
SENATE BILL 6716

State of Washington

59th Legislature

2006 Regular Session

By Senators Fairley, Brown, Eide and McAuliffe

Read first time 01/19/2006. Referred to Committee on Financial Institutions, Housing & Consumer Protection.

1 AN ACT Relating to investigating and assessing performance in
2 meeting community credit needs; and amending RCW 30.60.010 and
3 32.40.010.

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

5 **Sec. 1.** RCW 30.60.010 and 1994 c 92 s 157 are each amended to read
6 as follows:

7 (1) In conducting an examination of a bank chartered under Title 30
8 RCW, the director shall investigate and assess the record of
9 performance of the bank in meeting the credit needs of the bank's
10 entire community, including low and moderate-income neighborhoods. The
11 director (~~shall~~) may accept, in lieu of an investigation or part of
12 an investigation required by this section, any report or document that
13 the bank is required to prepare or file with one or more federal
14 agencies by the act of Congress entitled the "Community Reinvestment
15 Act of 1977" and the regulations promulgated in accordance with that
16 act, to the extent such reports or documents assist the director in
17 making an assessment based upon the factors outlined in subsection (2)
18 of this section.

1 (2) In making an investigation required under subsection (1) of
2 this section, the director shall consider, independent of any federal
3 determination, the following factors in assessing the bank's record of
4 performance:

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

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

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

16 (d) Any practices intended to discourage applications for types of
17 credit set forth in the institution's community reinvestment act
18 statement(s);

19 (e) The geographic distribution of the institution's credit
20 extensions, credit applications, and credit denials, and the geographic
21 distribution, availability, and use of automatic teller machines,
22 point-of-sale terminals, personal computer banking, debit cards or
23 similar electronic facilities or services and any training of customers
24 thereon at each branch of the banking institution, if the institution
25 offers such a service to any of its customers;

26 (f) Evidence of prohibited discriminatory or other illegal credit
27 practices;

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

30 (h) The institution's participation, including investments, in
31 local community and microenterprise development projects;

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

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

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

4 (l) The institution's participation in credit counseling services;
5 and

6 (m) Other factors that, in the judgment of the director, reasonably
7 bear upon the extent to which an institution is helping to meet the
8 credit needs of its entire community.

9 (3) The director may, in assessing the record of performance,
10 provide for public hearings. The director shall include as part of the
11 examination report, a summary of the results of the assessment required
12 under subsection (1) of this section and shall assign annually to each
13 bank a numerical community reinvestment rating based on a one through
14 five scoring system. Such numerical scores shall represent performance
15 assessments as follows:

- | | | |
|----|-------------------------------|---|
| 16 | (a) Excellent performance: | 1 |
| 17 | (b) Good performance: | 2 |
| 18 | (c) Satisfactory performance: | 3 |
| 19 | (d) Inadequate performance: | 4 |
| 20 | (e) Poor performance: | 5 |

21 **Sec. 2.** RCW 32.40.010 and 1994 c 92 s 410 are each amended to read
22 as follows:

23 (1) In conducting an examination of a savings bank chartered under
24 Title 32 RCW, the director shall investigate and assess the record of
25 performance of the savings bank in meeting the credit needs of the
26 savings bank's entire community, including low and moderate-income
27 neighborhoods. The director (~~shall~~) may accept, in lieu of an
28 investigation or part of an investigation required by this section, any
29 report or document that the savings bank is required to prepare or file
30 with one or more federal agencies by the act of Congress entitled the
31 "Community Reinvestment Act of 1977" and the regulations promulgated in
32 accordance with that act, to the extent such reports or documents
33 assist the director in making an assessment based upon the factors
34 outlined in subsection (2) of this section.

35 (2) In making an investigation required under subsection (1) of

1 this section, the director shall consider, independent of any federal
2 determination, the following factors in assessing the savings bank's
3 record of performance:

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

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

11 (c) The extent of participation by the institution's board of
12 directors or board of trustees in formulating the institution's
13 policies and reviewing its performance with respect to the purposes of
14 the Community Reinvestment Act of 1977;

15 (d) Any practices intended to discourage applications for types of
16 credit set forth in the institution's community reinvestment act
17 statement(s);

18 (e) The geographic distribution of the institution's credit
19 extensions, credit applications, and credit denials, and the geographic
20 distribution, availability, and use of automatic teller machines,
21 point-of-sale terminals, personal computer banking, debit cards or
22 similar electronic facilities or services and any training of customers
23 thereon at each branch of the banking institution, if the institution
24 offers such a service to any of its customers;

25 (f) Evidence of prohibited discriminatory or other illegal credit
26 practices;

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

29 (h) The institution's participation, including investments, in
30 local community and microenterprise development projects;

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

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

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

4 (l) The institution's participation in credit counseling services;
5 and

6 (m) Other factors that, in the judgment of the director, reasonably
7 bear upon the extent to which an institution is helping to meet the
8 credit needs of its entire community.

9 (3) The director may, in assessing the record of performance,
10 provide for public hearings. The director shall include as part of the
11 examination report, a summary of the results of the assessment required
12 under subsection (1) of this section and shall assign annually to each
13 savings bank a numerical community reinvestment rating based on a one
14 through five scoring system. Such numerical scores shall represent
15 performance assessments as follows:

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

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