
SENATE BILL 5058

State of Washington

56th Legislature

1999 Regular Session

By Senators Prentice and Winsley; by request of Department of Financial Institutions

Read first time 01/11/1999. Referred to Committee on Commerce, Trade, Housing & Financial Institutions.

1 AN ACT Relating to the establishment and authority to conduct the
2 business of state-chartered financial institutions; amending RCW
3 30.08.080, 30.08.020, 32.04.082, 32.08.140, 32.08.142, 32.08.146,
4 32.12.020, 32.12.090, 32.16.040, 32.16.050, 32.20.010, 32.20.020,
5 32.20.330, 32.20.400, 32.20.445, 32.32.500, 32.32.520, 32.34.010,
6 32.34.020, and 32.34.060; reenacting and amending RCW 32.04.080 and
7 32.04.085; adding new sections to chapter 30.08 RCW; adding a new
8 section to chapter 32.20 RCW; adding a new section to chapter 32.34
9 RCW; and repealing RCW 32.20.160.

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

11 NEW SECTION. **Sec. 1.** A new section is added to chapter 30.08 RCW
12 to read as follows:

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

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

11 NEW SECTION. **Sec. 2.** A new section is added to chapter 30.08 RCW
12 to read as follows:

13 Persons desiring to incorporate a stock savings bank shall file
14 with the director a notice of their intention to organize a stock
15 savings bank in such form and containing such information as the
16 director shall require, together with proposed articles of
17 incorporation, which shall be submitted for examination to the director
18 at his or her office in Olympia.

19 The proposed articles of incorporation shall state:

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

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

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

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

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

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

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

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

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

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

14 NEW SECTION. **Sec. 3.** A new section is added to chapter 30.08 RCW
15 to read as follows:

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

30 NEW SECTION. **Sec. 4.** A new section is added to chapter 30.08 RCW
31 to read as follows:

32 After the director is satisfied of the above facts, and, within six
33 months of the date the notice of intention to organize has been
34 received in his or her office, the director shall notify the
35 incorporators to file executed articles of incorporation with the
36 director in triplicate. Unless the director otherwise consents in
37 writing, such articles shall be in the same form and shall contain the

1 same information as the proposed articles and shall be filed with the
2 director within ten days of such notice. Within thirty days after the
3 receipt of such articles of incorporation, the director shall endorse
4 upon each of the copies, over his or her official signature, the word
5 "approved," or the word "refused," with the date of such endorsement.
6 In case of refusal the director shall immediately return one of the
7 copies, so endorsed, together with a statement explaining the reason
8 for refusal to the person from whom the articles were received, which
9 refusal shall be conclusive, unless the incorporators, within ten days
10 of the issuance of such notice of refusal, shall request a hearing
11 pursuant to the administrative procedure act, chapter 34.05 RCW.

12 NEW SECTION. **Sec. 5.** A new section is added to chapter 30.08 RCW
13 to read as follows:

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

29 NEW SECTION. **Sec. 6.** A new section is added to chapter 30.08 RCW
30 to read as follows:

31 A stock savings bank amending its articles of incorporation shall
32 deliver articles of amendment to the director for filing as required
33 for articles of incorporation. The articles of amendment shall set
34 forth:

- 35 (1) The name of the stock savings bank;
- 36 (2) The text of each amendment adopted;
- 37 (3) The date of each amendment's adoption;

1 (4) If the amendment was adopted by the incorporators or board of
2 directors without shareholder action, a statement to that effect and
3 that shareholder action was not required; and

4 (5) If shareholder action was required, a statement that the
5 amendment was duly approved by the shareholders in accordance with the
6 provisions of RCW 32.32.490.

7 NEW SECTION. **Sec. 7.** A new section is added to chapter 30.08 RCW
8 to read as follows:

9 Before any stock savings bank is authorized to do business, and
10 within ninety days after approval of the articles of incorporation or
11 such other time as the director may allow, it shall furnish proof
12 satisfactory to the director that such corporation has a paid-in
13 capital in the amount determined by the director, that the requisite
14 surplus or reserve fund has been accumulated or paid in cash, and that
15 it has in good faith complied with all the requirements of law and
16 fulfilled all the conditions precedent to commencing business imposed
17 by this title. If so satisfied, and within thirty days after receipt
18 of such proof, the director shall issue under his or her hand and
19 official seal, in triplicate, a certificate of authority for such
20 corporation. The certificate shall state that the named corporation
21 has complied with the requirements of law and that it is authorized to
22 transact the business of a stock savings bank. However, the director
23 may make his or her issuance of the certificate to a stock savings bank
24 authorized to accept deposits, conditional upon the granting of deposit
25 insurance by the federal deposit insurance corporation, and in such
26 event, shall set out such condition in a written notice which shall be
27 delivered to the corporation.

28 One of the triplicate certificates shall be transmitted by the
29 director to the corporation and one of the other two shall be filed by
30 the director in the office of the secretary of state and shall be
31 attached to the articles of incorporation. However, if the issuance of
32 the certificate is made conditional upon the granting of deposit
33 insurance by the federal deposit insurance corporation, the director
34 shall not transmit or file the certificate until such condition is
35 satisfied.

36 NEW SECTION. **Sec. 8.** A new section is added to chapter 30.08 RCW
37 to read as follows:

1 Every corporation authorized by the laws of this state to do
2 business as a stock savings bank, which corporation shall have failed
3 to organize and commence business within six months after certificate
4 of authority to commence business has been issued by the director,
5 shall forfeit its rights and privileges as such corporation, which fact
6 the director shall certify to the secretary of state, and such
7 certificate of forfeiture shall be filed and recorded in the office of
8 the secretary of state in the same manner as the certificate of
9 authority. However, the director may, upon showing of cause
10 satisfactory to him or her, issue an order under his or her hand and
11 seal extending for not more than three months the time within which
12 such organization may be effected and business commenced, such order to
13 be transmitted to the office of the secretary of state and filed and
14 recorded.

15 NEW SECTION. **Sec. 9.** A new section is added to chapter 30.08 RCW
16 to read as follows:

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

1 original certificate of authority. Otherwise the determination of the
2 director shall be conclusive.

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

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

14 NEW SECTION. **Sec. 10.** A new section is added to chapter 30.08 RCW
15 to read as follows:

16 (1) Shares of a stock savings bank may, but need not be,
17 represented by certificates. Unless this title expressly provides
18 otherwise, the rights and obligations of shareholders are identical
19 whether or not their shares are represented by certificates. At a
20 minimum, each share certificate must state the information required to
21 be stated and must be signed as provided in RCW 23B.06.250 and/or
22 23B.06.270 for corporations.

23 (2) Unless the articles of incorporation or bylaws provide
24 otherwise, the board of directors of a stock savings bank may authorize
25 the issue of some or all of the shares of any or all of its classes or
26 series without certificates. The authorization does not affect shares
27 already represented by certificates until they are surrendered to the
28 stock savings bank.

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

33 **Sec. 11.** RCW 30.08.080 and 1994 c 92 s 49 are each amended to read
34 as follows:

35 At any time not less than one year prior to the expiration of the
36 time of the existence of any bank((~~7~~)) or trust company ((~~or mutual~~
37 ~~savings bank~~)), it may by written application to the director, signed

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

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

27 Should any bank((~~7~~)) or trust company ((~~or mutual savings bank~~))
28 fail to continue its existence in the manner herein provided and be not
29 previously dissolved, the director shall at the end of its original
30 term of existence immediately take possession thereof and wind up the
31 same in the same manner as in the case of insolvency.

32 **Sec. 12.** RCW 30.08.020 and 1995 c 134 s 3 are each amended to read
33 as follows:

34 Persons desiring to incorporate a bank or trust company shall file
35 with the director a notice of their intention to organize a bank or
36 trust company in such form and containing such information as the
37 director shall prescribe by rule, together with proposed articles of

1 incorporation, which shall be submitted for examination to the director
2 at his or her office ((in Olympia)).

3 The proposed articles of incorporation shall state:

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

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

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

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

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

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

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

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

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

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

36 **Sec. 13.** RCW 32.04.080 and 1994 c 256 s 95 and 1994 c 92 s 297 are
37 each reenacted and amended to read as follows:

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

10 **Sec. 14.** RCW 32.04.082 and 1957 c 80 s 7 are each amended to read
11 as follows:

12 With respect to pension payments or retirement or health insurance
13 benefits payable by a mutual savings bank to any employee heretofore or
14 hereafter retired, such bank may waive all or any part of any offsets
15 thereto attributable to social security benefits receivable by such
16 employee.

17 **Sec. 15.** RCW 32.04.085 and 1994 c 256 s 96 and 1994 c 92 s 298 are
18 each reenacted and amended to read as follows:

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

29 **Sec. 16.** RCW 32.08.140 and 1996 c 2 s 23 are each amended to read
30 as follows:

31 Every mutual savings bank incorporated under this title shall have,
32 subject to the restrictions and limitations contained in this title,
33 the following powers:

34 (1) To receive deposits of money, to invest the same in the
35 property and securities prescribed in this title, to declare dividends
36 in the manner prescribed in this title, and to exercise by its board of

1 trustees or duly authorized officers or agents, subject to law, all
2 such incidental powers as shall be necessary to carry on the business
3 of a savings bank.

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

9 (3) To purchase, hold and convey real property as prescribed in RCW
10 32.20.280.

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

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

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

34 The sale of securities or loans by a bank subject to an agreement
35 to repurchase the securities or loans shall not be considered a
36 borrowing. Borrowings from federal, state, or municipal governments or
37 agencies or instrumentalities thereof shall not be subject to the
38 limits of this subsection.

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

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

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

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

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

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

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

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

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

35 (16) To exercise the powers and authorities conferred by RCW
36 30.04.215(~~(, if upon a finding by the director that a determination~~
37 ~~made by a regulatory or judicial authority of competent jurisdiction~~
38 ~~will result in the imposition, on a transaction subject to RCW~~
39 ~~32.32.500, of the concentration limits specified in RCW 30.49.125(6),~~

1 notwithstanding the concentration limits specifically applied by RCW
2 32.32.500(3)).

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

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

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

9 **Sec. 17.** RCW 32.08.142 and 1996 c 2 s 24 are each amended to read
10 as follows:

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

19 The restrictions, limitations, and requirements applicable to
20 specific powers or authorities of federal mutual savings banks shall
21 apply to mutual savings banks exercising those powers or authorities
22 permitted under this section but only insofar as the restrictions,
23 limitations, and requirements relate to exercising the powers or
24 authorities granted mutual savings banks solely under this section.

25 **Sec. 18.** RCW 32.08.146 and 1996 c 2 s 25 are each amended to read
26 as follows:

27 A mutual savings bank may exercise the powers and authorities
28 granted, after ((June 6, 1996)) the effective date of this act, to
29 federal mutual savings banks or their successors under federal law,
30 only if the director finds that the exercise of such powers and
31 authorities:

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

34 (2) Maintains the fairness of competition and parity between state-
35 chartered savings banks and federal savings banks or their successors
36 under federal law.

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

3 The restrictions, limitations, and requirements applicable to
4 specific powers or authorities of federal mutual savings banks or their
5 successors under federal law shall apply to mutual savings banks
6 exercising those powers or authorities permitted under this section but
7 only insofar as the restrictions, limitations, and requirements relate
8 to exercising the powers or authorities granted mutual savings banks
9 solely under this section.

10 **Sec. 19.** RCW 32.12.020 and 1996 c 2 s 27 are each amended to read
11 as follows:

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

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

35 (2) ~~((Except as provided in subdivisions (3), (4), and (5) of this~~
36 ~~section))~~ The savings bank ~~((shall not))~~ may pay ~~((any))~~ dividend~~((7))~~
37 or interest, or repay a deposit~~((7))~~ or portion thereof, ~~((or))~~ upon
38 receipt of information in written, oral, visual, electronic, or other

1 form satisfactory to such bank, that the recipient is entitled to
2 receipt, and may pay any check drawn upon it by a depositor ((unless
3 the certificate of deposit is produced or bears a legend stating it may
4 be paid without production, or the passbook of the depositor is
5 produced and the proper entry is made therein, at the time of the
6 payment.

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

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

25 (5) ~~The issuance of a passbook or certificate of deposit may be~~
26 ~~omitted for any account if an adequate record thereof is maintained, in~~
27 ~~lieu of a passbook or certificate of deposit, on which shall be entered~~
28 ~~deposits, withdrawals, and interest credited: PROVIDED, That in any~~
29 ~~event a passbook shall be issued upon the request of any passbook~~
30 ~~account depositor)).~~

31 **Sec. 20.** RCW 32.12.090 and 1994 c 256 s 101 are each amended to
32 read as follows:

33 (1) Every savings bank shall regulate the rate of interest upon the
34 amounts to the credit of depositors therewith, in such manner that
35 depositors shall receive as nearly as may be all the earnings of the
36 bank after transferring the amount required by RCW 32.08.120 and such
37 further amounts as its trustees may deem it expedient and for the
38 security of the depositors to transfer to the guaranty fund, which to

1 the amount of ten percent of the amount due its depositors the trustees
2 shall gradually accumulate and hold. Such trustees may also deduct
3 from its net earnings, and carry as reserves for losses, or other
4 contingencies, or as undivided profits, such additional sums as they
5 may deem wise.

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

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

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

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

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

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

31 **Sec. 21.** RCW 32.16.040 and 1985 c 56 s 9 are each amended to read
32 as follows:

33 (~~((1))~~) A quorum at any regular or special or adjourned meeting of
34 the board of trustees shall consist of not less than five of whom the
35 chief executive officer shall be one, except when he or she is
36 prevented from attending by sickness or other unavoidable detention,
37 when he or she may be represented in forming a quorum by such other
38 officer as the board may designate; but less than a quorum shall have

1 power to adjourn from time to time until the next regular meeting.
2 However, a savings bank may adopt procedures which provide that, in the
3 event of a national emergency, any trustee may act on behalf of the
4 board to continue the operations of the savings bank. For purposes of
5 this subsection, a national emergency is an emergency declared by the
6 president of the United States or the person performing the president's
7 functions, or a war, or natural disaster.

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

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

21 **Sec. 22.** RCW 32.16.050 and 1985 c 56 s 10 are each amended to read
22 as follows:

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

26 (2) A trustee may receive, by affirmative vote of a majority of all
27 the trustees, reasonable compensation for (a) attendance at meetings of
28 the board of trustees; (b) service as an officer of the savings bank,
29 provided his or her duties as officer require and receive his or her
30 regular and faithful attendance at the savings bank; (c) service in
31 appraising real property for the savings bank; and (d) service as a
32 member of a committee of the board of trustees: PROVIDED, That a
33 trustee receiving compensation for service as an officer pursuant to
34 (b) shall not receive any additional compensation for service under
35 (a), (c), or (d).

36 (3) An attorney for a savings bank, although he or she is a trustee
37 thereof, may receive a reasonable compensation for his or her
38 professional services, including examinations and certificates of title

1 to real property on which mortgage loans are made by the savings bank;
2 or if the bank requires the borrowers to pay all expenses of searches,
3 examinations, and certificates of title, including the drawing,
4 perfecting, and recording of papers, such attorney may collect of the
5 borrower and retain for his or her own use the usual fees for such
6 services, excepting any commissions as broker or on account of placing
7 or accepting such mortgage loans.

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

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

20 **Sec. 23.** RCW 32.20.010 and 1977 ex.s. c 241 s 2 are each amended
21 to read as follows:

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

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

30 **Sec. 24.** RCW 32.20.020 and 1955 c 13 s 32.20.020 are each amended
31 to read as follows:

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

35 **Sec. 25.** RCW 32.20.330 and 1985 c 56 s 13 are each amended to read
36 as follows:

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

13 (1) Pursuant to this section, not more than two percent of ((said))
14 the bank's funds shall be invested in ((securities of any one such
15 corporation, pursuant to this section)) the aggregate of loans to and
16 preferred stock and obligations of any person, as defined in RCW
17 32.32.228(1)(c), and such person's affiliates, as defined in RCW
18 32.32.025(1), incorporating the definition of control in RCW
19 32.32.025(8).

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

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

25 NEW SECTION. Sec. 26. A new section is added to chapter 32.20 RCW
26 to read as follows:

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

30 **Sec. 27.** RCW 32.20.400 and 1981 c 86 s 7 are each amended to read
31 as follows:

32 A mutual savings bank may invest not to exceed twenty percent of
33 its funds pursuant to this section in loans for home or property
34 repairs, alterations, appliances, improvements, or additions, home
35 furnishings, for installation of underground utilities, for educational
36 purposes, or for nonbusiness family purposes: PROVIDED, That the

1 application therefor shall state that the proceeds are to be used for
2 one of the above purposes.

3 **Sec. 28.** RCW 32.20.445 and 1989 c 180 s 8 are each amended to read
4 as follows:

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

14 **Sec. 29.** RCW 32.32.500 and 1996 c 2 s 28 are each amended to read
15 as follows:

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

1 chartered under the laws of a nation other than the United States or of
2 a state, territory, province, or other jurisdiction of such nation, the
3 director of financial institutions, or (e) if the surviving institution
4 is to be a bank holding company, the Federal Reserve Board or its
5 successor under 12 U.S.C. Sec. 1842 (a) and (d).

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

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

15 **Sec. 30.** RCW 32.32.520 and 1981 c 85 s 103 are each amended to
16 read as follows:

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

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

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

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

35 (b) In the case of the conversion of a stock savings bank to a
36 federal stock savings bank, national bank or, within the meaning of
37 chapter 30.49 RCW, a resulting state bank, by the vote of a majority of

1 the stockholders present, in person or by proxy, at a regular or
2 special meeting of the stockholders called for such purpose;

3 (c) In the case of the conversion of a savings bank to a federal
4 credit union, federal savings bank, or national bank, in compliance
5 with the procedure, if any, prescribed by the laws of the United
6 States.

7 (2) Notice of the meeting, stating the purpose thereof, shall be
8 given the director at least thirty days prior to the meeting. If the
9 conversion is authorized by the trustees or stockholders at the
10 meeting, the trustees or stockholders are authorized and shall effect
11 such action, and the officers of the savings bank shall execute all
12 proper conveyances, documents, and other papers necessary or proper
13 thereunto. If conversion is authorized, a copy of the minutes of the
14 meeting shall be filed forthwith with the director.

15 (3) Upon consummation of the conversion, the successor credit
16 union, federal savings bank, national bank, or resulting state bank
17 shall succeed to all right, title, and interest of the mutual or stock
18 bank, respectively, in and to its assets and to its liabilities to the
19 creditors of the savings bank. Upon the conversion, after the
20 execution and delivery of all instruments of transfer, conveyance, and
21 assignment, the domestic savings bank shall be deemed dissolved.

22 (4) Every federal savings bank, the home office of which is located
23 in this state, and the savings accounts therein, have all the rights,
24 powers, and privileges and are entitled to the same immunities and
25 exemptions as pertain to savings banks organized under the laws of this
26 state.

27 **Sec. 32.** RCW 32.34.020 and 1994 c 92 s 407 are each amended to
28 read as follows:

29 (1) A federal savings bank, the home office of which is located in
30 this state, a national bank, the head office of which is located in
31 this state, or a state commercial bank incorporated under chapter 30.08
32 RCW or resulting under chapter 30.49 RCW may convert itself into a
33 domestic savings bank under this title upon approval by the director.
34 For any such conversion, the federal savings bank, national bank, or
35 state commercial bank shall proceed as provided in this chapter for the
36 conversion of a domestic savings bank into a federal savings bank,
37 national bank, or resulting bank under chapter 30.49 RCW. The
38 conversion shall be effected by the vote of a majority of the members

1 or stockholders present, in person or by proxy, at a regular or special
2 meeting of the members or stockholders called for such purpose.

3 (2) Upon consummation of the conversion, the successor domestic
4 savings bank shall succeed to all right, title, and interest of the
5 federal savings bank in and to its assets, and to its liabilities to
6 the creditors of such federal savings bank, national bank, or a state
7 bank.

8 NEW SECTION. Sec. 33. A new section is added to chapter 32.34 RCW
9 to read as follows:

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

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

24 **Sec. 34.** RCW 32.34.060 and 1994 c 256 s 116 are each amended to
25 read as follows:

26 (1) Any holder of shares of a savings bank shall be entitled to
27 receive the value of these shares, as specified in subsection (2) of
28 this section, if (a) the savings bank is voluntarily liquidating,
29 converting to a savings bank without capital stock, being acquired,
30 merging, or consolidating, (b) the shareholder voted, in person or by
31 proxy, against the liquidation, conversion, acquisition, merger, or
32 consolidation, at a meeting of shareholders called for the purpose of
33 voting on such transaction, and (c) the shareholder delivers a written
34 demand for payment, with the stock certificates, to the savings bank
35 within thirty days after such meeting of shareholders. The value of
36 shares shall be paid in cash, within ten days after the later of the

1 effective date of the transaction or the completion of the appraisal as
2 specified in subsection (2) of this section.

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

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

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

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

31 NEW SECTION. **Sec. 36.** If any provision of this act or its
32 application to any person or circumstance is held invalid, the
33 remainder of the act or the application of the provision to other
34 persons or circumstances is not affected.

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