 12/7/89, effective 1/7/90.]

WAC 50-56-050 Records. Licensees shall maintain records in a fashion consistent with a financial institution and shall have them at all times readily accessible to the supervisor. Records shall be preserved under the following schedule:

(1) Preserve permanently:

(a) All general and subsidiary ledgers reflecting asset, liability, capital stock and surplus and income and expense accounts.

(b) All general and special journals or other records forming the basis for entries in such ledgers.

(c) Articles of incorporation, bylaws, stock registers, licenses, and minutes of board of directors meetings.

(2) Preserve for at least six years following final disposition of the related loan:

(a) All applications for financing.

(b) Financing instruments.

(c) Lending participation agreements.

(d) Escrow agreements.

(e) All other documents and supporting material relating to such loans, including correspondence.

Records and other documents in subsections (1) and (2) of this section may be preserved by reproduction. Provided, however, that the licensee shall prepare a duplicate reproduction which shall be stored separately from the original for the time required. If such reproductions are used, the licensee shall maintain at all times facilities for the projection and reproduction of such records.

[Statutory Authority: 1989 c 212 § 3(1). 90-01-001, § 50-56-050, filed 12/7/89, effective 1/7/90.]

WAC 50-56-060 Reports. Licensees shall submit the following reports to the supervisor:

(1) Annual audits prepared in accordance with generally accepted accounting principles which shall be certified unless the supervisor makes other provision in writing in advance.

(2) Quarterly financial reports which shall include a balance sheet and income and expense statement for both the period and year to date.

(3) A notification of any suit or proceeding involving fraud or dishonesty where the licensee or an employee may be a party, or where an adverse judgment could contribute materially to the impairment of the licensee's capital. Such notification must be forwarded with copies of the complaint within thirty days of the filing of such action.

[Statutory Authority: 1989 c 212 § 3(1). 90-01-001, § 50-56-060, filed 12/7/89, effective 1/7/90.]

WAC 50-56-070 Examinations. The supervisor will conduct examinations of licensees as provided by statute and will forward a report of examination to the licensee's board of directors for information and action as appropriate. These examination reports and all subsequent and related correspondence are the property of the supervisor and will be subject to the same confidentiality requirements as established for financial institutions regulated by the division of banking.

[Statutory Authority: 1989 c 212 § 3(1). 90-01-001, § 50-56-070, filed 12/7/89, effective 1/7/90.]

WAC 50-56-080 Fees. The cost of regulation of nondepository lenders licensed under Title 31 RCW, shall be borne by the licensees under the following schedule:

(1) Application fee. A fee of two thousand dollars must accompany an application for this license to cover the cost of investigation.

(2) Acquisition of control approval fee. A fee of two thousand dollars must accompany any request for acquisition of control of a licensee to cover the cost of investigation which will be conducted to the same degree as an initial application approval.

(3) Business combination fee. Other business combinations must be approved by the supervisor. Costs of investigation will be borne by the licensee and will be based on actual staff costs of the division of banking, which are fifty dollars per hour per examiner assigned.

(4) Examination and supervision fees. Examination and supervision fees shall be billed based on rates charged commercial banks for examination costs and semiannual asset charges in chapter 50-44 WAC.

[Statutory Authority: 1989 c 212 § 3(1). 90-01-001, § 50-56-080, filed 12/7/89, effective 1/7/90.]