

2 **SB 5931** - H COMM AMD **ADOPTED 4/4/95**

3 By Committee on Financial Institutions & Insurance

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5 Strike everything after the enacting clause and insert the
6 following:

7 "**Sec. 1.** RCW 30.04.111 and 1994 c 92 s 12 are each amended to read
8 as follows:

9 The total loans and extensions of credit by a bank or trust company
10 to a person outstanding at any one time shall not exceed twenty percent
11 of the capital and surplus of such bank or trust company. The
12 following loans and extensions of credit shall not be subject to this
13 limitation:

14 (1) Loans or extensions of credit arising from the discount of
15 commercial or business paper evidencing an obligation to the person
16 negotiating it with recourse;

17 (2) Loans or extensions of credit secured by bonds, notes,
18 certificates of indebtedness, or treasury bills of the United States or
19 by other such obligations wholly guaranteed as to principal and
20 interest by the United States;

21 (3) Loans or extensions of credit to or secured by unconditional
22 takeout commitments or guarantees of any department, agency, bureau,
23 board, commission, or establishment of the United States or any
24 corporation wholly owned directly or indirectly by the United States;

25 (4) Loans or extensions of credit fully secured by a segregated
26 deposit account or accounts in the lending bank;

27 (5) Loans or extensions of credit secured by collateral having a
28 readily ascertained market value of at least one hundred fifteen
29 percent of the outstanding amount of the loan or extension of credit;

30 (6) Loans or extensions of credit secured by bills of lading,
31 warehouse receipts, or similar documents transferring or securing title
32 to readily marketable staples shall be subject to a limitation of
33 thirty-five percent of capital and surplus in addition to the general
34 limitations, if the market value of the staples securing each
35 additional loan or extension of credit at all times equals or exceeds
36 one hundred fifteen percent of the outstanding amount of the loan or

1 extension of credit. The staples shall be fully covered by insurance
2 whenever it is customary to insure the staples;

3 (7) The purchase of bankers' acceptances of the kind described in
4 section 13 of the federal reserve act and issued by other banks shall
5 not be subject to any limitation based on capital and surplus;

6 (8) The unpaid purchase price of a sale of bank property, if
7 secured by such property.

8 For the purposes of this section "capital" shall include the amount
9 of common stock outstanding and unimpaired, the amount of preferred
10 stock outstanding and unimpaired, and capital notes or debentures
11 issued pursuant to chapter 30.36 RCW.

12 For the purposes of this section "surplus" shall include capital
13 surplus, reflecting the amounts paid in excess of the par or stated
14 value of capital stock, or amounts contributed to the bank other than
15 for capital stock, and (~~amounts transferred to surplus from~~)
16 undivided profits (~~pursuant to resolution of the board of directors~~).

17 The term "person" shall include an individual, sole proprietor,
18 partnership, joint venture, association, trust, estate, business trust,
19 corporation, sovereign government or agency, instrumentality, or
20 political subdivision thereof, or any similar entity or organization.

21 The director may prescribe rules to administer and carry out the
22 purposes of this section, including without limitation rules to define
23 or further define terms used in this section and to establish limits or
24 requirements other than those specified in this section for particular
25 classes or categories of loans or extensions of credit, and to
26 determine when a loan putatively made to a person shall, for purposes
27 of this section, be attributed to another person. In adopting the
28 rules, the director shall be guided by rulings of the comptroller of
29 the currency that govern lending limits applicable to national
30 commercial banks.

31 **Sec. 2.** RCW 30.04.215 and 1994 c 256 s 37 and 1994 c 92 s 20 are
32 each reenacted to read as follows:

33 (1) Notwithstanding any other provisions of law, in addition to all
34 powers enumerated by this title, and those necessarily implied
35 therefrom, a bank may engage in other business activities that have
36 been determined by the board of governors of the federal reserve system
37 or by the United States Congress to be closely related to the business
38 of banking, as of December 31, 1993.

1 (2) A bank that desires to perform an activity that is not
2 expressly authorized by subsection (1) of this section shall first
3 apply to the director for authorization to conduct such activity.
4 Within thirty days of the receipt of this application, the director
5 shall determine whether the activity is closely related to the business
6 of banking, whether the public convenience and advantage will be
7 promoted, whether the activity is apt to create an unsafe or unsound
8 practice by the bank and whether the applicant is capable of performing
9 such an activity. If the director finds the activity to be closely
10 related to the business of banking and the bank is otherwise qualified,
11 he or she shall forthwith inform the applicant that the activity is
12 authorized. If the director determines that such activity is not
13 closely related to the business of banking or the bank is not otherwise
14 qualified, he or she shall forthwith inform the applicant in writing.
15 The applicant shall have the right to appeal from an unfavorable
16 determination in accordance with the procedures of the Administrative
17 Procedure Act, chapter 34.05 RCW. In determining whether a particular
18 activity is closely related to the business of banking, the director
19 shall be guided by the rulings of the board of governors of the federal
20 reserve system and the comptroller of the currency in making
21 determinations in connection with the powers exercisable by bank
22 holding companies, and the activities performed by other commercial
23 banks or their holding companies.

24 (3) (~~In addition to all powers enumerated by this title, and those~~
25 ~~necessarily implied therefrom, a bank may engage in other business~~
26 ~~activities that are determined by the director, by rule adopted~~
27 ~~pursuant to chapter 34.05 RCW, to be closely related to the business of~~
28 ~~banking, or necessary or convenient thereto, and the exercise thereof~~
29 ~~will promote the public convenience and advantage. Provided, however,~~
30 ~~that such other business activities shall also have been determined by~~
31 ~~the board of governors of the federal reserve system or by the United~~
32 ~~States congress to be closely related to the business of banking.))~~
33 Notwithstanding any restrictions, limitations, and requirements of law,
34 in addition to all powers, express or implied, that a bank has under
35 the laws of this state, a bank shall have the powers and authorities
36 conferred as of August 31, 1994, upon federally chartered bank doing
37 business in this state. A bank may exercise the powers and authorities
38 conferred on a federally chartered bank after this date, only if the
39 director finds that the exercise of such powers and authorities:

1 (a) Serves the convenience and advantage of depositors, borrowers,
2 or the general public; and

3 (b) Maintains the fairness of competition and parity between state-
4 chartered banks and federally chartered banks.

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

8 The restrictions, limitations, and requirements applicable to
9 specific powers or authorities of federally chartered banks shall apply
10 to banks exercising those powers or authorities permitted under this
11 subsection but only insofar as the restrictions, limitations, and
12 requirements relate to exercising the powers or authorities granted
13 banks solely under this subsection.

14 (4) Any activity which may be performed by a bank, except the
15 taking of deposits, may be performed by (a) a corporation or (b)
16 another entity approved by the director, which in either case is owned
17 in whole or in part by the bank.

18 **Sec. 3.** RCW 30.08.180 and 1994 c 92 s 60 are each amended to read
19 as follows:

20 Every bank and trust company shall make at least three regular
21 reports each year to the director, as of the dates which he or she
22 shall designate, according to form prescribed by him or her, verified
23 by the president, manager or cashier and attested by at least two
24 directors, which shall exhibit under appropriate heads the resources
25 and liabilities of such corporation. The dates designated by the
26 director shall be the dates designated by the comptroller of the
27 currency of the United States for reports of national banking
28 associations. ~~((Each such report in condensed form, to be prescribed~~
29 ~~by the director, shall be published once in a newspaper of general~~
30 ~~circulation, published in a place where the corporation is located, or~~
31 ~~if there be no newspaper published in such place, then in some~~
32 ~~newspaper published in the same county.))~~

33 Every such corporation shall also make such special reports as the
34 director shall call for.

35 **Sec. 4.** RCW 30.08.190 and 1994 c 256 s 51 and 1994 c 92 s 61 are
36 each reenacted and amended to read as follows:

37 (1) Every regular report shall be filed with the director within

1 thirty days from the date of issuance of the notice. Every special
2 report shall be filed with the director within such time as shall be
3 specified by him or her in the notice therefor.

4 (2) The director shall provide a copy of any regular report free of
5 charge to any person that submits a written request for the report.

6 (3) Every bank and trust company which fails to file any report,
7 required to be filed under subsection (1) of this section and within
8 the time specified, shall be subject to a penalty of fifty dollars per
9 day for each day's delay. A civil action for the recovery of any such
10 penalty may be brought by the attorney general in the name of the
11 state."

12 EFFECT: Gives state banks the same powers, authorities, and
13 related restrictions that federally chartered banks had as of August
14 31, 1994, and have after that date with the Department of Financial
15 Institutions' approval.

16 **SB 5931** - H COMM AMD

17 By Committee on Financial Institutions & Insurance

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19 On page 1, line 2 of the title, after "institutions;" strike the
20 remainder of the title and insert "amending RCW 30.04.111 and
21 30.08.180; and reenacting and amending RCW 30.04.215 and 30.08.190."

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