
HOUSE BILL 2286

State of Washington 60th Legislature 2007 Regular Session

By Representatives Simpson, Kirby, Williams, Kelley and Hunt

Read first time 02/16/2007. Referred to Committee on Insurance,
Financial Services & Consumer Protection.

1 AN ACT Relating to interstate branching; and amending RCW
2 30.38.005, 30.38.010, 30.38.015, 32.04.020, and 32.04.030.

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

4 **Sec. 1.** RCW 30.38.005 and 2005 c 348 s 1 are each amended to read
5 as follows:

6 As used in this chapter, unless a different meaning is required by
7 the context, the following words and phrases have the following
8 meanings:

9 (1) "Bank" means any national bank, state bank, and district bank,
10 as those terms are defined in 12 U.S.C. Sec. 1813(a), and any savings
11 association, as defined in 12 U.S.C. Sec. 1813(b).

12 (2) "Bank holding company" has the meaning set forth in 12 U.S.C.
13 Sec. 1841(a)(1), and also means a savings and loan holding company, as
14 defined in 12 U.S.C. Sec. 1467a.

15 (3) "Bank supervisory agency" means:

16 (a) Any agency of another state with primary responsibility for
17 chartering and supervising banks; and

18 (b) The office of the comptroller of the currency, the federal

1 deposit insurance corporation, the board of governors of the federal
2 reserve system, and any successor to these agencies.

3 (4) "Control" shall be construed consistently with the provisions
4 of 12 U.S.C. Sec. 1841(a)(2).

5 (5) "Home state" means with respect to a:

- 6 (a) State bank, the state by which the bank is chartered; or
- 7 (b) Federally chartered bank, the state in which the main office of
8 the bank is located under federal law.

9 (6) "Home state regulator" means, with respect to an out-of-state
10 state bank, the bank supervisory agency of the state in which the bank
11 is chartered.

12 (7) "Host state" means a state, other than the home state of a
13 bank, in which the bank maintains, or seeks to establish and maintain
14 a branch.

15 (8) "Interstate combination" means the:

- 16 (a) Merger or consolidation of banks with different home states,
17 and the conversion of branches of any bank involved in the merger or
18 consolidation into branches of the resulting bank; or
- 19 (b) Purchase of all or substantially all of the assets, including
20 all or substantially all of the branches, of a bank whose home state is
21 different from the home state of the acquiring bank.

22 (9) "Out-of-state bank" means a bank whose home state is a state
23 other than Washington.

24 (10) "Out-of-state state bank" means a bank chartered under the
25 laws of any state other than Washington.

26 (11) "Resulting bank" means a bank that has resulted from an
27 interstate combination under this chapter.

28 (12) "State" means any state of the United States, the District of
29 Columbia, any territory of the United States, Puerto Rico, Guam,
30 American Samoa, the Trust Territory of the Pacific Islands, the Virgin
31 Islands, and the Northern Mariana Islands.

32 (13) "Washington bank" means a bank whose home state is Washington.

33 (14) "Washington state bank" means a bank organized under
34 Washington banking law.

35 (15) "Branch" means ~~((an office of a bank through which it receives
36 deposits, other than its principal office))~~ a place of business, other
37 than the principal office of a bank, operated by the bank or by an
38 affiliate of the bank, through which the bank receives deposits or

1 establishes an arrangement for the affiliate to place deposits or to
2 facilitate the placement of deposits of third parties with the bank.

3 Any of the functions or services authorized to be engaged in by a bank
4 may be carried out in an authorized branch office.

5 (16) "De novo branch" means a branch of a bank located in a host
6 state which:

7 (a) Is originally established by the bank as a branch; and

8 (b) Does not become a branch of the bank as a result of:

9 (i) The acquisition of another bank or a branch of another bank; or

10 (ii) A merger, consolidation, or conversion involving any such bank
11 or branch.

12 **Sec. 2.** RCW 30.38.010 and 2005 c 348 s 2 are each amended to read
13 as follows:

14 (1) An out-of-state bank may engage in banking in this state
15 without violating RCW 30.04.280 only if the conditions and filing
16 requirements of this chapter are met and the bank was lawfully engaged
17 in banking in this state on June 6, 1996, or the bank's in-state
18 banking activities:

19 (a) Resulted from an interstate combination pursuant to RCW
20 30.49.125 or 32.32.500, provided that if the resulting bank's branch is
21 to be located on the premises of an affiliate of the bank, the
22 affiliate engages only in activities that are considered to be
23 financial in nature pursuant to 12 U.S.C. Sec. 1843(k) or are permitted
24 for the affiliate under 12 U.S.C. Sec. 1467a(c)(9)(C);

25 (b) Resulted from a relocation of a head office of a state bank
26 pursuant to 12 U.S.C. Sec. 30 and RCW 30.04.215(3);

27 (c) Resulted from a relocation of a main office of a national bank
28 pursuant to 12 U.S.C. Sec. 30;

29 (d) Resulted from the establishment of a branch of a savings bank
30 in compliance with RCW 32.04.030(~~(+2)~~) (6); or

31 (e) Resulted from interstate branching under RCW 30.38.015.

32 Nothing in this section affects the authorities of alien banks as
33 defined by RCW 30.42.020 to engage in banking within this state.

34 (2) The director, consistent with 12 U.S.C. Sec. 1831u(b)(2)(D),
35 may approve an interstate combination if the standard on which the
36 approval is based does not discriminate against out-of-state banks,

1 out-of-state bank holding companies, or subsidiaries of those banks or
2 holding companies.

3 **Sec. 3.** RCW 30.38.015 and 2005 c 348 s 3 are each amended to read
4 as follows:

5 (1) An out-of-state bank that does not have a branch in Washington
6 may, under this chapter, establish and maintain:

- 7 (a) A de novo branch in this state; or
- 8 (b) A branch in this state through the acquisition of a branch.

9 (2) An out-of-state bank desiring to establish and maintain a de
10 novo branch or to acquire a branch in this state shall provide written
11 application of the proposed transaction to the director, accompanied by
12 the fee prescribed by the director, not later than three days after the
13 date of filing with the responsible federal bank supervisory agency for
14 approval to establish or acquire the branch.

15 (3) The director may not approve an application under subsection
16 (2) of this section unless it is found that:

17 (a) In the case of a de novo branch((7)):

18 (i) When the branch is to be located on the premises of an
19 affiliate of the bank, the affiliate engages only in activities that
20 are considered to be financial in nature pursuant to 12 U.S.C. Sec.
21 1843(k) or are permitted for the affiliate under 12 U.S.C. Sec.
22 1467a(c)(9)(C); and

23 (ii) The laws of the home state of the out-of-state bank permit
24 Washington banks to establish and maintain de novo branches in that
25 state under substantially the same, or at least as favorable, terms and
26 conditions as set forth in this chapter; or

27 (b) In the case of a branch established through the acquisition of
28 a branch, the laws of the home state of the out-of-state bank permit
29 Washington banks to establish and maintain branches in that state
30 through the acquisition of branches under terms and conditions that are
31 substantially the same, or at least as favorable, as set forth in this
32 chapter.

33 **Sec. 4.** RCW 32.04.020 and 1999 c 14 s 13 are each amended to read
34 as follows:

35 Unless the context clearly requires otherwise, the definitions in
36 this section apply throughout this title.

1 (1) The use of the term "savings bank" or "mutual savings bank"
2 refers to savings banks organized under chapter 32.08 or 32.35 RCW or
3 converted under chapter 32.32 or 33.44 RCW.

4 (2) The use of the words "mutual savings" as part of a name under
5 which business of any kind is or may be transacted by any person, firm,
6 or corporation, except such as were organized and in actual operation
7 on June 9, 1915, or as may be thereafter operated under the
8 requirements of this title is hereby prohibited.

9 (3) The use of the term "director" refers to the director of
10 financial institutions.

11 (4) The use of the word "branch" refers to an established office or
12 facility other than the principal office of the savings bank, operated
13 by the savings bank or an affiliate of the savings bank, at which
14 employees of the savings bank take deposits or there exists an
15 arrangement for the affiliate to place deposits or to facilitate the
16 placement of deposits of third parties with the savings bank. The term
17 "branch" does not refer to a machine permitting customers to leave
18 funds in storage or communicate with savings bank employees who are not
19 located at the site of that machine, unless employees of the savings
20 bank at the site of that machine take deposits on a regular basis. An
21 office of an entity other than the savings bank is not established by
22 the savings bank, regardless of any affiliation, accommodation
23 arrangement, or other relationship between the other entity and the
24 savings bank.

25 (5) "De novo branch" means a branch of a savings bank which:

26 (a) Is originally established by the savings bank as a branch; and

27 (b) Does not become a branch of the savings bank as a result of:

28 (i) The acquisition of another bank or a branch of another savings
29 bank; or

30 (ii) A merger, consolidation, or conversion involving any such
31 savings bank or branch.

32 **Sec. 5.** RCW 32.04.030 and 2005 c 348 s 4 are each amended to read
33 as follows:

34 (1) A savings bank may not, without the written approval of the
35 director, establish and operate branches in any place.

36 (2) A savings bank headquartered in this state desiring to

1 establish a branch shall file a written application with the director,
2 who shall approve or disapprove the application.

3 (3) The director's approval shall be conditioned on a finding that
4 the savings bank has a satisfactory record of compliance with
5 applicable laws and has a satisfactory financial condition. In making
6 such findings, the director may rely on an application in the form
7 filed with the federal deposit insurance corporation pursuant to 12
8 U.S.C. Sec. 1828(d). If the application for a branch is not approved,
9 the savings bank shall have the right to appeal in the same manner and
10 within the same time as provided by RCW 32.08.050 and 32.08.060. The
11 savings bank when delivering the application to the director shall
12 transmit to the director a check in an amount established by rule to
13 cover the expense of the investigation. A savings bank headquartered
14 in this state shall not move its headquarters or any branch more than
15 two miles from its existing location without prior approval of the
16 director. On or before the date on which it opens any office at which
17 it will transact business in any state, territory, province, or other
18 jurisdiction, a savings bank shall give written notice to the director
19 of the location of this office. No such notice shall become effective
20 until it has been delivered to the director.

21 (4) The board of trustees of a savings bank, after notice to the
22 director, may discontinue the operation of a branch. The savings bank
23 shall keep the director informed in the matter and shall notify the
24 director of the date operation of the branch is discontinued.

25 (5) A savings bank that is headquartered in this state and is
26 operating branches in another state, territory, province, or other
27 jurisdiction may provide copies of state examination reports and
28 reports of condition of the savings bank to the regulator having
29 oversight responsibility with regard to its operations in that other
30 jurisdiction, including the regulator of savings associations in the
31 event such a savings bank is transacting savings and loan business
32 pursuant to RCW 32.08.142 in that other jurisdiction.

33 (6) No savings bank headquartered in another state may establish,
34 or acquire pursuant to RCW 32.32.500, and operate branches as a savings
35 bank in any place within the state unless:

36 (a) The savings bank has filed with the director an agreement to
37 comply with the requirements of RCW 30.38.040 for periodic reports by
38 the savings bank or by the appropriate state superintendent or

1 equivalent regulator of the savings bank under the laws of the state in
2 which the savings bank is incorporated, unless the laws expressly
3 require the provision of all the reports to the director;

4 (b) The savings bank has filed with the director (i) a duly
5 executed instrument in writing, by its terms of indefinite duration and
6 irrevocable, appointing the director and his or her successors its true
7 and lawful attorney, upon whom all process in any action or proceeding
8 against it in a cause of action arising out of business transacted by
9 such savings bank in this state, may be served with the same force and
10 effect as if it were a domestic corporation and had been lawfully
11 served with process within the state, and (ii) a written certificate of
12 designation, which may be changed from time to time by the filing of a
13 new certificate of designation, specifying the name and address of the
14 officer, agent, or other person to whom such process shall be forwarded
15 by the director;

16 (c) The savings bank has supplied the director with such
17 information as he or she shall require by rule, not to exceed the
18 information on which the director may rely in approving a branch
19 application pursuant to this section by a savings bank headquartered in
20 this state; (~~and~~)

21 (d) The laws of the state in which the out-of-state savings bank is
22 chartered permit savings banks chartered under this title to establish
23 or acquire, and maintain branches in that state, under terms and
24 conditions that are substantially the same as, or at least as favorable
25 to, the terms and conditions for the chartering of savings banks and
26 acquisition and maintenance of branches under this title; and

27 (e) In the case of a de novo branch of a savings bank, if the
28 branch is to be located on the premises of an affiliate of the savings
29 bank, the affiliate must engage only in activities that are considered
30 to be financial in nature pursuant to 12 U.S.C. Sec. 1843(k) or are
31 permitted for the affiliate under 12 U.S.C. Sec. 1467a(c)(9)(C).

32 (7) A savings bank headquartered in another state may not establish
33 and operate branches as a foreign savings association in any place
34 within the state except upon compliance with chapter 33.32 RCW.

35 (8) Notwithstanding any provision of this title to the
36 contrary(~~(7)~~):

37 (a) If the resulting institution of an out-of-state depository
38 institution which is the result of an interstate combination pursuant

1 to RCW 30.49.125 or 32.32.500 branches into the state of Washington and
2 establishes or maintains a branch located on the premises of an
3 affiliate of the resulting institution, the affiliate may engage only
4 in activities that are considered to be financial in nature pursuant to
5 12 U.S.C. Sec. 1843(k) or are permitted for the affiliate under 12
6 U.S.C. Sec. 1467a(c)(9)(C); and

7 (b) An out-of-state depository institution may not branch in the
8 state of Washington, unless a Washington state bank, bank holding
9 company, savings bank, savings bank holding company, savings and loan
10 association, or savings and loan holding company is permitted to branch
11 in the state in which that out-of-state depository institution is
12 chartered or in which its principal office is located, under terms and
13 conditions that are substantially the same as, or at least as favorable
14 to entry as, the terms and conditions for branching of savings banks
15 under this title. As used in this subsection (8), "out-of-state
16 depository institution" means a bank as defined in RCW 30.38.005 or
17 ((bank)) the holding company((, or a converted mutual savings bank or
18 the holding company of a mutual savings)) of such a bank, which is
19 chartered in or whose principal office is located in another state((,
20 or a savings and loan association or the holding company of a savings
21 and loan association, which is chartered in another state)).

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