
HOUSE BILL 1759

State of Washington

58th Legislature

2003 Regular Session

By Representatives Schual-Berke and Benson

Read first time 02/07/2003. Referred to Committee on Financial Institutions & Insurance.

1 AN ACT Relating to financial institution law parity; amending RCW
2 32.08.142, 32.08.146, and 32.32.500; reenacting and amending RCW
3 30.04.215; adding new sections to chapter 30.04 RCW; and adding new
4 sections to chapter 32.08 RCW.

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

6 NEW SECTION. **Sec. 1.** A new section is added to chapter 30.04 RCW
7 to read as follows:

8 Notwithstanding any other provisions of law, in addition to all
9 powers, express or implied, that a bank has under the laws of this
10 state, a bank shall have the powers and authorities conferred upon a
11 mutual savings bank under Title 32 RCW, only if:

12 (1) The bank notifies the director at least thirty days prior to
13 the exercise of such power or authority by the bank, unless the
14 director waives or modifies this requirement for notice as to the
15 exercise of a power, authority, or category of powers or authorities by
16 the bank;

17 (2) The director finds that the exercise of such powers and
18 authorities by the bank serves the convenience and advantage of
19 depositors, borrowers, or the general public; and

1 (3) The director finds that the exercise of such powers and
2 authorities by the bank maintains the fairness of competition and
3 parity between banks and mutual savings banks.

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

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

13 **Sec. 2.** RCW 30.04.215 and 1995 c 344 s 2 and 1995 c 134 s 2 are
14 each reenacted and amended to read as follows:

15 (1) Notwithstanding any other provisions of law, in addition to all
16 powers enumerated by this title, and those necessarily implied
17 therefrom, a bank may engage in other business activities that have
18 been determined by the board of governors of the federal reserve system
19 or by the United States Congress to be closely related to the business
20 of banking, as of (~~December 31, 1993~~) the effective date of this act.

21 (2) A bank that desires to perform an activity that is not
22 expressly authorized by subsection (1) of this section shall first
23 apply to the director for authorization to conduct such activity.
24 Within thirty days of the receipt of this application, the director
25 shall determine whether the activity is closely related to the business
26 of banking, whether the public convenience and advantage will be
27 promoted, whether the activity is apt to create an unsafe or unsound
28 practice by the bank and whether the applicant is capable of performing
29 such an activity. If the director finds the activity to be closely
30 related to the business of banking and the bank is otherwise qualified,
31 he or she shall (~~forthwith~~) immediately inform the applicant that the
32 activity is authorized. If the director determines that such activity
33 is not closely related to the business of banking or the bank is not
34 otherwise qualified, he or she shall (~~forthwith~~) immediately inform
35 the applicant in writing. The applicant shall have the right to appeal
36 from an unfavorable determination in accordance with the procedures of
37 the Administrative Procedure Act, chapter 34.05 RCW. In determining

1 whether a particular activity is closely related to the business of
2 banking, the director shall be guided by the rulings of the board of
3 governors of the federal reserve system and the comptroller of the
4 currency in making determinations in connection with the powers
5 exercisable by bank holding companies, and the activities performed by
6 other commercial banks or their holding companies.

7 (3) Notwithstanding any restrictions, limitations, and requirements
8 of law, in addition to all powers, express or implied, that a bank has
9 under the laws of this state, a bank shall have the powers and
10 authorities conferred as of August 31, 1994, or a subsequent date not
11 later than the effective date of this act, upon ~~((a))~~ a federally
12 chartered bank doing business in this state. A bank may exercise the
13 powers and authorities conferred on a federally chartered bank after
14 ~~((this date))~~ the effective date of this act, only if the director
15 finds that the exercise of such powers and authorities:

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

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

20 As used in this section, "powers and authorities" include without
21 limitation powers and authorities in corporate governance and
22 operational matters.

23 The restrictions, limitations, and requirements applicable to
24 specific powers or authorities of federally chartered banks shall apply
25 to banks exercising those powers or authorities permitted under this
26 subsection but only insofar as the restrictions, limitations, and
27 requirements relate to exercising the powers or authorities granted
28 banks solely under this subsection.

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

33 NEW SECTION. Sec. 3. A new section is added to chapter 30.04 RCW
34 to read as follows:

35 Notwithstanding any restrictions, limitations, requirements, or
36 other provisions of law, a financial institution, as defined in RCW
37 30.22.040(12), may charge, take, receive, or reserve interest, discount

1 or other points, finance charges, or other similar charges on any loan
2 or other extension of credit, at a rate or amount that is equal to, or
3 less than, the maximum rate or amount of interest, discount or other
4 points, finance charges, or other similar charges that national banks
5 located in any other state or states may charge, take, receive, or
6 reserve, under 12 U.S.C. Sec. 85, on loans or other extensions of
7 credit to residents of this state.

8 NEW SECTION. **Sec. 4.** A new section is added to chapter 32.08 RCW
9 to read as follows:

10 Notwithstanding any restrictions, limitations, and requirements of
11 law, in addition to all powers, express or implied, that a mutual
12 savings bank has under the laws of this state, a mutual savings bank
13 shall have the powers and authorities that national banks had on the
14 effective date of this act.

15 The restrictions, limitations, and requirements applicable to
16 specific powers or authorities of national banks apply to mutual
17 savings banks exercising those powers or authorities permitted under
18 this section but only insofar as the restrictions, limitations, and
19 requirements relate to exercising the powers or authorities granted
20 mutual savings banks solely under this section.

21 NEW SECTION. **Sec. 5.** A new section is added to chapter 32.08 RCW
22 to read as follows:

23 Notwithstanding any restrictions, limitations, and requirements of
24 law, in addition to all powers, express or implied, that a mutual
25 savings bank has under the laws of this state, a mutual savings bank
26 shall have the powers and authorities conferred upon a national bank
27 after the effective date of this act, only if the director finds that
28 the exercise of such powers and authorities:

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

31 (2) Maintains the fairness of competition and parity between mutual
32 savings banks and national banks.

33 As used in this section, "powers and authorities" include without
34 limitation powers and authorities in corporate governance and
35 operational matters.

1 The restrictions, limitations, and requirements applicable to
2 specific powers or authorities of national banks apply to mutual
3 savings banks exercising those powers or authorities permitted under
4 this section but only insofar as the restrictions, limitations, and
5 requirements relate to exercising the powers or authorities granted
6 mutual savings banks solely under this section.

7 NEW SECTION. **Sec. 6.** A new section is added to chapter 32.08 RCW
8 to read as follows:

9 Notwithstanding any restrictions, limitations, and requirements of
10 law, in addition to all powers, express or implied, that a mutual
11 savings bank has under this title, a mutual savings bank has the powers
12 and authorities that a bank has under Title 30. As used in this
13 section, "powers and authorities" include without limitation powers and
14 authorities in corporate governance matters.

15 The restrictions, limitations, and requirements applicable to
16 specific powers or authorities of banks apply to mutual savings banks
17 exercising those powers or authorities permitted under this section but
18 only insofar as the restrictions, limitations, and requirements relate
19 to exercising the powers or authorities granted mutual savings banks
20 solely under this section.

21 **Sec. 7.** RCW 32.08.142 and 1999 c 14 s 18 are each amended to read
22 as follows:

23 Notwithstanding any restrictions, limitations, and requirements of
24 law, in addition to all powers, express or implied, that a mutual
25 savings bank has under the laws of this state, a mutual savings bank
26 shall have the powers and authorities that ((a)) any federal mutual
27 savings bank had on July 28, 1985, or a subsequent date not later than
28 ((~~July 25, 1999~~)) the effective date of this act. As used in this
29 section, "powers and authorities" include without limitation powers and
30 authorities in corporate governance matters.

31 The restrictions, limitations, and requirements applicable to
32 specific powers or authorities of federal mutual savings banks shall
33 apply to mutual savings banks exercising those powers or authorities
34 permitted under this section but only insofar as the restrictions,
35 limitations, and requirements relate to exercising the powers or
36 authorities granted mutual savings banks solely under this section.

1 **Sec. 8.** RCW 32.08.146 and 1999 c 14 s 19 are each amended to read
2 as follows:

3 A mutual savings bank may exercise the powers and authorities
4 granted, after ~~((July 25, 1999))~~ the effective date of this act, to
5 federal mutual savings banks or their successors under federal law,
6 only if the director finds that the exercise of such powers and
7 authorities:

8 (1) Serves the convenience and advantage of depositors and
9 borrowers; and

10 (2) Maintains the fairness of competition and parity between state-
11 chartered savings banks and federal savings banks or their successors
12 under federal law.

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

15 The restrictions, limitations, and requirements applicable to
16 specific powers or authorities of federal mutual savings banks or their
17 successors under federal law shall apply to mutual savings banks
18 exercising those powers or authorities permitted under this section but
19 only insofar as the restrictions, limitations, and requirements relate
20 to exercising the powers or authorities granted mutual savings banks
21 solely under this section.

22 **Sec. 9.** RCW 32.32.500 and 1999 c 14 s 30 are each amended to read
23 as follows:

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

1 bank, savings and loan association, or other depository or financial
2 institution that is chartered under the laws of another state or
3 territory of the United States, the regulatory authority having
4 jurisdiction over that transaction under the applicable laws, or (d) if
5 the surviving institution is to be a bank, savings bank, savings and
6 loan association, or other depository or financial institution that is
7 chartered under the laws of a nation other than the United States or of
8 a state, territory, province, or other jurisdiction of such nation, the
9 director of financial institutions, or (e) if the surviving institution
10 is to be a bank holding company or financial holding company, the
11 Federal Reserve Board or its successor under 12 U.S.C. Sec. 1842 (a)
12 and (d).

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

16 (3) The concentration limits applicable to these transactions,
17 pursuant to 12 U.S.C. Sec. 1831u(b)(2)(C) with respect to interstate
18 transactions, shall be those imposed pursuant to 12 U.S.C. Sec.
19 1828(c)(5), as applied by the federal regulatory authority having
20 jurisdiction over that transaction under the applicable law, in lieu of
21 the concentration limits of 12 U.S.C. Sec. 1831u(b)(2)(B).

22 NEW SECTION. **Sec. 10.** If any provision of this act or its
23 application to any person or circumstance is held invalid, the
24 remainder of the act or the application of the provision to other
25 persons or circumstances is not affected.

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