

# Title 32

## WASHINGTON SAVINGS BANK ACT

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**32.04.002 Short title.** This title may be known and cited as the Washington savings bank act. [2014 c 37 § 501.]

**Legislative declarations—Effective date—2014 c 37:** See RCW 30A.04.005 and 30A.04.902.

**32.04.010 Scope of title.** This title shall not be construed as amending or repealing any other law of the state authorizing the incorporation of banks or regulating the same, but shall be deemed to be additional legislation for the sole purpose of authorizing the incorporation and operation of mutual savings banks and mutual savings banks converted under chapter 32.32 RCW to stock form, as herein prescribed. Savings banks incorporated on the stock plan, other than converted mutual savings banks, and other stock banks having savings departments as authorized by \*RCW 30.20.060, or by any other law of the state heretofore or hereafter enacted, shall not be in any manner affected by the provisions of this title, or any amendment thereto. [1981 c 85 § 105; 1955 c 13 § 32.04.010. Prior: 1915 c 175 § 52; RRS § 3381.]

**\*Reviser's note:** RCW 30.20.060 was recodified as RCW 30A.20.060 pursuant to 2014 c 37 § 4, effective January 5, 2015.

**32.04.012 Limits on loans and extensions of credit.** Notwithstanding any other provisions of this title, a savings bank is subject to the same limits on loans and extensions of credit, and exceptions thereto, as set forth in \*RCW 30.04.111. [2013 c 76 § 23.]

**\*Reviser's note:** RCW 30.04.111 was recodified as RCW 30A.04.111 pursuant to 2014 c 37 § 4, effective January 5, 2015.

**32.04.015 Duty to comply—Violations—Penalty.** (1) Each savings bank and its directors, officers, employees, and agents, shall comply with:

(a) This title and chapter 11.100 RCW as applicable to each of them;

(b) The rules adopted by the department with respect to savings banks;

(c) Any lawful direction or order of the director;

(d) Any lawful supervisory agreement with the director; and

(e) The applicable statutes, rules, and regulations administered by the board of governors of the federal reserve system, the federal office of thrift supervision, and the federal deposit insurance corporation with respect to savings banks and holding companies.

(2) Each holding company, and its directors, officers, employees, and agents, shall comply with:

(a) The provisions of this title that are applicable to each of them;

(b) The rules of the department that are applicable with respect to holding companies;

(c) Any lawful direction or order of the director;

(d) Any lawful supervisory agreement with the director; and

(e) The applicable statutes, rules, and regulations administered by the board of governors of the federal reserve system or the federal office of thrift supervision, or applicable successor agency, with respect to holding companies, the violation of which would result in an unsafe and unsound practice or material violation of law with respect to the subsidiary savings bank of the holding company.

(3) The violation of any supervisory agreement, directive, order, statute, rule, or regulation referenced in this section, in addition to any other penalty provided in this title, shall, at the option of the director, subject the offender to a penalty of up to ten thousand dollars for each offense, payable upon issuance of any order or directive of the director, which may be recovered by the attorney general in a civil action in the name of the department. [2010 c 88 § 39.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**32.04.020 Definitions.** Unless the context clearly requires otherwise, the definitions in this section apply throughout this title.

(1) "Adequately capitalized," "critically undercapitalized," "significantly undercapitalized," "undercapitalized," and "well-capitalized," respectively, have meanings consistent with the definitions these same terms have under the prompt corrective action provisions of the federal deposit insurance act, 12 U.S.C. Sec. 1831o, or any successor federal statute, and applicable enabling rules of the federal deposit insurance corporation.

(2) "Bank holding company" means a bank holding company under authority of the federal bank holding company act.

(3) "Branch" means an established office or facility other than the principal office, at which employees of the savings bank take deposits. "Branch" does not mean a machine permitting customers to leave funds in storage or communicate with savings bank employees who are not located at the site of that machine, unless employees of the savings bank at the site of that machine take deposits on a regular basis. An office of an entity other than the savings bank is not established by the savings bank, regardless of any affiliation, accommoda-

tion arrangement, or other relationship between the other entity and the savings bank.

(4) "Department" means the Washington state department of financial institutions.

(5) "Director" means the director of the department.

(6) "Financial holding company" means a financial services holding company under the authority of the federal bank holding company act.

(7) "Holding company" means a bank holding company, financial holding company, or thrift holding company of a savings bank organized under chapter 32.08 RCW, converted from a mutual savings bank to a stock savings bank under chapter 32.32 RCW, or converted to a state savings bank under chapter 32.34 RCW.

(8) "Mutual savings" when used as part of a name under which business of any kind is or may be transacted by any person, firm, or corporation, except such as were organized and in actual operation on June 9, 1915, or as may be thereafter operated under the requirements of this title is hereby prohibited.

(9) "Savings bank" or "mutual savings bank" means savings banks organized under chapter 32.08 or 32.35 RCW or converted under chapter 32.32 or 33.44 RCW.

(10) "Thrift holding company" means a thrift institution holding company under authority of laws and rules administered by the federal office of thrift supervision, or its successor agency. [2010 c 88 § 38; 1999 c 14 § 13; 1997 c 101 § 5; 1996 c 2 § 20; 1994 c 92 § 293; 1985 c 56 § 1; 1981 c 85 § 106; 1955 c 13 § 32.04.020. Prior: 1915 c 175 § 49; RRS § 3378.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**32.04.022 "Mortgage" includes deed of trust.** The word "mortgage" as used in this title includes deed of trust. [1969 c 55 § 13.]

**32.04.025 Powers as to horizontal property regimes or condominiums.** The words "real estate" and "real property" as used in this title shall include apartments or other portions, however designated, of horizontal property regimes, or a condominium interest in property, as may be created under any laws now in existence or hereafter enacted. A mutual savings bank may do any act necessary or appropriate in connection with its interest in or ownership of any portion of a horizontal property regime or condominium. [1963 c 176 § 10.]

*Horizontal property regimes: Chapter 64.32 RCW.*

**32.04.030 Branches—Director's approval—Conditions—Definition.** (1) A savings bank may not, without the written approval of the director, establish and operate branches in any place.

(2) A savings bank headquartered in this state desiring to establish a branch shall file a written application with the director, who shall approve or disapprove the application.

(3) The director's approval shall be conditioned on a finding that the savings bank has a satisfactory record of compliance with applicable laws and has a satisfactory financial condition. In making such findings, the director may rely on an application in the form filed with the federal deposit insurance corporation pursuant to 12 U.S.C. Sec. 1828(d). If

the application for a branch is not approved, the savings bank shall have the right to appeal in the same manner and within the same time as provided by RCW 32.08.050 and 32.08.060. The savings bank when delivering the application to the director shall transmit to the director a check in an amount established by rule to cover the expense of the investigation. A savings bank headquartered in this state shall not move its headquarters or any branch more than two miles from its existing location without prior approval of the director. On or before the date on which it opens any office at which it will transact business in any state, territory, province, or other jurisdiction, a savings bank shall give written notice to the director of the location of this office. No such notice shall become effective until it has been delivered to the director.

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

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

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

(a) The savings bank has filed with the director an agreement to comply with the requirements of \*RCW 30.38.040 for periodic reports by the savings bank or by the appropriate state superintendent or equivalent regulator of the savings bank under the laws of the state in which the savings bank is incorporated, unless the laws expressly require the provision of all the reports to the director;

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

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

(d) The out-of-state savings bank would be permitted to establish or acquire and maintain branches in Washington state if it were chartered as a savings bank under this title. [2013 c 76 § 22; 2005 c 348 § 4; 1996 c 2 § 21. Prior: 1994 c

256 § 93; 1994 c 92 § 294; 1985 c 56 § 2; 1955 c 80 § 1; 1955 c 13 § 32.04.030; prior: 1933 c 143 § 1; 1925 ex.s. c 86 § 10; 1915 c 175 § 15; RRS § 3344.]

\*Reviser's note: RCW 30.38.040 was recodified as RCW 30A.38.040 pursuant to 2014 c 37 § 4, effective January 5, 2015.

Findings—Construction—1994 c 256: See RCW 43.320.007.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**32.04.035 Agency agreements—Written notice to director.** On or before the date on which a mutual savings bank enters into any agency agreement authorizing another entity, as agent of the mutual savings bank, to receive deposits or renew time deposits, the mutual savings bank shall give written notice to the director of the existence of the agency agreement. The notice is not effective until it has been delivered to the office of the director. [1996 c 2 § 22.]

**32.04.050 Reports.** A savings bank shall render to the director, in such form as he or she shall prescribe, at least three regular reports each year exhibiting its resources and liabilities as of such dates as the director shall designate, which shall be the dates designated by the comptroller of the currency of the United States for reports of national banking associations. Every such report, in a condensed form to be prescribed by the director, shall be published once in a newspaper of general circulation, published in the place where the bank is located. A savings bank shall also make such special reports as the director shall call for. A regular report shall be filed with the director within thirty days and proof of the publication thereof within forty days from the date of the issuance of the call for the report. A special report shall be filed within such time as the director shall indicate in the call therefor. A savings bank that fails to file within the prescribed time any report required by this section or proof of the publication of any report required to be published shall be subject to a penalty to the state of fifty dollars for each day's delay, recoverable by a civil action brought by the attorney general in the name of the state. [1994 c 92 § 296; 1977 ex.s. c 241 § 1; 1955 c 13 § 32.04.050. Prior: 1925 ex.s. c 86 § 13; 1915 c 175 § 39; RRS § 3368a.]

**32.04.070 Certified copies of records as evidence.** Copies from the records, books, and accounts of a savings bank and its holding company shall be competent evidence in all cases, equal with originals thereof, if there is annexed to such copies an affidavit taken before a notary public or clerk of a court under seal, stating that the affiant is the officer of the savings bank or holding company having charge of the original records, and that the copy is true and correct and is full so far as the same relates to the subject matter therein mentioned. [2010 c 88 § 40; 1955 c 13 § 32.04.070. Prior: 1915 c 175 § 47; RRS § 3376.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**32.04.080 Employees' pension, retirement, or health insurance benefits—Payment.** A mutual savings bank may provide for pensions or retirement benefits for its disabled or superannuated employees or health insurance benefits for its employees and may pay a part or all of the cost of providing such pensions or benefits in accordance with a plan adopted by its board of trustees or a board committee, none of whose

members is an officer of the bank. The board of trustees of a savings bank or such a committee of the board may set aside from current earnings reserves in such amounts as the board or the committee shall deem wise to provide for the payment of future pensions or benefits. [1999 c 14 § 14. Prior: 1994 c 256 § 95; 1994 c 92 § 297; 1955 c 80 § 2; 1955 c 13 § 32.04.080; prior: 1949 c 119 § 1; 1937 c 64 § 2; 1935 c 87 § 1; Rem. Supp. 1949 § 3366-1.]

**Findings—Construction—1994 c 256:** See RCW 43.320.007.

**32.04.082 Pension, retirement, or health insurance benefits—Waiver by bank of offsets attributable to social security.** With respect to pension payments or retirement or health insurance benefits payable by a mutual savings bank to any employee heretofore or hereafter retired, such bank may waive all or any part of any offsets thereto attributable to social security benefits receivable by such employee. [1999 c 14 § 15; 1957 c 80 § 7.]

**32.04.085 Pension, retirement, or health insurance benefits—Supplementation.** Any pension payment or retirement or health insurance benefits payable by a mutual savings bank to a former officer or employee, or to a person or persons entitled thereto by virtue of service performed by such officer or employee, in the discretion of a majority of all the trustees of such bank, may be supplemented from time to time. The board of trustees of a savings bank or a board committee, none of whose members is an officer of the bank, may set aside from current earnings, reserves in such amounts as the board or the committee shall deem appropriate to provide for the payments of future supplemental payments. [1999 c 14 § 16. Prior: 1994 c 256 § 96; 1994 c 92 § 298; 1971 ex.s. c 222 § 1.]

**Findings—Construction—1994 c 256:** See RCW 43.320.007.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**32.04.100 Penalty for falsification.** Every person who knowingly subscribes to or makes or causes to be made any false statement or false entry in the books of any savings bank or its holding company, or knowingly subscribes to or exhibits any false or fictitious security, document or paper, with the intent to deceive any person authorized to examine into the affairs of any savings bank or its holding company, or makes or publishes any false statement of the amount of the assets or liabilities of any such savings bank or its holding company is guilty of a class B felony punishable according to chapter 9A.20 RCW. [2010 c 88 § 41; 2003 c 53 § 194; 1955 c 13 § 32.04.100. Prior: 1931 c 132 § 11; RRS § 3379b.]

**Intent—Effective date—2003 c 53:** See notes following RCW 2.48.180.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**32.04.110 Penalty for concealing or destroying evidence.** Every board trustee or director, officer, employee, or agent of any savings bank or its holding company who for the purpose of concealing any fact suppresses any evidence against himself or herself, or against any other person, or who abstracts, removes, mutilates, destroys, or secretes any paper, book, or record of any savings bank or its holding company, or of the director, or anyone connected with his or her office is guilty of a class B felony punishable according to chapter

9A.20 RCW. [2010 c 88 § 42; 2003 c 53 § 195; 1994 c 92 § 299; 1955 c 13 § 32.04.110. Prior: 1931 c 132 § 12; RRS § 3379c.]

**Intent—Effective date—2003 c 53:** See notes following RCW 2.48.180.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**32.04.120 Specific penalties invoked.** The provisions of RCW 9.24.050, 9.24.040 and 9.24.030 shall apply to the corporations authorized under this title. [1955 c 13 § 32.04.120. Prior: 1915 c 175 § 50; RRS § 3379.]

**32.04.130 General penalty.** Any person who does anything forbidden by chapter 32.04, 32.08, 32.12, 32.16 or 32.24 RCW of this title for which a penalty is not provided in this title, or in some other law of the state, shall be guilty of a gross misdemeanor and be punished accordingly. [1955 c 13 § 32.04.130. Prior: 1915 c 175 § 51; RRS § 3380.]

**32.04.150 Cost of examination.** See RCW 30A.04.070.

**32.04.170 Conversion to mutual savings bank of savings and loan association.** See chapter 33.44 RCW.

**32.04.190 Bank stabilization act.** See chapter 30A.56 RCW.

**32.04.200 Capital notes or debentures.** See chapter 30A.36 RCW.

**32.04.210 Saturday closing authorized.** See RCW 30A.04.330.

**32.04.211 Examinations directed—Cooperative agreements and actions.** (1) The director, assistant director, or an examiner shall visit each savings bank at least once every eighteen months, and oftener if necessary, or as otherwise required by the rules and interpretations of applicable federal banking examination authorities, for the purpose of making a full investigation into the condition of such corporation, and for that purpose they are hereby empowered to administer oaths and to examine under oath any director, officer, employee, or agent of such corporation.

(2) The director may make such other full or partial examinations as deemed necessary and may examine any holding company that owns any portion of a savings bank chartered by the state of Washington and obtain reports of condition for any holding company that owns any portion of a savings bank chartered by the state of Washington.

(3) The director may visit and examine into the affairs of any nonpublicly held corporation in which the savings bank or its holding company has an investment or any publicly held corporation the capital stock of which is controlled by the savings bank or its holding company; may appraise and revalue such corporations' investments and securities; and shall have full access to all the books, records, papers, securities, correspondence, bank accounts, and other papers of such corporations for such purposes.

(4) Any willful false swearing in any examination is perjury in the second degree.

(5) The director may enter into cooperative and reciprocal agreements with the bank regulatory authorities of the United States, any state, the District of Columbia, or any trust territory of the United States for the periodic examination of domestic savings banks or holding companies owning banking institutions in other states, the District of Columbia, or trust territories, and subsidiaries of such domestic savings banks and holding companies, or of out-of-state holding companies owning a savings bank the principal operations of which are conducted in this state.

(6) The director may, in his or her discretion, accept in lieu of the examinations required in this section the examinations and reports conducted, as applicable, at the direction of the board of governors of the federal reserve system, the federal office of thrift supervision, the federal deposit insurance corporation, any successor federal thrift regulator or thrift holding company regulator, or other authorities, domestic, foreign, or alien.

(7) The director may enter into joint actions with other regulatory bodies having concurrent jurisdiction or may enter into such actions independently to carry out his or her responsibilities under this title and assure compliance with the laws of this state. [2010 c 88 § 43; 1994 c 92 § 300; 1989 c 180 § 4.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**32.04.220 Examination reports and other information—Confidential—Privileged—Penalty.** (1) All examination reports and all information obtained by the director and the director's staff in conducting examinations of savings banks, and information obtained by the director and the director's staff from other state or federal bank regulatory authorities with whom the director has entered into agreements pursuant to RCW 32.04.211, and information obtained by the director and the director's staff relating to examination and supervision of holding companies owning a savings bank in this state or subsidiaries of such holding companies, is confidential and privileged information and shall not be made public or otherwise disclosed to any person, firm, corporation, agency, association, governmental body, or other entity.

(2) Subsection (1) of this section notwithstanding, the director may furnish all or any part of examination reports, work papers, final orders, or other information obtained in the conduct of an examination or investigation prepared by the director's office to:

(a) Federal agencies empowered to examine savings banks;

(b) Bank regulatory authorities with whom the director has entered into agreements pursuant to RCW 32.04.211, and other bank regulatory authorities who are the primary regulatory authority or insurer of accounts for a holding company owning a savings bank the principal operations of which are conducted in this state or a subsidiary of such holding company; provided that the director shall first find that the reports of examination to be furnished shall receive protection from disclosure comparable to that accorded by this section;

(c) Officials empowered to investigate criminal charges subject to legal process, valid search warrant, or subpoena. If the director furnishes any examination report to officials empowered to investigate criminal charges, the director may only furnish that part of the report which is necessary and

pertinent to the investigation, and the director may do this only after notifying the affected savings bank and any customer of the savings bank who is named in that part of the report of the order to furnish the part of the examination report unless the officials requesting the report first obtain a waiver of the notice requirement from a court of competent jurisdiction for good cause;

(d) The examined savings bank or holding company thereof;

(e) The attorney general in his or her role as legal advisor to the director;

(f) Liquidating agents of a distressed savings bank;

(g) A person or organization officially connected with the savings bank as officer, director, attorney, auditor, or independent attorney or independent auditor;

(h) The Washington public deposit protection commission as provided by RCW 39.58.105;

(i) Organizations insuring or guaranteeing the shares of, or deposits in, the savings bank; or

(j) Other persons as the director may determine necessary to protect the public interest and confidence.

(3) All examination reports, work papers, final orders, and other information obtained in the conduct of an examination or investigation furnished under subsections (2) and (4) of this section shall remain the property of the department of financial institutions, and be confidential, and no person, agency, or authority to whom reports are furnished or any officer, director, or employee thereof shall disclose or make public any of the reports or any information contained therein except in published statistical material that does not disclose the affairs of any individual or corporation: PROVIDED, That nothing herein shall prevent the use in a criminal prosecution of reports furnished under subsection (2) of this section.

(4) The examination report made by the department of financial institutions is designed for use in the supervision of the savings bank, and the director may furnish a copy of the report to the savings bank examined. The report shall remain the property of the director and will be furnished to the savings bank solely for its confidential use. Under no circumstances shall the savings bank or any of its trustees, officers, or employees disclose or make public in any manner the report or any portion thereof, to any person or organization not connected with the savings bank as officer, director, employee, attorney, auditor, or candidate for executive office with the bank. The savings bank may also, after execution of an agreement not to disclose information in the report, disclose the report or relevant portions thereof to a party proposing to acquire or merge with the savings bank.

(5) Examination reports and information obtained by the director and the director's staff in conducting examinations, or from other state and federal bank regulatory authorities with whom the director has entered into agreements pursuant to RCW 32.04.211, or relating to examination and supervision of holding companies owning a savings bank the principal operations of which are conducted in this state or a subsidiary of such holding company, shall not be subject to public disclosure under chapter 42.56 RCW.

(6) In any civil action in which the reports are sought to be discovered or used as evidence, any party may, upon notice to the director, petition the court for an in camera

review of the report. The court may permit discovery and introduction of only those portions of the report which are relevant and otherwise unobtainable by the requesting party. This subsection shall not apply to an action brought or defended by the director.

(7) This section shall not apply to investigation reports prepared by the director and the director's staff concerning an application for a new savings bank or an application for a branch of a savings bank: PROVIDED, That the director may adopt rules making confidential portions of the reports if in the director's opinion the public disclosure of the portions of the report would impair the ability to obtain the information which the director considers necessary to fully evaluate the application.

(8) Notwithstanding any other provision of this section or other applicable law, a savings bank or holding company shall not be in violation of any provision of this section on account of its compliance with required reporting to the federal securities and exchange commission, including the disclosure of any order of the director.

(9) Every person who violates any provision of this section shall be guilty of a gross misdemeanor. [2010 c 88 § 44; 2005 c 274 § 258; 1994 c 92 § 301; 1989 c 180 § 5; 1977 ex.s. c 245 § 2.]

*Examination reports and information from financial institutions exempt: RCW 42.56.400.*

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**32.04.250 Notice of charges—Reasons for issuance—Grounds—Contents of notice—Hearing—Cease and desist orders.** (1) The director may issue and serve a notice of charges upon a savings bank when, in the opinion of the director:

(a) It has engaged in an unsafe and unsound practice in conducting or in relation to its business;

(b) It has violated any provision of RCW 32.04.015; or

(c) It is planning, attempting, or currently conducting any act prohibited in (a) or (b) of this subsection.

(2) The director may issue and serve a notice of charges upon a holding company when, in the opinion of the director:

(a) The holding company has committed a violation of RCW 32.04.015(2);

(b) The conduct of the holding company has resulted in an unsafe and unsound practice at the savings bank or a violation of any provision of RCW 32.04.015 by the savings bank; or

(c) The holding company is planning, attempting, or currently conducting any act prohibited in (a) or (b) of this subsection.

(3) The notice shall contain a statement of the facts constituting the alleged violation or violations or the practice or practices and shall fix a time and place at which a hearing will be held to determine whether an order to cease and desist should issue against the savings bank or holding company. The hearing shall be set not earlier than ten days or later than thirty days after service of the notice, unless a later date is set by the director at the request of the savings bank or holding company.

(4) Unless the savings bank or holding company shall appear at the hearing by a duly authorized representative, it shall be deemed to have consented to the issuance of the

cease and desist order. In the event of this consent or if upon the record made at the hearing the director finds that any violation or practice specified in the notice of charges has been established, the director may issue and serve upon the savings bank or holding company an order to cease and desist from the violation or practice. The order may require the savings bank or holding company, and its trustees, officers, employees, and agents, to cease and desist from the violation or practice and may require the savings bank or holding company to take affirmative action to correct the conditions resulting from the violation or practice.

(5) A cease and desist order shall become effective at the expiration of ten days after the service of the order upon the savings bank or holding company concerned, except that a cease and desist order issued upon consent shall become effective at the time specified in the order and shall remain effective as provided therein, unless it is stayed, modified, terminated, or set aside by action of the director or a reviewing court. [2010 c 88 § 45; 1994 c 92 § 302; 1979 c 46 § 1.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**32.04.260 Temporary cease and desist orders—Reasons for issuance.** (1) The director may also issue a temporary order requiring a savings bank or its holding company, or both, to cease and desist from any action or omission, as specified in RCW 32.04.250, or its continuation, which the director has determined:

(a) Constitutes an unsafe and unsound practice, or a material violation of RCW 32.04.015 affecting the savings bank;

(b) Has resulted in the savings bank being less than adequately capitalized; or

(c) Is likely to cause insolvency or substantial dissipation of assets or earnings of the savings bank, or to otherwise seriously prejudice the interests of the savings bank's depositors.

(2) The order is effective upon service on the savings bank or holding company, and remains effective unless set aside, limited, or suspended by the superior court in proceedings under RCW 32.04.270 pending the completion of the administrative proceedings under the notice and until such time as the director dismisses the charges specified in the notice or until the effective date of a cease and desist order issued against the savings bank or holding company under RCW 32.04.250. [2010 c 88 § 46; 1994 c 92 § 303; 1979 c 46 § 2.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**32.04.270 Temporary cease and desist order—Injunction to set aside, limit, or suspend temporary order.**

(1) Within ten days after a savings bank or holding company has been served with a temporary cease and desist order, the savings bank or holding company may apply to the superior court in the county of its principal place of business for an injunction setting aside, limiting, or suspending the order pending the completion of the administrative proceedings pursuant to the notice served under RCW 32.04.250.

(2) The superior court shall have jurisdiction to issue the injunction. [2010 c 88 § 47; 1979 c 46 § 3.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**32.04.280 Violation of temporary cease and desist order—Injunction to enforce order.** In the case of a violation or threatened violation of a temporary cease and desist order issued under RCW 32.04.260, the director may apply to the superior court of the county of the principal place of business of the mutual savings bank for an injunction to enforce the order. The court shall issue an injunction if it determines there has been a violation or threatened violation. [1994 c 92 § 304; 1979 c 46 § 4.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**32.04.290 Administrative hearing provided for in RCW 32.04.250 or 32.16.093—Procedure—Order—Judicial review.** (1) Any administrative hearing provided in RCW 32.04.250 or 32.16.093 must be conducted in accordance with chapter 34.05 RCW and held at the place designated by the director, and may be conducted by the department. The hearing shall be private unless the director determines that a public hearing is necessary to protect the public interest after fully considering the views of the party afforded the hearing.

(2) Within sixty days after the hearing, the director shall render a decision which shall include findings of fact upon which the decision is based and shall issue and serve upon each party to the proceeding an order or orders consistent with RCW 32.04.250 or 32.16.093, as the case may be.

(3) Unless a petition for review is timely filed in the superior court of the county of the principal place of business of the affected mutual savings bank under subsection (5) of this section, and until the record in the proceeding has been filed as provided therein, the director may at any time modify, terminate, or set aside any order upon such notice and in such manner as he or she shall deem proper. Upon filing the record, the director may modify, terminate, or set aside any order only with permission of the court.

(4) The judicial review provided in this section shall be exclusive for orders issued under RCW 32.04.250 and 32.16.093.

(5) Any party to the proceeding or any person required by an order, temporary order, or injunction issued under RCW 32.04.250, 32.04.260, 32.04.280, or 32.16.093 to refrain from any of the violations or practices stated therein may obtain a review of any order served under subsection (1) of this section other than one issued upon consent by filing in the superior court of the county of the principal place of business of the affected mutual savings bank within ten days after the date of service of the order a written petition praying that the order of the director be modified, terminated, or set aside. A copy of the petition shall be immediately served upon the director and the director shall then file in the court the record of the proceeding. The court shall have jurisdiction upon the filing of the petition, which jurisdiction shall become exclusive upon the filing of the record, to affirm, modify, terminate, or set aside in whole or in part the order of the director except that the director may modify, terminate, or set aside an order with the permission of the court. The judgment and decree of the court shall be final, except that it shall be subject to appellate review under the rules of court.

(6) The commencement of proceedings for judicial review under subsection (5) of this section shall not operate

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as a stay of any order issued by the director unless specifically ordered by the court.

(7) Service of any notice or order required to be served under RCW 32.04.250, 32.04.260, or 32.16.093, or under RCW 32.16.090, as now or hereafter amended, shall be accomplished in the same manner as required for the service of process in civil actions in superior courts of this state. [2010 c 88 § 48; 1994 c 92 § 305; 1979 c 46 § 5.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**32.04.300 Jurisdiction of courts as to cease and desist orders, orders to remove trustee, officer, or employee, etc.** The director may apply to the superior court of the county of the principal place of business of the mutual savings bank affected for the enforcement of any effective and outstanding order issued under RCW 32.04.250 or 32.16.093, and the court shall have jurisdiction to order compliance therewith.

No court shall have jurisdiction to affect by injunction or otherwise the issuance or enforcement of any such order, or to review, modify, suspend, terminate, or set aside any such order, except as provided in RCW 32.04.270, 32.04.280, and 32.04.290. [1994 c 92 § 306; 1979 c 46 § 6.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**32.04.310 Automated teller machines and night depositories security.** Chapter 19.174 RCW applies to automated teller machines and night depositories regulated under this title. [1993 c 324 § 12.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**32.04.320 Director—Powers under chapter 19.144 RCW.** The director or the director's designee may take such action as provided for in this title to enforce, investigate, or examine persons covered by chapter 19.144 RCW. [2008 c 108 § 18.]

**Findings—2008 c 108:** See RCW 19.144.005.

## Chapter 32.08 RCW ORGANIZATION AND POWERS

### Sections

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- 32.08.230 Restrictions and requirements by director.

*Federal bonds and notes as investment of collateral: Chapter 39.60 RCW.*

**32.08.010 Authority to organize—Incorporators—Certificate.** When authorized by the director, as hereinafter provided, not less than nine nor more than thirty persons may form a corporation to be known as a "mutual savings bank." Such persons must be citizens of the United States; at least four-fifths of them must be residents of this state, and at least two-thirds of them must be residents of the county where the bank is to be located and its business transacted. They shall subscribe an incorporation certificate in triplicate which shall specifically state:

- (1) The name by which the savings bank is to be known, which name shall include the words "mutual savings bank";
- (2) The place where the bank is to be located, and its business transacted, naming the city or town and county;
- (3) The name, occupation, residence, and post office address of each incorporator;
- (4) The sums which each incorporator will contribute in cash to the initial guaranty fund, and to the expense fund respectively, as provided in RCW 32.08.090 and 32.08.100;
- (5) Any provision the incorporators elect to so set forth which is permitted by RCW 23B.17.030;
- (6) Any other provision the incorporators elect to so set forth which is not inconsistent with this chapter;
- (7) A declaration that each incorporator will accept the responsibilities and faithfully discharge the duties of a trustee of the savings bank, and is free from all the disqualifications specified in RCW 32.16.010. [1994 c 256 § 97; 1994 c 92 § 307; 1955 c 13 § 32.08.010. Prior: 1915 c 175 § 1; 1905 c 129 § 2; RRS § 3313.]

**Reviser's note:** This section was amended by 1994 c 92 § 307 and by 1994 c 256 § 97, each without reference to the other. Both amendments are incorporated in the publication of this section pursuant to RCW 1.12.025(2). For rule of construction, see RCW 1.12.025(1).

**Findings—Construction—1994 c 256:** See RCW 43.320.007.

**32.08.020 Notice of intention.** At the time of executing the incorporation certificate, the proposed incorporators shall sign a notice of intention to organize the mutual savings bank, which shall specify their names, the name of the proposed corporation, and its location as set forth in the incorporation certificate. The original of such notice shall be filed in the office of the director within sixty days after the date of its execution, and a copy thereof shall be published at least once a week for four successive weeks in a newspaper designated by the director, the publication to be commenced within thirty days after such designation. At least fifteen days before

the incorporation certificate is submitted to the director for examination, as provided in RCW 32.08.030, a copy of such notice shall be served upon each savings bank doing business in the city or town named in the incorporation certificate, by mailing such copy (postage prepaid) to such bank. [1994 c 92 § 308; 1955 c 13 § 32.08.020. Prior: 1915 c 175 § 2; RRS § 3314.]

**32.08.025 Limited liability company—Organization or conversion—Approval of director—Conditions—Application of chapter 25.15 RCW—Definitions.** (1) Notwithstanding any other provision of this title, if the conditions of this section are met, a savings bank, or a holding company of a savings bank, may be organized as, or convert to, a limited liability company under the Washington limited liability company act, chapter 25.15 RCW. As used in this section, "savings bank" includes an applicant to become a savings bank or holding company of a savings bank, and "holding company" means a holding company of a savings bank.

(2)(a) Before a savings bank or holding company may organize as, or convert to, a limited liability company, the savings bank or holding company must obtain approval of the director.

(b)(i) To obtain approval under this section from the director, the savings bank or holding company must file a request for approval with the director at least ninety days before the day on which the savings bank or holding company becomes a limited liability company.

(ii) If the director does not disapprove the request for approval within ninety days from the day on which the director receives the request, the request is considered approved.

(iii) When taking action on a request for approval filed under this section, the director may:

- (A) Approve the request;
  - (B) Approve the request subject to terms and conditions the director considers necessary; or
  - (C) Disapprove the request.
- (3) To approve a request for approval, the director must find that the savings bank or holding company:

- (a) Will operate in a safe and sound manner; and
- (b) Has the following characteristics:
  - (i) The certificate of formation and limited liability company require or set forth that the duration of the limited liability company is perpetual;
  - (ii) The savings bank or holding company is not otherwise subject to automatic termination, dissolution, or suspension upon the happening of some event other than the passage of time;
  - (iii) The exclusive authority to manage the savings bank or holding company is vested in a board of managers or directors that:
    - (A) Is elected or appointed by the owners;
    - (B) Is not required to have owners of the savings bank or holding company included on the board;
    - (C) Possesses adequate independence and authority to supervise the operation of the savings bank or holding company; and
    - (D) Operates with substantially the same rights, powers, privileges, duties, and responsibilities as the board of directors of a corporation;



(iv) Neither state law, nor the savings bank's or holding company's operating agreement, bylaws, or other organizational documents provide that an owner of the savings bank or holding company is liable for the debts, liabilities, and obligations of the savings bank or holding company in excess of the amount of the owner's investment;

(v) Neither state law, nor the savings bank's or holding company's operating agreement, bylaws, or other organizational documents require the consent of any other owner of the savings bank or holding company in order for any owner to transfer an ownership interest in the savings bank or holding company, including voting rights;

(vi) The savings bank or holding company is able to obtain new investment funding if needed to maintain adequate capital;

(vii) The savings bank or holding company is able to comply with all legal and regulatory requirements for a federally insured depository bank, or holding company of a federally insured depository bank, under applicable federal and state law; and

(viii) A savings bank or holding company that is organized as a limited liability company shall maintain the characteristics listed in this subsection (3)(b) during such time as it is authorized to conduct business under this title as a limited liability company.

(4)(a) All rights, privileges, powers, duties, and obligations of a savings bank or holding company, that is organized as a limited liability company, and its members and managers are governed by the Washington limited liability company act, chapter 25.15 RCW, except:

(i) To the extent chapter 25.15 RCW is in conflict with federal law or regulation respecting the organization of a federally insured depository institution as a limited liability company, such federal law or regulation supersedes the conflicting provisions contained in chapter 25.15 RCW in relation to a savings bank or holding company organized as a limited liability company pursuant to this section; and

(ii) Without limitation, the following are inapplicable to a savings bank or holding company organized as a limited liability company:

(A) Permitting automatic dissolution or suspension of a limited liability company as set forth in RCW 25.15.265(1), pursuant to a statement of limited duration which, though impermissible under subsection (3)(b)(i) of this section, has been provided for in a certificate of formation;

(B) Permitting automatic dissolution or suspension of a limited liability company, pursuant to the limited liability company agreement, as set forth in RCW 25.15.265(2);

(C) Permitting dissolution of the limited liability company agreement based upon agreement of all the members, as set forth in RCW 25.15.265(3);

(D) Permitting dissociation of all the members of the limited liability company, as set forth in RCW 25.15.265(4); and

(E) Permitting automatic dissolution or suspension of a limited liability company, pursuant to operation of law, as otherwise set forth in chapter 25.15 RCW.

(b) Notwithstanding (a) of this subsection:

(i) For purposes of transferring a member's interests in the savings bank or holding company, a member's interest in

the savings bank or holding company is treated like a share of stock in a corporation; and

(ii) If a member's interest in the savings bank or holding company is transferred voluntarily or involuntarily to another person, the person who receives the member's interest obtains the member's entire rights associated with the member's interest in the savings bank or holding company including all economic rights and all voting rights.

(c) A savings bank or holding company may not by agreement or otherwise change the application of (a) of this subsection to the savings bank or holding company.

(5)(a) Notwithstanding any provision of chapter 25.15 RCW or this section to the contrary, all voting members remain liable and responsible as fiduciaries of a savings bank or holding company organized as a limited liability company, regardless of resignation, dissociation, or disqualification, to the same extent that directors of a savings bank or holding company organized as a corporation would be or remain liable or responsible to the department and applicable federal banking regulators; and

(b) If death, incapacity, or disqualification of all members of the limited liability company would result in a complete dissociation of all members, then the savings bank or holding company, or both, as applicable is deemed nonetheless to remain in existence for purposes of the department or an applicable federal regulator, or both, having standing under RCW 32.24.090 or applicable federal law, or both, to exercise the powers and authorities of a receiver for the savings bank or holding company.

(6) For the purposes of this section, and unless the context clearly requires otherwise, for the purpose of applying chapter 25.15 RCW to a savings bank or holding company organized as a limited liability company:

(a) "Articles of incorporation" includes a limited liability company's certificate of formation, as that term is used in RCW 25.15.006 and 25.15.071, and a limited liability company agreement as that term is used in RCW 25.15.006;

(b) "Board of directors" includes one or more persons who have, with respect to a savings bank or holding company described in subsection (1) of this section, authority that is substantially similar to that of a board of directors of a corporation;

(c) "Bylaws" includes a limited liability company agreement as that term is defined in RCW 25.15.006;

(d) "Corporation" includes a limited liability company organized under chapter 25.15 RCW;

(e) "Director" includes any of the following of a limited liability company:

(i) A manager;

(ii) A director; or

(iii) Other person who has, with respect to the savings bank or holding company described in subsection (1) of this section, authority substantially similar to that of a director of a corporation;

(f) "Dividend" includes distributions made by a limited liability company under RCW 25.15.211;

(g) "Incorporator" includes the person or persons executing the certificate of formation as provided in RCW 25.15.086;

(h) "Officer" includes any of the following of a savings bank or holding company:

(i) An officer; or

(ii) Other person who has, with respect to the savings bank or holding company, authority substantially similar to that of an officer of a corporation;

(i) "Security," "shares," or "stock" of a corporation includes a membership interest in a limited liability company and any certificate or other evidence of an ownership interest in a limited liability company; and

(j) "Stockholder" or "shareholder" includes an owner of an equity interest in a savings bank or holding company, including a member as defined in RCW 25.15.006 and 25.15.116. [2015 c 188 § 120; 2006 c 48 § 3.]

Effective date—2015 c 188: See RCW 25.15.903.

**32.08.030 Submission of certificate—Proof of service of notice.** After the lapse of at least twenty-eight days from the date of the first due publication of the notice of intention to incorporate, and within ten days after the date of the last publication thereof, the incorporation certificate executed in triplicate shall be submitted for examination to the director at his or her office in Olympia, with affidavits showing due publication and service of the notice of intention to organize prescribed in RCW 32.08.020. [1994 c 92 § 309; 1955 c 13 § 32.08.030. Prior: 1915 c 175 § 3; RRS § 3315.]

**32.08.040 Examination and action by director.** When any such certificate has been filed for examination the director shall thereupon ascertain from the best source of information at his or her command, and by such investigation as he or she may deem necessary, whether the character, responsibility, and general fitness of the person or persons named in such certificate are such as to command confidence and warrant belief that the business of the proposed bank will be honestly and efficiently conducted in accordance with the intent and purpose of this title, and whether the public convenience and advantage will be promoted by allowing such proposed bank to be incorporated and engage in business, and whether greater convenience and access to a savings bank would be afforded to any considerable number of depositors by opening a mutual savings bank in the place designated, whether the population in the neighborhood of such place, and in the surrounding country, affords a reasonable promise of adequate support for the proposed bank, and whether the contributions to the initial guaranty fund and expense fund have been paid in cash. After the director has satisfied himself or herself by such investigation whether it is expedient and desirable to permit such proposed bank to be incorporated and engage in business, he or she shall within sixty days after the date of the filing of the certificate for examination indorse upon each of the triplicates thereof over his or her official signature the word "approved" or the word "refused," with the date of such indorsement. In case of refusal he or she shall forthwith return one of the triplicates so indorsed to the proposed incorporators from whom the certificate was received. [1994 c 92 § 310; 1955 c 13 § 32.08.040. Prior: 1915 c 175 § 4, part; RRS § 3316, part.]

**32.08.050 Appeal from adverse decision.** From the director's refusal to issue a certificate of authorization, the applicants or a majority of them, may within thirty days from the date of the filing of the certificate of refusal with the sec-

retary of state, appeal to a board of appeal composed of the governor or the governor's designee, the attorney general and the director by filing in the office of the director a notice that they appeal to such board from his or her refusal. The procedure upon the appeal shall be such as the board may prescribe, and its determination shall be certified, filed, and recorded in the same manner as the director's, and shall be final. [1994 c 92 § 311; 1979 ex.s. c 57 § 6; 1955 c 13 § 32.08.050. Prior: 1915 c 175 § 4, part; RRS § 3316, part.]

**32.08.060 Procedure upon approval.** In case of approval, the director shall forthwith give notice thereof to the proposed incorporators, and file one of the duplicate certificates in his or her own office, and shall transmit the other to the secretary of state. Upon receipt from the proposed incorporators of the same fees as are required for filing and recording other incorporation certificates, the secretary of state shall file the certificate and record the same. Upon the filing of said incorporation certificate in duplicate approved as aforesaid in the offices of the director and the secretary of state, the persons named therein and their successors shall thereupon become and be a corporation, which corporation shall have the powers and be subject to the duties and obligations prescribed in this title and its corporate existence shall be perpetual, unless sooner terminated pursuant to law, but such corporation shall not receive deposits or engage in business until authorized so to do by the director as provided in RCW 32.08.070. [1994 c 92 § 312; 1981 c 302 § 26; 1957 c 80 § 1; 1955 c 13 § 32.08.060. Prior: 1915 c 175 § 4, part; RRS § 3316, part.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**32.08.061 Extension of period of existence—Procedure.** A mutual savings bank may amend its incorporation certificate to extend the period of its corporate existence for a further definite time or perpetually by a resolution adopted by a majority vote of its board of trustees. Duplicate copies of the resolution, subscribed and acknowledged by the president and secretary of such bank, shall be filed in the office of the director within thirty days after its adoption. If the director finds that the resolution conforms to law he or she shall, within sixty days after the date of the filing thereof, endorse upon each of the duplicates thereof, over his or her official signature, his or her approval and forthwith give notice thereof to the bank and shall file one of the certificates in his or her own office and shall transmit the other to the secretary of state. Upon receipt from the mutual savings bank of the same fees as are required of general corporations for filing corresponding instruments, the secretary of state shall file the resolution and record the same. Upon the filing of said resolution in duplicate, approved as aforesaid in the offices of the director and the secretary of state, the corporate existence of said bank shall continue for the period set forth in said resolution unless sooner terminated pursuant to law. [1994 c 92 § 313; 1981 c 302 § 27; 1963 c 176 § 1; 1957 c 80 § 8.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**32.08.070 Authorization certificate.** Before a mutual savings bank shall be authorized to do any business the director shall be satisfied that the corporation has in good faith complied with all the requirements of law and fulfilled all the

conditions precedent to commencing business imposed by this title. If satisfied that the corporation has in good faith complied with all the requirements of law, and fulfilled all the conditions precedent to commencing business imposed by this title, the director shall within six months after the date upon which the proposed organization certificate was filed with him or her for examination, but in no case after the expiration of that period, issue under his or her hand and official seal in triplicate an authorization certificate to such corporation. Such authorization certificate shall state that the corporation therein named has complied with all the requirements of law, that it is authorized to transact at the place designated in its certificate of incorporation, the business of a mutual savings bank. One of the triplicate authorization certificates shall be transmitted by the director to the corporation therein named, and the other two authorization certificates shall be filed by the director in the same public offices where the certificate of incorporation is filed, and shall be attached to said incorporation certificate. [1994 c 92 § 314; 1981 c 302 § 28; 1955 c 13 § 32.08.070. Prior: 1915 c 175 § 5; RRS § 3317.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**32.08.080 Conditions precedent to reception of deposits.** Before such corporation shall be authorized to receive deposits or transact business other than the completion of its organization, the director shall be satisfied that:

- (1) The incorporators have made the deposit of the initial guaranty fund required by this title;
- (2) The incorporators have made the deposit of the expense fund required by RCW 32.08.090 and if the director shall so require, have entered into the agreement or undertaking with him or her and have filed the same and the security thereto as prescribed in said section;
- (3) The corporation has transmitted to the director the name, residence, and post office address of each officer of the corporation;
- (4) Its certificate of incorporation in triplicate has been filed in the respective public offices designated in this title. [1994 c 92 § 315; 1955 c 13 § 32.08.080. Prior: 1915 c 175 § 6; RRS § 3318.]

**32.08.090 Expense fund—Agreement to contribute further—Security.** Before any mutual savings bank shall be authorized to do business, its incorporators shall create an expense fund from which the expense of organizing such bank and its operating expenses may be paid, until such time as its earnings are sufficient to pay its operating expenses in addition to such dividends as may be declared and credited to its depositors from its earnings. The incorporators shall deposit to the credit of such savings bank in cash as an expense fund the sum of five thousand dollars. They shall also enter into such an agreement or undertaking with the director as trustee for the depositors with the savings bank as he or she may require to make such further contributions in cash to the expense fund as may be necessary to pay its operating expenses until such time as it can pay them from its earnings, in addition to such dividends as may be declared and credited to its depositors. Such agreement or undertaking shall fix the maximum liability assumed thereby which shall be a reasonable amount approved by the director and the same shall be secured to his or her satisfaction, which secu-

ity in his or her discretion may be by a surety bond executed by a domestic or foreign corporation authorized to transact within this state the business of surety. The agreement or undertaking and security shall be filed in the office of the director. Such agreement or undertaking and such security need not be made or furnished unless the director shall require the same. The amounts contributed to the expense fund of said savings bank by the incorporators or trustees shall not constitute a liability of the savings bank except as hereinafter provided. [1994 c 92 § 316; 1955 c 13 § 32.08.090. Prior: 1915 c 175 § 8; RRS § 3320.]

**32.08.100 Guaranty fund.** Before any mutual savings bank shall be authorized to do business, its incorporators shall create a guaranty fund for the protection of its depositors against loss on its investments, whether arising from depreciation in the market value of its securities or otherwise:

- (1) Such guaranty fund shall consist of payments in cash made by the original incorporators and of all sums credited thereto from the earnings of the savings bank as hereinafter required.
- (2) The incorporators shall deposit to the credit of such savings bank in cash as an initial guaranty fund at least five thousand dollars.
- (3) Prior to the liquidation of any such savings bank such guaranty fund shall not be in any manner encroached upon, except for losses and the repayment of contributions made by incorporators or trustees as hereinafter provided, until such fund together with undivided profits exceeds twenty-five percent of the amount due depositors.
- (4) The amounts contributed to such guaranty fund by the incorporators or trustees shall not constitute a liability of the savings bank, except as hereinafter provided, and any loss sustained by the savings bank in excess of that portion of the guaranty fund created from earnings may be charged against such contributions pro rata. [1955 c 13 § 32.08.100. Prior: 1915 c 175 § 7; RRS § 3319.]

**32.08.110 Guaranty fund—Purpose.** The contributions of the incorporators, or trustees of any such savings bank under the provisions of RCW 32.08.100, and the sums credited thereto from its net earnings under the provisions of RCW 32.08.120, shall constitute a guaranty fund for the security of its depositors, and shall be held to meet any contingency or loss in its business from depreciation of its securities or otherwise, and for no other purpose except as provided in RCW 32.08.130, and RCW 32.12.090(5). [1955 c 13 § 32.08.110. Prior: 1915 c 175 § 21; RRS § 3350.]

**32.08.115 Guaranty fund—Payment of interest and dividends—Legislative declaration.** It is hereby recognized that the savings banks of the state of Washington are affected adversely by the uncertainties and ambiguities in the law relating to guaranty funds. It is the express purpose of the legislature in enacting RCW 32.08.116 to clarify that the law permits payment of interest and dividends from the guaranty funds of savings banks and RCW 32.08.116 shall be liberally construed to that end. [1982 c 5 § 1.]

**32.08.116 Guaranty fund—Payment of interest and dividends—When authorized.** A savings bank not having

net earnings or undivided profits or other surplus may pay interest and dividends from its guaranty fund upon prior written approval of the director, which approval shall not be withheld unless the director has determined that such payments would place the savings bank in an unsafe and unsound condition. [1994 c 92 § 317; 1982 c 5 § 2.]

**32.08.120 Guaranty fund—Replenishment—Dividends.** (1) If at the close of any dividend period the guaranty fund of a savings bank is less than ten percent of the amount due to depositors, there shall be deducted from its net earnings and credited to its guaranty fund not less than five percent of its net earnings for such period.

(2) The balance of its net earnings for such dividend period, plus any earnings from prior accounting periods not previously disbursed and not reserved for losses or other contingencies or required to be maintained in the guaranty fund, shall be available for dividends.

While the trustees of such savings bank are paying its expenses or any portion thereof, the amounts to be credited to its guaranty fund shall be computed at the same percentage upon the total dividends credited to its depositors instead of upon its net earnings. If the guaranty fund accumulated from earnings equals or exceeds ten percent of the amount due to depositors, the minimum dividend shall be four percent, if the net earnings for such period are sufficient therefor. [1955 c 13 § 32.08.120. Prior: 1941 c 15 § 4; 1929 c 123 § 3; 1927 c 184 § 6; 1915 c 175 § 24; Rem. Supp. 1941 § 3353.]

**32.08.130 Reimbursement fund.** When the portion of the guaranty fund created from earnings amounts to not less than five thousand dollars (including in the case of a savings bank converted from a building and loan or savings and loan association or society the amount of the initial guaranty fund), the board of trustees, with the written consent of the director, may establish a reimbursement fund from which to repay contributors to the expense fund and the initial guaranty fund (excepting the initial guaranty fund in the case of a bank converted from a building and loan or savings and loan association or society), and may transfer to the reimbursement fund any unexpended balance of contributions to the expense fund. At the close of each dividend period the trustees may place to the credit of the reimbursement fund not more than one percent of the net earnings of the bank during that period. Payments from the reimbursement fund may be made from time to time in such amounts as the board of trustees shall determine, and shall be made first to the contributors to the expense fund in proportion to their contributions thereto until they shall have been repaid in full, and then shall be made to the contributors to the guaranty fund in proportion to their contributions thereto until they shall have been repaid in full. In case of the liquidation of the savings bank before the contributions to the expense fund and the initial guaranty fund have been fully repaid as above contemplated, any portion of the contributions not needed for the payment of the expenses of liquidation and the payment of depositors in full shall be paid to the contributors to the expense fund in proportion to their contributions thereto until they have been repaid in full, and then shall be paid to the contributors to the guaranty fund in proportion to their contributions thereto until they have been repaid in full. [1994 c 92 § 318; 1955 c

13 § 32.08.130. Prior: 1945 c 135 § 1; 1927 c 178 § 1; 1915 c 175 § 9; Rem. Supp. 1945 § 3321.]

**32.08.140 Powers of bank. (Contingent expiration date.)** Every savings bank incorporated under this title shall have, subject to the restrictions and limitations contained in this title, the following powers:

(1) To receive deposits of money, to invest the same in the property and securities prescribed in this title, to declare dividends in the manner prescribed in this title, and to exercise by its board of trustees or duly authorized officers or agents, subject to law, all such incidental powers as shall be necessary to carry on the business of a savings bank;

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

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

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

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

(6) Subject to such regulations and restrictions as the director finds to be necessary and proper, to borrow money in pursuance of a resolution, policy, or other governing document adopted by its board of trustees, for purposes other than that of repaying depositors and to pledge or hypothecate its assets as collateral for any such loans, provided that no amount shall at any time be borrowed by a savings bank pursuant to this subsection (6), if such amount, together with the amount then remaining unpaid upon prior borrowings by such savings bank pursuant to this subsection (6), exceeds thirty percent of the assets of the savings bank.

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

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

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

(9) To act as insurance agent for the purpose of writing fire insurance on property in which the bank has an insurable interest, the property to be located in the city in which the

bank is situated and in the immediate contiguous suburbs, notwithstanding anything in any other statute to the contrary;

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

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

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

(13) To wind up and liquidate its business in accordance with this title;

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

(15) To exercise the powers and authorities conferred by \*RCW 30.04.215;

(16) To exercise the powers and authorities that may be carried on by a subsidiary of the savings bank that has been determined to be a prudent investment pursuant to RCW 32.20.380;

(17) To do all other acts authorized by this title;

(18) To exercise the powers and authorities that may be exercised by an insured state bank in compliance with 12 U.S.C. Sec. 1831a. [2013 c 76 § 24; 1999 c 14 § 17; 1996 c 2 § 23; 1994 c 92 § 319; 1981 c 86 § 2; 1977 ex.s. c 104 § 1; 1963 c 176 § 2; 1957 c 80 § 2; 1955 c 13 § 32.08.140. Prior: 1927 c 184 § 1; 1925 ex.s. c 86 § 1; 1915 c 175 § 10; RRS § 3322.]

\*Reviser's note: RCW 30.04.215 was recodified as RCW 30A.04.215 pursuant to 2014 c 37 § 4, effective January 5, 2015.

Contingent expiration date—2013 c 76 §§ 9 and 24: See note following RCW 30A.08.140.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**32.08.140 Powers of bank. (Contingent effective date.)**

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

(1) To receive deposits of money, to invest the same in the property and securities prescribed in this title, to declare dividends in the manner prescribed in this title, and to exercise by its board of trustees or duly authorized officers or agents, subject to law, all such incidental powers as shall be necessary to carry on the business of a savings bank;

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

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

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

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

(6) Subject to such regulations and restrictions as the director finds to be necessary and proper, to borrow money in pursuance of a resolution, policy, or other governing document adopted by its board of trustees, for purposes other than that of repaying depositors and to pledge or hypothecate its assets as collateral for any such loans, provided that no amount shall at any time be borrowed by a savings bank pursuant to this subsection (6), if such amount, together with the amount then remaining unpaid upon prior borrowings by such savings bank pursuant to this subsection (6), exceeds thirty percent of the assets of the savings bank.

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

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

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

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

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

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

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

(13) To wind up and liquidate its business in accordance with this title;

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

(15) To exercise the powers and authorities conferred by \*RCW 30.04.215;

(16) To exercise the powers and authorities that may be carried on by a subsidiary of the savings bank that has been determined to be a prudent investment pursuant to RCW 32.20.380;

(17) To do all other acts authorized by this title;

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

(19) To conduct a promotional contest of chance as authorized in RCW 9.46.0356(l)(b), as long as the conditions of RCW 9.46.0356(5) and \*30.22.260 are complied with to the satisfaction of the director. [2013 c 76 § 25; 2011 c 303 § 8; 1999 c 14 § 17; 1996 c 2 § 23; 1994 c 92 § 319; 1981 c 86 § 2; 1977 ex.s. c 104 § 1; 1963 c 176 § 2; 1957 c 80 § 2; 1955 c 13 § 32.08.140. Prior: 1927 c 184 § 1; 1925 ex.s. c 86 § 1; 1915 c 175 § 10; RRS § 3322.]

\*Reviser's note: RCW 30.04.215 and 30.22.260 were recodified as RCW 30A.04.215 and 30A.22.260, respectively, pursuant to 2014 c 37 § 4, effective January 5, 2015.

**Contingent effective date—2013 c 76 §§ 10 and 25; 2011 c 303 §§ 7 and 8:** See note following RCW 30A.08.140.

**Findings—Intent—2011 c 303:** See note following RCW 9.46.0356.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**32.08.142 Additional powers of savings bank—Powers of federal mutual savings bank—Definition—Restrictions.** (1) Notwithstanding any restrictions, limitations, and requirements of law, in addition to all powers, express or implied, that a savings bank has under the laws of this state, a savings bank shall have the powers and authorities that any federal mutual savings bank had on July 28, 1985, or as of a subsequent date not later than July 28, 2013. As used in this section, "powers and authorities" include without limitation powers and authorities in corporate governance matters.

(2) A savings bank may exercise the powers and authorities granted, after July 28, 2013, to federal mutual savings banks or their successors under federal law only if the director finds that the exercise of such powers and authorities:

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

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

(3) Notwithstanding any other provision of law, a savings bank has the powers and authorities that an out-of-state savings bank or savings association operating a branch in Washington has if the director finds that the exercise of such powers and authorities serves the convenience and advantage of depositors and borrowers, or the general public, and maintains the fairness of competition and parity between savings banks and out-of-state savings banks and savings associations.

(4) For the purposes of this section, "powers and authorities" include without limitation powers and authorities in corporate governance matters.

(5) The restrictions, limitations, and requirements applicable to specific powers and authorities of federal mutual savings banks or out-of-state savings banks or savings associations, as applicable, shall apply to savings banks exercising those powers and authorities permitted under this section but only insofar as the restrictions, limitations, and requirements relate to exercising the powers and authorities granted savings banks solely under this section. [2013 c 76 § 26; 2003 c 24 § 7; 1999 c 14 § 18; 1996 c 2 § 24; 1994 c 256 § 98; 1985 c 56 § 3; 1981 c 86 § 10.]

**Findings—Construction—1994 c 256:** See RCW 43.320.007.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**32.08.145 Safe deposit companies.** See chapter 22.28 RCW.

**32.08.148 Operation of branch outside Washington—Powers and authorities.** In addition to all powers and authorities, express or implied, that a mutual savings bank has under the laws of this state, a mutual savings bank chartered under this title may exercise any powers and authorities at any branch outside Washington that are permissible for a savings bank operating in the jurisdiction where that branch is located, or for a bank, savings association, or similar financial institution operating in the jurisdiction if the laws of the jurisdiction do not provide for the operation of savings banks in the jurisdiction, except to the extent that the exercise of these powers and authorities is expressly prohibited or limited by the laws of this state or by any rule or order of the director applicable to the mutual savings bank. However, the director may waive any limitation in writing with respect to powers and authorities that the director determines do not threaten the safety or soundness of the mutual savings bank. [1996 c 2 § 26.]

**32.08.150 Certificates of deposit.** A mutual savings bank may issue savings certificates of deposit in such form and upon such terms as the bank may determine. [1981 c 86 § 3; 1979 c 51 § 1; 1975 c 15 § 1; 1969 c 55 § 1; 1959 c 41 § 1; 1959 c 14 § 1; 1957 c 80 § 3; 1955 c 13 § 32.08.150. Prior: 1915 c 175 § 13; RRS § 3342.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**32.08.153 Additional powers of savings bank—Powers and authorities of national banks on July 28, 1985, or a subsequent date not later than July 28, 2013—Definition—Restrictions.** (1) Notwithstanding any restrictions, limitations, and requirements of law, in addition to all powers, express or implied, that a savings bank has under the laws of this state, a savings bank shall have the powers and authorities that any national bank had on July 28, 1985, or as of any subsequent date not later than July 28, 2013.

(2) Notwithstanding any restrictions, limitations, and requirements of law, in addition to all powers, express or implied, that a savings bank has under the laws of this state, a savings bank has the powers and authorities conferred upon a national bank after July 28, 2013, only if the director finds that the exercise of such powers and authorities:

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

(b) Maintains the fairness of competition and parity between savings banks and national banks.

(3) For the purposes of this section, "powers and authorities" include without limitation powers and authorities in corporate governance and operational matters.

(4) The restrictions, limitations, and requirements applicable to specific powers and authorities of national banks apply to savings banks exercising those powers and authorities permitted under this section but only insofar as the restrictions, limitations, and requirements relate to exercising the powers or authorities granted savings banks solely under this section. The director may require such a savings bank to

provide notice prior to implementation of a plan to develop, improve, or continue holding an individual parcel of real estate, including capitalized and operating leases, acquired through any means in full or partial satisfaction of a debt previously contracted, under circumstances in which a national bank would be required to provide notice to the comptroller of the currency prior to implementation of such a plan. The director may adopt rules, orders, directives, standards, policies, memoranda, or other communications to specify guidance with regard to the exercise of the powers and authorities to expend such funds as are needed to enable such a savings bank to recover its total investment, to the fullest extent authorized for a national bank under the national bank act, 12 U.S.C. Sec. 29. [2013 c 76 § 27; 2010 c 88 § 49; 2003 c 24 § 4.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**32.08.157 Additional powers—Powers and authorities of banks.** Notwithstanding any restrictions, limitations, and requirements of law, in addition to all powers, express or implied, that a mutual savings bank has under this title, a mutual savings bank has the powers and authorities that a bank has under \*Title 30 RCW. As used in this section, "powers and authorities" include without limitation powers and authorities in corporate governance matters.

The restrictions, limitations, and requirements applicable to specific powers or authorities of banks apply to mutual savings banks exercising those powers or authorities permitted under this section but only insofar as the restrictions, limitations, and requirements relate to exercising the powers or authorities granted mutual savings banks solely under this section. [2003 c 24 § 6.]

\*Reviser's note: Title 30 RCW was recodified and/or repealed pursuant to 2014 c 37, effective January 5, 2015.

**32.08.160 Writing of fire insurance restricted.** When a savings bank is itself acting as an insurance agent, a trustee, officer, or employee of the bank shall not act as an insurance agent to write fire insurance on property in which the bank has an insurable interest, and no part of a room used by a savings bank in the transaction of its business shall be occupied or used by any person other than the bank in the writing of fire insurance. [1955 c 13 § 32.08.160. Prior: 1925 ex.s. c 86 § 7; RRS § 3342a.]

**32.08.170 Effect of failure to organize or commence business.** See RCW 30A.08.070.

**32.08.180 Extension of existence.** See RCW 30A.08.080.

**32.08.190 May borrow from home loan bank.** See RCW 30A.32.030.

**32.08.210 Power to act as trustee—Authorized trusts—Limitations—Application to act as trustee, fee—Approval or refusal of application—Right of appeal—Use of word "trust."** (1) A savings bank has the powers and authorities to engage in trust business that a state commercial bank authorized under RCW 30A.08.150 and subject also to

the requirements and conditions for engaging in trust business set forth in this section.

(2) A mutual savings bank shall have the power to act as trustee under:

(a) A trust established by an inter vivos trust agreement or under the will of a deceased person.

(b) A trust established in connection with any collective bargaining agreement or labor negotiation wherein the beneficiaries of the trust include the employees concerned under the agreement or negotiation, or a trust established in connection with any pension, profit sharing, or retirement benefit plan of any corporation, partnership, association, or individual, including but not limited to retirement plans established pursuant to the provisions of the act of congress entitled "Self-Employed Individuals Tax Retirement Act of 1962", as now constituted or hereafter amended, or plans established pursuant to the provisions of the act of congress entitled "Employee Retirement Income Security Act of 1974", as now constituted or hereafter amended.

(3) A mutual savings bank may be appointed to and accept the appointment of personal representative of the last will and testament, or administrator with will annexed, of the estate of any deceased person and to be appointed and to act as guardian of the estate of minors, incompetent persons, and persons with a disability.

(4) The restrictions, limitations and requirements in Title 30A RCW shall apply to a mutual savings bank exercising the powers granted under this section insofar as the restrictions, limitations, and requirements relate to exercising the powers granted under this section. The incidental trust powers to act as agent in the management of trust property and the transaction of trust business in Title 30A RCW shall apply to a mutual savings bank exercising the powers granted under this section insofar as the incidental powers relate to exercising the powers granted under this section.

(5) Before engaging in trust business, a mutual savings bank shall apply to the director on such form as he or she shall determine and pay the same fee as required for a state bank to engage in trust business. In considering such application the director shall ascertain from the best source of information at his or her command and by such investigation as he or she may deem necessary whether the management and personnel of the mutual savings bank are such as to command confidence and warrant belief that the trust business will be adequately and efficiently conducted in accordance with law, whether the resources in the neighborhood of such place and in the surrounding country afford a reasonable promise of adequate support for the proposed trust business and whether the resources of the mutual savings bank are sufficient to support the conduct of such trust business, and that the mutual savings bank has and maintains, in addition to its guaranty fund, undivided profits against which the depositors have no prior claim in an amount not less than would be required of a state bank or trust company, which undivided profits shall be eligible for investment in the same manner as the guaranty fund of a mutual savings bank. Within sixty days after receipt of such application, the director shall either approve or refuse the same and forthwith return to the mutual savings bank a copy of the application upon which his or her decision has been endorsed. The director shall not be required to approve or refuse an application until thirty days after any appropriate

approval has been obtained from a federal regulatory agency. The applicant shall have the right to appeal from an unfavorable determination in accordance with the procedures of the administrative procedure act, chapter 34.05 RCW, as now or hereafter amended. A mutual savings bank shall not use the word "trust" in its name, but may use the word "trust" in its business or advertising. [2014 c 37 § 502; 1994 c 92 § 320; 1975 1st ex.s. c 265 § 1; 1969 c 55 § 12.]

**Legislative declarations—Effective date—2014 c 37:** See RCW 30A.04.005 and 30A.04.902.

**32.08.215 Power to act as trustee for common trust funds under multiple trust agreements—Conditions.** No mutual savings bank or wholly owned subsidiary thereof shall act as trustee for common trust funds established for the benefit of more than one beneficiary under more than one trust agreement, unless the savings bank or subsidiary trust company shall first give written notice to the director, at least sixty days prior to the creation of any such fund. [1994 c 92 § 321; 1985 c 56 § 4.]

**32.08.220 Findings—Purpose.** The legislature finds that [the] state of Washington needs investment of funds from out of state and from investors in the state of Washington to keep money for real estate and other forms of financing reasonably available for the needs of Washington citizens. Many innovations have taken place in the last several years to aid in the sale of loans or portions thereof to others including the sale of mortgage pass-through certificates, mortgage backed bonds, participation sales with varying rates, terms or priorities to various participants and the like. As the marketing of such investments continues, further innovations can be expected. It will benefit the state if mutual savings banks subject to the laws of this state have the broadest powers possible commensurate with their safety and soundness to take part in such activities. It is the purpose of RCW 32.08.225 and 32.08.230 to grant a broad power. [1981 c 86 § 11.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**32.08.225 Sale, purchase, etc., of interest rate exchange agreements, loans, or interests therein.** Any mutual savings bank may through any device sell, purchase, exchange, issue evidence of a sale or exchange of, or in any manner deal in any form of sale or exchange of interest rate exchange agreements, loans, or any interest therein including but not being limited to mortgage pass-through issues, mortgage backed bond issues, and loan participations and may purchase a subordinated portion thereof, issue letters of credit to insure against losses on a portion thereof, agree to repurchase all or a portion thereof, guarantee all or a portion of the payments thereof, and without any implied limitation by the foregoing or otherwise, do any and all things necessary or convenient to take part in or effectuate any such sales or exchanges by a mutual savings bank itself or by a subsidiary thereof. [1985 c 56 § 5; 1981 c 86 § 12.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**32.08.230 Restrictions and requirements by director.** Any mutual savings bank engaging in any activity contemplated in RCW 32.08.225, whereby it holds or purchases subordinated securities, issues letters of credit to secure a portion

of any sale or issue of loans sold or exchanged, or in any manner acts as a partial guarantor or insurer or repurchaser of any loans sold or exchanged, shall do so only in accordance with such reasonable restrictions and requirements as the director shall require and shall report and carry such transactions on its books and records in such manner as the director shall require. In establishing any requirements and restrictions hereunder, the director shall consider the effect the transaction and the reporting thereof will have on the safety and soundness of the mutual savings bank engaging in it. [1994 c 92 § 322; 1981 c 86 § 13.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

## Chapter 32.12 RCW

### DEPOSITS—EARNINGS—DIVIDENDS—INTEREST

#### Sections

- 32.12.010 Deposits by individuals governed by chapter 30.22 RCW—Other deposits which a savings bank may establish—Limitations.
- 32.12.020 Repayment of deposits and dividends.
- 32.12.025 Withdrawals by savings bank's drafts in accordance with depositor's instructions authorized.
- 32.12.050 Accounting—Entry of assets, real estate, securities, etc.
- 32.12.070 Computation of earnings.
- 32.12.080 Misleading advertisement of surplus or guaranty fund.
- 32.12.090 Interest—Rate—Notice of changed rate.
- 32.12.120 Adverse claim to a deposit to be accompanied by court order or bond—Exceptions.

#### Depositaries

*city:* Chapter 35.38 RCW.

*county:* Chapter 36.48 RCW.

*of state funds:* Chapter 43.85 RCW.

*Receiving deposits after insolvency prohibited:* State Constitution Art. 12 § 12; RCW 9.24.030.

*Uniform unclaimed property act:* Chapter 63.29 RCW.

**32.12.010 Deposits by individuals governed by chapter 30.22 RCW—Other deposits which a savings bank may establish—Limitations.** Deposits made by individuals in a mutual savings bank under this chapter are governed by \*chapter 30.22 RCW. In addition, other deposits which a savings bank may establish include but are not limited to the following:

- (1) Deposits in the name of, or on behalf of, a partnership or other form of multiple ownership enterprise.
- (2) Deposits in the name of a corporation, society, or unincorporated association.
- (3) Deposits maintained by a person, society, or corporation as administrator, executor, guardian, or trustee under a will or trust agreement.

Every such bank may limit the aggregate amount which an individual or any corporation or society may have to his or her or its credit to such sum as such bank may deem expedient to receive; and may in its discretion refuse to receive a deposit, or may at any time return all or any part of any deposits or require the withdrawal of any dividends or interest. Any account in excess of one hundred thousand dollars may only be accepted or held in accordance with such regulations as the director may establish. [1994 c 92 § 323; 1981 c 192 § 27; 1967 c 145 § 1; 1961 c 80 § 1; 1959 c 41 § 2; 1957 c 80 § 4; 1955 c 13 § 32.12.010. Prior: 1953 c 238 § 1; 1949 c 119 § 4; 1941 c 15 § 2; 1929 c 123 § 1; 1927 c 184 § 5; 1921



c 156 § 2; 1919 c 200 § 2; 1915 c 175 § 17; Rem. Supp. 1949 § 3346.]

\*Reviser's note: Chapter 30.22 RCW was recodified as chapter 30A.22 RCW pursuant to 2014 c 37 § 4, effective January 5, 2015.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

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

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

(2) The savings bank may pay dividend or interest, or repay a deposit or portion thereof, upon receipt of information in written, oral, visual, electronic, or other form satisfactory to such bank, that the recipient is entitled to receipt, and may pay any check drawn upon it by a depositor. [1999 c 14 § 20; 1996 c 2 § 27; 1994 c 92 § 324; 1985 c 56 § 6; 1983 c 3 § 53; 1981 c 192 § 28; 1974 ex.s. c 117 § 40; 1969 c 55 § 2; 1967 c 145 § 2; 1963 c 176 § 3; 1961 c 80 § 2; 1959 c 41 § 3; 1955 c 13 § 32.12.020. Prior: 1945 c 228 § 6; 1921 c 156 § 3; 1915 c 175 § 18; Rem. Supp. 1945 § 3347.]

\*Reviser's note: Chapter 30.22 RCW was recodified as chapter 30A.22 RCW pursuant to 2014 c 37 § 4, effective January 5, 2015.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**32.12.025 Withdrawals by savings bank's drafts in accordance with depositor's instructions authorized.** Subject to the provisions of RCW 32.12.020(1), a savings bank may, on instructions from a depositor, effect withdrawals from a savings account by the savings bank's drafts payable to parties and on terms as so instructed; to the extent of the subjection of accounts to such withdrawal instruction, such accounts may be specifically classified under RCW 32.12.090(2) and ineligible to receive interest or eligible only for limited interest. [1967 c 145 § 3.]

**32.12.050 Accounting—Entry of assets, real estate, securities, etc.** (1) No savings bank shall by any system of

accounting, or any device of bookkeeping, directly or indirectly, enter any of its assets upon its books in the name of any other individual, partnership, unincorporated association, or corporation, or under any title or designation that is not in accordance with the actual facts.

(2) The bonds, notes, mortgages, or other interest bearing obligations purchased or acquired by a savings bank, shall not be entered on its books at more than the actual cost thereof, and shall not thereafter be carried upon its books for a longer period than until the next declaration of dividends, or in any event for more than one year, at a valuation exceeding their present cost as determined by amortization, that is, by deducting from the cost of any such security purchased for a sum in excess of the amount payable thereon at maturity and charging to "profit and loss" a sufficient sum to bring it to par at maturity, or adding to the cost of any such security purchased at less than the amount payable thereon at maturity and crediting to "profit and loss" a sufficient sum to bring it to par at maturity.

(3) No such bank shall enter, or at any time carry on its books, the real estate and the building or buildings thereon used by it as its place of business at a valuation exceeding their actual cost to the bank.

(4) Every such bank shall conform its methods of keeping its books and records to such orders in respect thereof as shall have been made and promulgated by the director. Any officer, agent, or employee of any savings bank who refuses or neglects to obey any such order shall be punished as hereinafter provided.

(5) Real estate acquired by a savings bank, other than that acquired for use as a place of business, may be entered on the books of the bank at the actual cost thereof but shall not be carried beyond the current dividend period at an amount in excess of the amount of the debt in protection of which such real estate was acquired, plus the cost of any improvements thereto.

An appraisal shall be made by a qualified person of every such parcel of real estate within six months from the date of conveyance. If the value at which such real estate is carried on the books is in excess of the value found on appraisal the book value shall, at the end of the dividend period during which such appraisal was made, be reduced to an amount not in excess of such appraised value.

(6) No such bank shall enter or carry on its books any asset which has been disallowed by the director or the trustees of such bank, unless the director upon application by such savings bank has fixed a valuation at which such asset may be carried as permitted in subsection (7) of this section.

(7) Notwithstanding the provisions of this section, no savings bank may maintain its books and records or enter and carry on its books any asset or liability at any valuation contrary to any accounting rules promulgated or adopted by the federal deposit insurance corporation or the director or contrary to generally accepted accounting principles. [1994 c 256 § 100; 1994 c 92 § 325; 1985 c 56 § 7; 1983 c 44 § 1; 1955 c 13 § 32.12.050. Prior: 1941 c 15 § 1; 1915 c 175 § 16; Rem. Supp. 1941 § 3345.]

**Reviser's note:** This section was amended by 1994 c 92 § 325 and by 1994 c 256 § 100, each without reference to the other. Both amendments are incorporated in the publication of this section pursuant to RCW 1.12.025(2). For rule of construction, see RCW 1.12.025(1).

**Findings—Construction—1994 c 256:** See RCW 43.320.007.

**32.12.070 Computation of earnings.** (1) Gross current operating earnings. Every savings bank shall close its books, for the purpose of computing its net earnings, at the end of any period for which a dividend is to be paid, and in no event less frequently than semiannually. To determine the amount of gross earnings of a savings bank during any dividend period the following items may be included:

(a) All earnings actually received during such period, less interest accrued and uncollected included in the last previous calculation of earnings;

(b) Interest accrued and uncollected upon debts owing to it secured by authorized collateral, upon which there has been no default for more than one year, and upon corporate bonds, or other interest bearing obligations owned by it upon which there is no default;

(c) The sums added to the cost of securities purchased for less than par as a result of amortization;

(d) Any profits actually received during such period from the sale of securities, real estate or other property owned by it;

(e) Such other items as the director, in his or her discretion and upon his or her written consent, may permit to be included.

(2) Net current earnings. To determine the amount of its net earnings for each dividend period the following items shall be deducted from gross earnings:

(a) All expenses paid or incurred, both ordinary and extraordinary, in the transaction of its business, the collection of its debts and the management of its affairs, less expenses incurred and interest accrued upon its debts deducted at the last previous calculation of net earnings for dividend purposes;

(b) Interest paid or accrued and unpaid upon debts owing by it;

(c) The amounts deducted through amortization from the cost of bonds or other interest bearing obligations purchased above par in order to bring them to par at maturity;

(d) Contributions to any corporation or any community chest fund or foundation organized and operated exclusively for religious, charitable, scientific, literary or educational purposes, no part of the net earnings of which inures to the benefit of any private shareholder or individual and no substantial part of the activities of which is carrying on propaganda or otherwise attempting to influence legislation. The total contributions for any calendar year shall not exceed a sum equal to one-half of one percent of the net earnings of such savings bank for the preceding calendar year.

The balance thus obtained shall constitute the net earnings of the savings bank for such period.

(3) Earnings paid by a savings bank on deposits may be referred to as "dividends" or as "interest". [1994 c 92 § 327; 1955 c 80 § 3; 1955 c 13 § 32.12.070. Prior: 1953 c 238 § 2; 1941 c 15 § 3; 1915 c 175 § 23; Rem. Supp. 1941 § 3352.]

**32.12.080 Misleading advertisement of surplus or guaranty fund.** No savings bank shall put forth any sign or notice or publish or circulate any advertisement or advertising literature upon which or in which it is stated that such savings bank has a surplus or guaranty fund other than as deter-

mined in the manner prescribed by law. [1955 c 13 § 32.12.080. Prior: 1929 c 123 § 5; 1915 c 175 § 27; RRS § 3356.]

**32.12.090 Interest—Rate—Notice of changed rate.**

(1) Every savings bank shall regulate the rate of interest upon the amounts to the credit of depositors therewith, in such manner that depositors shall receive as nearly as may be all the earnings of the bank after transferring the amount required by RCW 32.08.120 and such further amounts as its trustees may deem it expedient and for the security of the depositors to transfer to the guaranty fund, which to the amount of ten percent of the amount due its depositors the trustees shall gradually accumulate and hold. Such trustees may also deduct from its net earnings, and carry as reserves for losses, or other contingencies, or as undivided profits, such additional sums as they may deem wise.

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

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

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

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

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

(6) A notice posted conspicuously in a savings bank of a change in the rate of interest shall be equivalent to a personal notice. [1999 c 14 § 21; 1994 c 256 § 101; 1983 c 44 § 2; 1977 ex.s. c 104 § 2; 1969 c 55 § 3; 1961 c 80 § 3; 1957 c 80 § 5; 1955 c 13 § 32.12.090. Prior: 1953 c 238 § 3; 1921 c 156 § 4; 1919 c 200 § 3; 1915 c 175 § 25; RRS § 3354.]

**Findings—Construction—1994 c 256:** See RCW 43.320.007.

**32.12.120 Adverse claim to a deposit to be accompanied by court order or bond—Exceptions.** Notice to any mutual savings bank doing business in this state of an adverse claim to a deposit standing on its books to the credit of any person shall not be effectual to cause said bank to recognize said adverse claimant unless said adverse claimant shall also either procure a restraining order, injunction, or other appropriate process against said bank from a court of competent jurisdiction in a cause therein instituted by him or her wherein the person to whose credit the deposit stands is made

a party and served with summons or shall execute to said bank, in form and with sureties acceptable to it, a bond, in an amount which is double either the amount of said deposit or said adverse claim, whichever is the lesser, indemnifying said bank from any and all liability, loss, damage, costs, and expenses, for and on account of the payment of such adverse claim or the dishonor of the check or other order of the person to whose credit the deposit stands on the books of said bank: PROVIDED, That this law shall not apply in any instance where the person to whose credit the deposit stands is a fiduciary for such adverse claimant, and the facts constituting such relationship as also the facts showing reasonable cause of belief on the part of said claimant that the said fiduciary is about to misappropriate said deposit, are made to appear by the affidavit of such claimant.

This section shall not apply to accounts subject to \*chapter 30.22 RCW. [2011 c 336 § 751; 1981 c 192 § 31; 1963 c 176 § 13. Cf. 1961 c 280 § 4; RCW 30.20.090.]

\*Reviser's note: Chapter 30.22 RCW was recodified as chapter 30A.22 RCW pursuant to 2014 c 37 § 4, effective January 5, 2015.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

## Chapter 32.16 RCW OFFICERS AND EMPLOYEES

### Sections

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**32.16.010 Board of trustees—Number—Qualifications.** (1) There shall be a board of trustees who shall have the entire management and control of the affairs of the savings bank. The persons named in the certificate of authorization shall be the first trustees. The board shall consist of not less than nine nor more than thirty members.

(2) A person shall not be a trustee of a savings bank, if he or she:

(a) Is not a resident of a state of the United States;

(b) Has been adjudicated a bankrupt or has taken the benefit of any insolvency law, or has made a general assignment for the benefit of creditors;

(c) Has suffered a judgment recovered against him or her for a sum of money to remain unsatisfied of record or unsecured on appeal for a period of more than three months;

(d) Is a trustee, officer, clerk, or other employee of any other savings bank.

(3) Nor shall a person be a trustee of a savings bank solely by reason of his or her holding public office. [2011 c 336 § 752; 1985 c 56 § 8; 1955 c 13 § 32.16.010. Prior: 1915 c 175 § 28; RRS § 3357.]

**32.16.012 Age requirements.** The bylaws of a savings bank may prescribe a maximum age beyond which no person shall be eligible for election to the board of trustees and may prescribe a mandatory retirement age of seventy-five years or less for trustees subject to the following limitations:

(1) No person shall be eligible for initial election as a trustee after December 31, 1969, who is seventy years of age or more; and

(2) No person shall continue to serve as a trustee after December 31, 1973, who is seventy-five years of age or more and the office of any such trustee shall become vacant on the last day of the month in which the trustee reaches his or her seventy-fifth birthday or December 31, 1973, whichever is the latest.

If a savings bank does not adopt a bylaw prescribing a mandatory retirement age for trustees prior to January 1, 1970, or does not maintain thereafter a bylaw prescribing a mandatory retirement age, the office of a trustee of such savings bank shall become vacant on the last day of the month in which such trustee reaches his or her seventieth birthday or on December 31, 1969, whichever is the latest. [2011 c 336 § 753; 1969 c 55 § 14.]

**32.16.020 Oath of trustees—Declaration of incumbency—Not applicable to directors of stock savings banks.** (1) Each trustee, whether named in the certificate of authorization or elected to fill a vacancy, shall, when such certificate of authorization has been issued, or when notified of such election, take an oath that he or she will, so far as it devolves on him or her, diligently and honestly administer the affairs of the savings bank, and will not knowingly violate, or willingly permit to be violated, any of the provisions of law applicable to such savings bank. Such oath shall be subscribed by the trustee making it and certified by the officer before whom it is taken, and shall be immediately transmitted to the director and filed and preserved in his or her office.

(2) Prior to the first day of March in each year, every trustee of every savings bank shall subscribe a declaration to the effect that he or she is, at the date thereof, a trustee of the savings bank, and that he or she has not resigned, become ineligible, or in any other manner vacated his or her office as such trustee. Such declaration shall be acknowledged in like manner as a deed to be entitled to record and shall be transmitted to the director and filed in his or her office prior to the tenth day of March in each year.

(3) This section does not apply to the directors of stock savings banks. [1994 c 256 § 102; 1994 c 92 § 328; 1955 c 13 § 32.16.020. Prior: 1915 c 175 § 29; RRS § 3358.]

**Reviser's note:** This section was amended by 1994 c 92 § 328 and by 1994 c 256 § 102, each without reference to the other. Both amendments are incorporated in the publication of this section pursuant to RCW 1.12.025(2). For rule of construction, see RCW 1.12.025(1).

**Findings—Construction—1994 c 256:** See RCW 43.320.007.

**32.16.030 Vacancies, when to be filled.** A vacancy in the board of trustees shall be filled by the board as soon as practicable, at a regular meeting thereof. [1955 c 13 § 32.16.030. Prior: 1915 c 175 § 36; RRS § 3365.]

**32.16.040 Quorum—Meetings.** A quorum at any regular or special or adjourned meeting of the board of trustees shall consist of not less than five of whom the chief executive officer shall be one, except when he or she is prevented from attending by sickness or other unavoidable detention, when he or she may be represented in forming a quorum by such other officer as the board may designate; but less than a quorum shall have power to adjourn from time to time until the next regular meeting. However, a savings bank may adopt procedures which provide that, in the event of a national emergency, any trustee may act on behalf of the board to continue the operations of the savings bank. For purposes of this subsection, a national emergency is an emergency declared by the president of the United States or the person performing the president's functions, or a war, or natural disaster.

Regular meetings of the board of trustees shall be held as established from time to time by the board, not less than six times during each year. [1999 c 14 § 22; 1985 c 56 § 9; 1969 c 55 § 4; 1955 c 13 § 32.16.040. Prior: 1915 c 175 § 31; RRS § 3360.]

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

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

(3) An attorney for a savings bank, although he or she is a trustee thereof, may receive a reasonable compensation for his or her professional services, including examinations and certificates of title to real property on which mortgage loans are made by the savings bank; or if the bank requires the borrowers to pay all expenses of searches, examinations, and certificates of title, including the drawing, perfecting, and recording of papers, such attorney may collect of the borrower and retain for his or her own use the usual fees for such services, excepting any commissions as broker or on account of placing or accepting such mortgage loans.

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

(5) If an officer or attorney of a savings bank receives, on any loan made by the bank, any commission which he or she is not authorized by this section to retain for his or her own use, he or she shall immediately pay the same over to the savings bank. [1999 c 14 § 23; 1985 c 56 § 10; 1957 c 80 § 6; 1955 c 13 § 32.16.050. Prior: 1915 c 175 § 32; RRS § 3361.]

**32.16.060 Change in number of trustees.** The board of trustees of every savings bank may, by resolution incorporated in its bylaws, increase or reduce the number of trustees named in the original charter or certificate of authorization.

(1) The number may be increased to a number designated in the resolution not exceeding thirty: PROVIDED, That reasons therefor are shown to the satisfaction of the director and his or her written consent thereto is first obtained.

(2) The number may be reduced to a number designated in the resolution but not less than nine. The reduction shall be effected by omissions to fill vacancies occurring in the board. [1994 c 92 § 329; 1955 c 13 § 32.16.060. Prior: 1915 c 175 § 33; RRS § 3362.]

**32.16.070 Restrictions on trustees.** (1) A trustee of a savings bank shall not, except to the extent permitted for a director of a federal mutual savings bank:

(a) Have any interest, direct or indirect, in the gains or profits of the savings bank, except to receive dividends (i) upon the amounts contributed by him or her to the guaranty fund and the expense fund of the savings bank as provided in RCW 32.08.090 and 32.08.100, and (ii) upon any deposit he or she may have in the bank, the same as any other depositor and under the same regulations and conditions.

(b) Become a member of the board of directors of a bank, trust company, or national banking association of which board enough other trustees of the savings bank are members to constitute with him a majority of the board of trustees.

(2) Neither a trustee nor an officer of a savings bank shall, except to the extent permitted for a director or officer of a federal mutual savings bank:

(a) For himself or herself or as agent or partner of another, directly or indirectly use any of the funds or deposits held by the savings bank, except to make such current and necessary payments as are authorized by the board of trustees.

(b) Receive directly or indirectly and retain for his or her own use any commission on or benefit from any loan made by the savings bank, or any pay or emolument for services rendered to any borrower from the savings bank in connection with such loan, except as authorized by RCW 32.16.050.

(c) Become an indorser, surety, or guarantor, or in any manner an obligor, for any loan made by the savings bank.

(d) For himself or herself or as agent or partner of another, directly or indirectly borrow any of the funds or deposits held by the savings bank, or become the owner of real property upon which the savings bank holds a mortgage. A loan to or a purchase by a corporation in which he or she is a stockholder to the amount of fifteen percent of the total outstanding stock, or in which he or she and other trustees of the savings bank hold stock to the amount of twenty-five percent of the total outstanding stock, shall be deemed a loan to or a purchase by such trustee within the meaning of this section,

except when the loan to or purchase by such corporation occurred without his or her knowledge or against his or her protest. A deposit in a bank shall not be deemed a loan within the meaning of this section. [1994 c 256 § 103; 1955 c 13 § 32.16.070. Prior: 1925 ex.s. c 86 § 12; 1915 c 175 § 34; RRS § 3363.]

**Findings—Construction—1994 c 256:** See RCW 43.320.007.

**32.16.080 Removal of trustees—Vacancies—Eligibility to reelection.** (1) Whenever, in the judgment of three-fourths of the trustees, the conduct and habits of a trustee of any savings bank are of such character as to be injurious to such bank, or he or she has been guilty of acts that are detrimental or hostile to the interests of the bank, he or she may be removed from office, at any regular meeting of the trustees, by the affirmative vote of three-fourths of the total number thereof: PROVIDED, That a written copy of the charges made against him or her has been served upon him or her personally at least two weeks before such meeting, that the vote of such trustees by ayes and noes is entered in the record of the minutes of such meeting, and that such removal receives the written approval of the director which shall be attached to the minutes of such meeting and form a part of the record.

(2) The office of a trustee of a savings bank shall immediately become vacant whenever he or she:

(a) Fails to comply with any of the provisions of RCW 32.16.020 relating to his or her official oath and declaration;

(b) Becomes disqualified for any of the reasons specified in RCW 32.16.010(2);

(c) Has failed to attend the regular meetings of the board of trustees, or to perform any of his or her duties as trustee, for a period of six successive months, unless excused by the board for such failure;

(d) Violates any of the provisions of RCW 32.16.070 imposing restrictions upon trustees and officers, except subsection (2)(c) thereof.

(3) A trustee who has forfeited or vacated his or her office shall not be eligible to reelection, except when the forfeiture or vacancy occurred solely by reason of his or her:

(a) Failure to comply with the provisions of RCW 32.16.020, relating to his or her official oath and declaration; or

(b) Neglect of his or her official duties as prescribed in subsection (2)(c) of this section; or

(c) Disqualification through becoming a nonresident, or becoming a trustee, officer, clerk or other employee of another savings bank, or becoming a director of a bank, trust company, or national banking association under the circumstances specified in RCW 32.16.070(1)(b) and such disqualification has been removed. [1994 c 92 § 330; 1955 c 13 § 32.16.080. Prior: 1915 c 175 § 35; RRS § 3364.]

**32.16.090 Removal of a board director, officer, or employee—Prohibition from participation in conduct of affairs—Grounds—Notice.** The director may issue and serve a board director, officer, or employee of a savings bank with written notice of intent to remove the person from office or employment or to prohibit the person from participating in the conduct of the affairs of the savings bank or any other depository institution, trust company, bank holding company,

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thrift holding company, or financial holding company doing business in this state whenever, in the opinion of the director:

(1)(a) Reasonable cause exists to believe the person has committed a material violation of law, an unsafe and unsound practice, or a violation or practice involving a breach of fiduciary duty, personal dishonesty, recklessness, or incompetence; and

(b) The bank, trust company, or holding company has suffered or is likely to suffer substantial financial loss or other damage; or

(c) The interests of depositors or trust beneficiaries could be seriously prejudiced by reason of the violation or practice.

(2) The director may issue and serve a board director, officer, or employee of a holding company of a savings bank with written notice of intent to remove the person from office or employment or to prohibit the person from participating in the conduct of the affairs of the holding company, its subsidiary bank, or any other depository institution, trust company, bank holding company, thrift holding company, or financial holding company doing business in this state whenever, in the opinion of the director:

(a) Reasonable cause exists to believe the person has committed a material violation of law, an unsafe and unsound practice, or a violation or practice involving a breach of fiduciary duty, personal dishonesty, recklessness, or incompetence; and

(b) The subsidiary savings bank has suffered or is likely to suffer substantial financial loss or other damage; or

(c) The interests of depositors or trust beneficiaries of the subsidiary savings bank could be seriously prejudiced by reason of the violation or practice. [2010 c 88 § 51; 1994 c 92 § 331; 1979 c 46 § 7; 1955 c 13 § 32.16.090. Prior: 1931 c 132 § 2; RRS § 3364a.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**32.16.0901 Written notice of charges under RCW 32.16.090.** The director may serve written notice of charges under RCW 32.16.090 to suspend a person from further participation in any manner in the conduct of the affairs of a savings bank or holding company, if the director determines that such an action is necessary for the protection of the savings bank or holding company, or the interests of the depositors. Any suspension notice issued by the director is effective upon service, and unless the superior court of the county of its principal place of business issues a stay of the order, remains in effect and enforceable until:

(1) The director dismisses the charges contained in the notice served to the person; or

(2) The effective date of a final order for removal of the person under RCW 32.16.093. [2010 c 88 § 52.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**32.16.093 Notice of intention to remove or prohibit participation in conduct of affairs—Hearing—Order of removal and/or prohibition.** (1) A notice of an intention to remove a board trustee or director, officer, or employee from office or to prohibit his or her participation in the conduct of the affairs of a savings bank or holding company shall contain a statement of the facts which constitute grounds therefor and shall fix a time and place at which a hearing will be held. The hearing shall be set not earlier than ten days or later than

thirty days after the date of service of the notice unless an earlier or later date is set by the director at the request of the board trustee or director, officer, or employee for good cause shown or at the request of the attorney general of the state.

(2) Unless the board trustee or director, officer, or employee appears at the hearing personally or by a duly authorized representative, the person shall be deemed to have consented to the issuance of an order of removal or prohibition or both. In the event of such consent or if upon the record made at the hearing the director finds that any of the grounds specified in the notice have been established, the director may issue such orders of removal from office or prohibition from participation in the conduct of the affairs of the savings bank or holding company as the director may consider appropriate.

(3) Any order under this section shall become effective at the expiration of ten days after service upon the savings bank or holding company and the trustee, director, officer, or employee concerned except that an order issued upon consent shall become effective at the time specified in the order.

An order shall remain effective except to the extent it is stayed, modified, terminated, or set aside by the director or a reviewing court. [2010 c 88 § 53; 1994 c 92 § 332; 1979 c 46 § 8.]

*Administrative hearings, procedure, orders, and judicial review: RCW 32.04.290.*

*Jurisdiction of courts as to orders to remove trustee, officer, or employee: RCW 32.04.300.*

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**32.16.095 Removal of one or more trustees or directors—Lack of quorum—Temporary trustees.** If at any time because of the removal of one or more trustees or directors under this chapter there shall be on the board of trustees or board of directors of a savings bank less than a quorum of trustees or directors, all powers and functions vested in, or exercisable by the board shall vest in, and be exercisable by the trustee or trustees or director or directors remaining, until such time as there is a quorum on the board of trustees or board of directors. If all of the trustees or directors of a savings bank are removed under this chapter, the director shall appoint persons to serve temporarily as trustees or directors until such time as their respective successors take office. [2010 c 88 § 54; 1994 c 92 § 333; 1979 c 46 § 9.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**32.16.097 Penalty for violation of order issued under RCW 32.16.093.** Any present or former trustee, board director, officer, or employee of a savings bank or holding company or any other person against whom there is outstanding an effective final order issued under RCW 32.16.093, which order has been served upon the person, and who, in violation of the order, (1) participates in any manner in the conduct of the affairs of the savings bank or holding company involved; or (2) directly or indirectly solicits or procures, transfers or attempts to transfer, or votes or attempts to vote any proxies, consents, or authorizations with respect to any voting rights in the savings bank or holding company; or (3) without the prior approval of the director, votes for a board trustee or director or serves or acts as a trustee, director, officer, employee, or agent of any savings bank or holding company,

shall be guilty of a gross misdemeanor, and, upon conviction, shall be punishable as prescribed under chapter 9A.20 RCW. [2010 c 88 § 55; 1994 c 92 § 334; 1979 c 46 § 10.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**32.16.100 Examination by trustees' committee—Report.** The trustees of every savings bank, by a committee of not less than three of their number, shall at least annually fully examine the records and affairs of such savings bank for the purpose of determining its financial condition. The trustees may employ such assistants as they deem necessary in making the examination. A report of each such examination shall be presented to the board of trustees at a regular meeting within thirty days after the completion of the same, and shall be filed in the records of the savings bank. [1994 c 256 § 104; 1955 c 13 § 32.16.100. Prior: 1941 c 15 § 5; 1915 c 175 § 38; Rem. Supp. 1941 § 3367.]

**Findings—Construction—1994 c 256:** See RCW 43.320.007.

**32.16.110 Officers.** The board of trustees shall elect from their number, or otherwise, a president and two vice presidents and such other officers as they may deem fit. [1955 c 13 § 32.16.110. Prior: 1915 c 175 § 30; RRS § 3359.]

**32.16.120 Fidelity bonds.** The trustees of every savings bank shall have power to require from the officers, clerks, and agents thereof such security for their fidelity and the faithful performance of their duties as the trustees deem necessary. Such security may be accepted from any company authorized to furnish fidelity bonds and doing business under the laws of this state, and the premiums therefor may be paid as a necessary expense of the savings bank. [1955 c 13 § 32.16.120. Prior: 1915 c 175 § 37; RRS § 3366.]

**32.16.130 Conversion of savings and loan association to mutual savings bank—Director may serve as trustee.** In the event a savings and loan association is converted to a mutual savings bank, any person, who at the time of such conversion was a director of the savings and loan association, may serve as a trustee of the mutual savings bank until he or she reaches the age of seventy-five years or until one year following the date of conversion of such savings and loan association, whichever is later. The bylaws of any mutual savings bank may modify this provision by requiring earlier retirement of any trustee affected hereby. [2011 c 336 § 754; 1971 ex.s. c 222 § 2.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**32.16.140 Violations—Trustees' or directors' liability.** If the trustees or directors of any savings bank or holding company shall knowingly violate, or knowingly permit any of the officers, agents, or employees of the savings bank or holding company to violate any of the provisions of this title or any lawful regulation or directive of the director, and if the trustees or directors are aware that such facts and circumstances constitute such violations, then each trustee or director who participated in or assented to the violation is personally and individually liable for all damages which the state or any insurer of the deposits of the savings bank sustains due to the violation. [2010 c 88 § 56; 1994 c 92 § 335; 1989 c 180 § 9.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

## Chapter 32.20 RCW INVESTMENTS

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*Federal bonds and notes as investment or collateral: Chapter 39.60 RCW.*

**32.20.010 Definitions.** The words "mutual savings bank" and "savings bank," whenever used in this chapter, (2022 Ed.)

shall mean a mutual savings bank organized and existing under the laws of the state of Washington.

The words "its funds," whenever used in this chapter, shall mean and include moneys deposited with or borrowed by a mutual savings bank, sums credited to the guaranty fund of a mutual savings bank, and the income derived from such deposits or fund, or both, and the principal balance of any outstanding capital notes, and capital debentures. [1999 c 14 § 24; 1977 ex.s. c 241 § 2; 1955 c 13 § 32.20.010. Prior: 1929 c 74 § 1; RRS § 3381-1.]

**32.20.020 Power to invest funds—Restrictions.** A mutual savings bank shall have the power to invest its funds in the manner set forth in chapter 32.08 RCW and in this chapter and not otherwise. [1999 c 14 § 25; 1955 c 13 § 32.20.020. Prior: 1929 c 74 § 2; RRS § 3381-2.]

**32.20.030 Bonds or obligations of United States and Canada.** A mutual savings bank may invest its funds in the bonds or obligations of the United States or the Dominion of Canada or those for which the faith of the United States or the Dominion of Canada is pledged to provide for the payment of the interest and principal, including bonds of the District of Columbia: PROVIDED, That in the case of bonds of the Dominion or those for which its faith is pledged the interest and principal is payable in the United States or with exchange to a city in the United States and in lawful money of the United States or its equivalent. [1955 c 13 § 32.20.030. Prior: 1937 c 95 § 1; 1929 c 74 § 3; 1925 ex.s. c 86 § 2; 1921 c 156 §§ 11, 11a; RRS § 3381-3.]

**32.20.035 Investment trusts or companies.** Except as may be limited by the director by rule, a mutual savings bank may invest its funds in obligations of the United States, as authorized by RCW 32.20.030, either directly or in the form of securities of, or other interests in, an open-end or closed-end management type investment company or investment trust registered under the federal investment company act of 1940, as now or hereafter amended, if both of the following conditions are met:

(1) The portfolio of the investment company or investment trust is limited to obligations of the United States and to repurchase agreements fully collateralized by such obligations; and

(2) The investment company or investment trust takes delivery of the collateral for any repurchase agreement either directly or through an authorized custodian. [1994 c 92 § 336; 1989 c 97 § 2.]

**32.20.040 Federally insured or secured loans, securities, etc.** A mutual savings bank may invest its funds:

(1) In such loans and advances of credit and purchases of obligations representing loans and advances of credit as are eligible for insurance by the Federal Housing Administrator, and may obtain such insurance.

(2) In such loans secured by mortgage on real property as the Federal Housing Administrator insures or makes a commitment to insure, and may obtain such insurance.

(3) In such other loans or contracts or advances of credit as are insured or guaranteed or which are covered by a repurchase agreement in whole or in part by the United States or

through any corporation, administrator, agency or instrumentality which is or hereafter may be created by the United States, and may obtain such insurance or guarantee.

(4) In capital stock, notes, bonds, debentures, or other such obligations of any national mortgage association.

(5) In such loans as are secured by contracts of the United States or any agency or department thereof assigned under the "Assignment of Claims Act of 1940," approved October 9, 1940, and acts amendatory thereof or supplementary thereto, and may participate with others in such loans.

(6) In notes or bonds secured by mortgages issued under sections 500 to 505, inclusive, of Title III of the Servicemen's Readjustment Act of 1944 (Public Law 346, 78th congress), and any amendments thereto, and the regulations, orders or rulings promulgated thereunder.

No law of this state prescribing the nature, amount, or form of security or requiring security or prescribing or limiting interest rates or prescribing or limiting the term, shall be deemed to apply to loans, contracts, advances of credit or purchases made pursuant to the foregoing subdivisions (1), (2), (3), (4), (5), and (6). [1963 c 176 § 5; 1955 c 13 § 32.20.040. Prior: 1945 c 228 § 1; 1941 c 15 § 6; 1939 c 33 § 1; 1935 c 10 § 1; 1929 c 74 § 3a; Rem. Supp. 1945 § 3381-3a.]

**32.20.045 Obligations of corporations created as federal agency or instrumentality.** A mutual savings bank may invest its funds in capital stock, notes, bonds, debentures, or other such obligations of any corporation which is or hereafter may be created by the United States as a governmental agency or instrumentality: PROVIDED, That the total amount a mutual savings bank may invest pursuant to this section shall not exceed fifteen percent of the funds of such savings bank: PROVIDED FURTHER, That the amounts heretofore or hereafter invested by a mutual savings bank pursuant to any law of this state other than this section, even if such investment might also be authorized under this section, shall not be limited by the provisions of this section and amounts so invested pursuant to any such other law of this state shall not be included in computing the maximum amount which may be invested pursuant to this section. [1967 c 145 § 4; 1957 c 80 § 10.]

**32.20.047 Stock of small business investment companies regulated by United States.** A savings bank may purchase and hold for its own investment account stock in small business investment companies licensed and regulated by the United States, as authorized by the Small Business Act, Public Law 85-536, 72 Statutes at Large 384, in an amount not to exceed one percent of the guaranty fund of such mutual savings bank. [1959 c 185 § 2.]

**32.20.050 Bonds of state of Washington and its agencies.** A mutual savings bank may invest its funds in the bonds or interest bearing obligations of this state, or any agency thereof, issued pursuant to the authority of any law of this state, whether such bonds or interest bearing obligations are general or limited obligations of the state or such agency. [1955 c 13 § 32.20.050. Prior: 1953 c 238 § 4; 1929 c 74 § 9; 1921 c 156 § 11b; RRS § 3381-4.]

**32.20.060 Bonds of other states.** A mutual savings bank may invest its funds in the bonds or obligations of any other state of the United States upon which there is no default. [1955 c 13 § 32.20.060. Prior: 1937 c 95 § 2; 1929 c 74 § 5; 1921 c 156 § 11c; RRS § 3381-5.]

**32.20.070 Bonds and warrants of counties, municipalities, etc., of Washington.** A mutual savings bank may invest its funds in the valid warrants or bonds of any county, city, town, school district, port district, water-sewer district, or other municipal corporation in the state of Washington issued pursuant to law and for the payment of which the faith and credit of such county, municipality, or district is pledged and taxes are leviable upon all taxable property within its limits.

A mutual savings bank may invest its funds in the water revenue, sewer revenue, or electric revenue bonds of any city or public utility district of this state for the payment of which the entire revenue of the city's or district's water system, sewer system, or electric system, less maintenance and operating costs, is irrevocably pledged. [1999 c 153 § 26; 1955 c 13 § 32.20.070. Prior: 1941 c 15 § 7; 1937 c 95 § 3; 1929 c 74 § 6; 1925 ex.s. c 86 § 3; 1921 c 156 § 11d; Rem. Supp. 1941 § 3381-6.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**32.20.080 Municipal bonds in adjoining state.** A mutual savings bank may invest its funds in the valid bonds of any incorporated city having a population in excess of three thousand inhabitants as shown by the last decennial federal census or of any county or school district situated in one of the states of the United States which adjoins the state of Washington: PROVIDED, That the indebtedness of such city or school district, together with the indebtedness of any other district or other municipal corporation or subdivision (except a county) which is wholly or in part included within the boundaries or limits of the city or school district, less its water debt and sinking fund, does not exceed twelve percent, or the indebtedness of the county less its sinking fund does not exceed seven percent, of the valuation thereof for the purposes of taxation. [1955 c 13 § 32.20.080. Prior: 1937 c 95 § 4; 1929 c 74 § 7; 1925 ex.s. c 86 § 4; 1921 c 156 § 11e; RRS § 3381-7.]

**32.20.090 Housing and industrial development bonds and municipal obligations in any state.** A mutual savings bank may invest in housing or industrial development bonds or municipal obligations issued by a state, county, parish, borough, city, or district situated in the United States, or by any instrumentality thereof, provided such bonds or obligations at the time of purchase are prudent investments. [1985 c 56 § 11; 1955 c 13 § 32.20.090. Prior: 1937 c 95 § 5; 1929 c 74 § 8; 1921 c 156 § 11f; RRS § 3381-8.]

**32.20.100 Revenue bonds of certain cities in any state.** A mutual savings bank may invest its funds in the water revenue or electric revenue bonds of any incorporated city situated in the United States: PROVIDED, That the city has a population as shown by the last decennial federal census of at least forty-five thousand inhabitants, and the entire revenue of the city's water or electric system less mainte-



nance and operating costs is irrevocably pledged to the payment of the interest and principal of the bonds. [1955 c 13 § 32.20.100. Prior: 1941 c 15 § 8; 1937 c 95 § 6; Rem. Supp. 1941 § 3381-8a.]

**32.20.110 District bonds secured by taxing power.** A mutual savings bank may invest its funds in the bonds of any port district, sanitary district, water-sewer district, tunnel district, bridge district, flood control district, park district, or highway district in the United States which has a population as shown by the last decennial federal census of not less than one hundred fifty thousand inhabitants, and has taxable real property with an assessed valuation in excess of two hundred million dollars and has power to levy taxes on the taxable real property therein for the payment of the bonds without limitation of rate or amount. [1999 c 153 § 27; 1955 c 13 § 32.20.110. Prior: 1937 c 95 § 7; RRS § 3381-8b.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**32.20.120 Local improvement district bonds.** A mutual savings bank may invest not to exceed fifteen percent of its funds in the bonds or warrants of any local improvement district of any city or town of this state (except bonds or warrants issued for an improvement consisting of grading only), unless the total indebtedness of the district after the completion of the improvement for which the bonds or warrants are issued, plus the amount of all other assessments of a local or special nature against the land assessed or liable to be assessed to pay the bonds, exceed fifty percent of the value of the benefited property, exclusive of improvements, at the time the bonds or warrants are purchased or taken by the bank, according to the actual valuation last placed upon the property for general taxation.

Before any such bonds or warrants are purchased or taken as security the condition of the district's affairs shall be ascertained and the property of the district examined by at least two members of the board of investment who shall report in writing their findings and recommendations; and no bonds or warrants shall be taken unless such report is favorable, nor unless the executive committee of the board of trustees after careful investigation is satisfied of the validity of the bonds or warrants and of the validity and sufficiency of the assessment or other means provided for payment thereof: PROVIDED, That, excepting bonds issued by local improvement districts in cities of the first or second class, for improvements ordered after June 7, 1927, no local improvement district bonds falling within the twenty-five percent in amount of any issue last callable for payment, shall be acquired or taken as security. [1955 c 13 § 32.20.120. Prior: 1953 c 238 § 5; 1929 c 74 § 9; 1921 c 156 § 11h; RRS § 3381-9.]

**32.20.130 Bonds of irrigation, diking, drainage districts.** A mutual savings bank may invest not to exceed five percent of its funds in the bonds of any irrigation, diking, drainage, diking improvement, or drainage improvement district of this state, unless the total indebtedness of the district after the completion of the improvement for which the bonds are issued, plus the amount of all other assessments of a local or special nature against the land assessed or liable to be assessed to pay the bonds, exceeds forty percent of the value

of the benefited property, exclusive of improvements, at the time the bonds are purchased or taken by the bank, according to the actual valuation last placed upon the property for general taxation.

Before any such bonds are purchased or taken as security the condition of the district's affairs shall be ascertained and the property of the district examined by at least two members of the board of investment of the mutual savings bank, who shall report in writing their findings and recommendations; and no bonds shall be taken unless such report is favorable, nor unless the executive committee of the board of trustees after careful investigation is satisfied of the validity of the bonds and of the sufficiency of the assessment or other means provided for payment thereof: PROVIDED, That no mutual savings bank shall invest a sum greater than three percent of its funds, or, in any event, more than three hundred thousand dollars, in the bonds of any one district described in this section. [1955 c 13 § 32.20.130. Prior: 1929 c 74 § 10; 1921 c 156 § 11h; RRS § 3381-10.]

**32.20.210 Obligations of International Bank for Reconstruction and Development.** A mutual savings bank may invest not to exceed five percent of its funds in interest bearing obligations of the International Bank for Reconstruction and Development. [1955 c 13 § 32.20.210. Prior: 1949 c 119 § 3; Rem. Supp. 1949 § 3381-16b.]

**32.20.215 Obligations issued or guaranteed by Inter-American Development Bank.** A mutual savings bank may invest not to exceed five percent of its funds in obligations issued or guaranteed by the Inter-American Development Bank. [1963 c 176 § 14.]

**32.20.217 Obligations of Asian Development Bank.** A mutual savings bank may invest not to exceed five percent of its funds in obligations issued or guaranteed by the Asian Development Bank. [1971 ex.s. c 222 § 7.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**32.20.219 Obligations issued or guaranteed by African Development Bank or other multilateral development bank.** A mutual savings bank may invest not to exceed five percent of its funds in obligations issued or guaranteed by the African Development Bank or in obligations issued or guaranteed by any multilateral development bank in which the United States government formally participates. [1985 c 301 § 1.]

**32.20.220 Bankers' acceptances, bills of exchange, and commercial paper.** A mutual savings bank may invest not to exceed twenty percent of its funds in the following:

(1) Bankers' acceptances, and bills of exchange made eligible by law for rediscount with federal reserve banks, provided the same are accepted by a bank or trust company which is a member of the federal reserve system and which has a capital and surplus of not less than two million dollars, or commercial paper which is a prudent investment.

(2) Bills of exchange drawn by the seller on the purchaser of goods and accepted by such purchaser, of the kind made eligible by law for rediscount with federal reserve banks, provided the same are indorsed by a bank or trust com-

pany which is a member of the federal reserve system and which has a capital and surplus of not less than two million dollars.

The aggregate amount of the liability of any bank or trust company to any mutual savings bank, whether as principal or indorser, for acceptances held by such savings bank and deposits made with it, shall not exceed twenty-five percent of the paid up capital and surplus of such bank or trust company, and not more than five percent of the funds of any mutual savings bank shall be invested in the acceptances of or deposited with a bank or trust company of which a trustee of such mutual savings bank is a director. [1985 c 56 § 12; 1955 c 13 § 32.20.220. Prior: 1929 c 74 § 17; RRS § 3381-17.]

**32.20.230 Notes secured by investments.** A mutual savings bank may invest its funds in promissory notes payable to the order of the savings bank, secured by the pledge or assignment of investments lawfully purchasable by a savings bank. No such loan shall exceed ninety percent of the cash market value of such investments so pledged. Should any of the investments so held in pledge depreciate in value after the making of such loan, the savings bank shall require an immediate payment of such loan, or of a part thereof, or additional security therefor, so that the amount loaned thereon shall at no time exceed ninety percent of the market value of the investments so pledged for such loan. [1969 c 55 § 5; 1963 c 176 § 6; 1955 c 13 § 32.20.230. Prior: 1945 c 228 § 2; 1929 c 74 § 18; Rem. Supp. 1945 § 3381-18.]

*Interest and usury in general: Chapter 19.52 RCW.*

**32.20.240 Notes secured by pledge or assignment of account.** A mutual savings bank may invest its funds in promissory notes made payable to the order of the savings bank, secured by the pledge or assignment of the account of the mutual savings bank as collateral security for the payment thereof. No such loan shall exceed the balance due the holder of such account. [1967 c 145 § 5; 1955 c 13 § 32.20.240. Prior: 1945 c 228 § 3; 1929 c 74 § 19; 1921 c 156 § 11m; Rem. Supp. 1945 § 3381-19.]

*Interest and usury in general: Chapter 19.52 RCW.*

**32.20.253 Loans secured by real estate, mobile homes, movable buildings.** A mutual savings bank may invest its funds in loans secured by real estate or on the security of mobile homes or other movable buildings or any interest or estate in any of the foregoing. Such loans may be on such terms and conditions and subject to such limitations and restrictions as the board of trustees shall from time to time establish. [1981 c 86 § 14.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**32.20.265 Valuation of property to be mortgaged—Appraiser's opinion.** When, under any provision of this title, a written report is required of members of the board of investment of a mutual savings bank certifying according to their best judgment the value of any property to be mortgaged such value may be determined upon the signed opinion in writing of an appraiser appointed by the board of trustees of such bank. [1957 c 80 § 9.]

**32.20.280 Investments in real estate.** A mutual savings bank may invest its funds in real estate as follows:

(1) A tract of land whereon there is or may be erected a building or buildings suitable for the convenient transaction of the business of the savings bank, from portions of which not required for its own use revenue may be derived: PROVIDED, That the cost of the land and building or buildings for the transaction of the business of the savings bank shall in no case exceed fifty percent of the guaranty fund, undivided profits, reserves, and subordinated securities of the savings bank, except with the approval of the director; and before the purchase of such property is made, or the erection of a building or buildings is commenced, the estimate of the cost thereof, and the cost of the completion of the building or buildings, shall be submitted to and approved by the director. "The cost of the land and building or buildings" means the amounts paid or expended therefor less the reasonable depreciation thereof taken by the bank against such improvements during the time they were held by the bank.

(2) Such lands as shall be conveyed to the savings bank in satisfaction of debts previously contracted in the course of its business.

(3) Such lands as the savings bank shall purchase at sales under judgments, decrees, or mortgages held by it.

All real estate purchased by any such savings bank, or taken by it in satisfaction of debts due it, under this section, shall be conveyed to it directly by name, or in the name of a corporation all of the stock of which is owned by the bank, or in such other manner as the bank shall determine to be in the best interest of the bank, and the conveyance shall be immediately recorded in the office of the proper recording officer of the county in which such real estate is situated.

(4) Every parcel of real estate purchased or acquired by a savings bank under subsections (2) and (3) of this section, shall be sold by it within five years from the date on which it was purchased or acquired, or in case it was acquired subject to a right of redemption, within five years from the date on which the right of redemption expires, unless:

(a) There is a building thereon occupied by the savings bank and its offices,

(b) The director, on application of the board of trustees of the savings bank, extends the time within which such sale shall be made, or

(c) The property is held by the bank as an investment under the provisions of RCW 32.20.285, as now or hereafter amended. [1994 c 92 § 337; 1981 c 86 § 4; 1973 1st ex.s. c 31 § 6; 1969 c 55 § 7; 1955 c 13 § 32.20.280. Prior: 1929 c 74 § 22; 1921 c 156 § 110; 1915 c 175 § 12; RRS § 3381-22.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**32.20.285 Investments through purchase of real estate—Improvements.** Subject to such requirements, restrictions, or other conditions as the director may adopt by rule, order, directive, standard, policy, memorandum[,] or other communication with regard to the investment, a savings bank may invest its funds in such real estate, improved or unimproved, and its fixtures and equipment, as the savings bank shall purchase either alone or with others or through ownership of interests in entities holding such real estate. The savings bank may improve property which it owns, and rent, lease, sell, and otherwise deal in such property, the same as

any other owner thereof. The total amount a savings bank may invest pursuant to this section shall not exceed twenty percent of its funds. No officer or board trustee or director of the savings bank shall own or hold any interest in any property in which the savings bank owns an interest, and in the event the bank owns an interest in property hereunder with or as a part of another entity, no officer or board trustee or director of the savings bank shall own more than two and one-half percent of the equity or stock of any entity involved, and all of the officers and board trustees or directors of the savings bank shall not own more than five percent of the equity or stock of any entity involved. [2010 c 88 § 57; 1981 c 86 § 5; 1969 c 55 § 15.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**32.20.300 Home loan bank as depositary.** See RCW 30A.32.040.

**32.20.310 Deposit of securities.** A savings bank may deposit securities owned by it, for safekeeping, with any duly designated depositary for the bank's funds. The written statement of the depositary that it holds for safekeeping specified securities of a savings bank may be taken as evidence of the facts therein shown by any public officer or any officer of the bank or committee of its trustees whose duty it is to examine the affairs and assets of the bank. [1955 c 13 § 32.20.310. Prior: 1929 c 74 § 24; 1927 c 184 § 4; RRS § 3381-24.]

**32.20.320 Investment of funds.** The trustees of every savings bank shall as soon as practicable invest the moneys deposited with it in the securities prescribed in this title.

The purchase by a savings bank of a negotiable certificate of deposit or similar security issued by a bank need not be considered a deposit if the certificate or security is eligible for investment by a savings bank under any other provision of this title. [1969 c 55 § 8; 1955 c 13 § 32.20.320. Prior: 1929 c 74 § 25; 1925 ex.s. c 86 § 11; 1915 c 175 § 20; RRS § 3381-25.]

**32.20.330 Investments—Loans, preferred stock, or interest-bearing obligations—Restrictions.** A mutual savings bank may invest in loans to sole proprietorships, partnerships, limited liability companies, corporations, or other entities, or in preferred stock or discounted or other interest bearing obligations issued, guaranteed, or assumed by limited liability companies or corporations commonly accepted as industrial corporations or engaged in communications, transportation, agriculture, furnishing utility professional services, manufacturing, construction, mining, fishing, processing or merchandising of goods, food, or information, banking, or commercial or consumer financing, doing business or incorporated under the laws of the United States, or any state thereof, or the District of Columbia, or the Dominion of Canada, or any province thereof, subject to the following conditions:

(1) Not more than two percent of the bank's funds shall be invested, pursuant to this section, in the aggregate of loans to and preferred stock and obligations of any person, as defined in \*RCW 32.32.228(1)(c), and such person's affiliates, as defined in RCW 32.32.025(1), incorporating the definition of control in RCW 32.32.025(8).

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

(3) Pursuant to this section, the total amount a savings bank may invest shall not exceed fifty percent of its funds, and not more than fifteen percent of the bank's funds may be invested in such loans to or securities of any industry. [1999 c 14 § 26; 1985 c 56 § 13; 1973 1st ex.s. c 31 § 7; 1971 ex.s. c 222 § 6; 1955 c 80 § 6.]

\*Reviser's note: RCW 32.32.228 was amended by 2005 c 348 § 5, changing subsection (1)(c) to subsection (1)(d).

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**32.20.335 Investments—Qualified thrift investments.** A mutual savings bank may invest in loans or securities that are qualified thrift investments for a savings association subject to the limits specified in 12 U.S.C. Sec. 1467a(m). [1999 c 14 § 27.]

**32.20.340 Stock or bonds of federal home loan bank.** See RCW 30A.32.020.

**32.20.350 Stock of federal reserve bank or Federal Deposit Insurance Corporation.** See RCW 30A.32.010.

**32.20.370 Corporate bonds and other interest-bearing or discounted obligations.** A mutual savings bank may invest its funds in bonds or other interest bearing or discounted obligations of corporations not otherwise eligible for investment by the savings bank which are prudent investments for such bank in the opinion of its board of trustees or of a committee thereof whose action is ratified by such board at its regular meeting next following such investment. The total amount a mutual savings bank may invest pursuant to this section shall not exceed ten percent of its funds. [1977 ex.s. c 104 § 5; 1967 c 145 § 9; 1959 c 41 § 6.]

**32.20.380 Stocks, securities, of corporations not otherwise eligible for investment.** A mutual savings bank may invest its funds in stocks or other securities of corporations not otherwise eligible for investment by the savings bank which are prudent investments for the bank in the opinion of its board of trustees or of a committee thereof whose action is ratified by the board at its regular meeting next following the investment. The total amount a mutual savings bank may invest pursuant to this section shall not exceed fifty percent of the total of its guaranty fund, undivided profits, and unallocated reserves, or five percent of its deposits, whichever is less. [1981 c 86 § 6; 1963 c 176 § 16.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**32.20.390 Obligations of corporations or associations federally authorized to insure or market real estate mortgages—Loans, etc., eligible for insurance.** A mutual savings bank may invest its funds:

(1) In capital stock, notes, bonds, debentures, participating certificates, and other obligations of any corporation or association which is or hereafter may be created pursuant to any law of the United States for the purpose of insuring or marketing real estate mortgages: PROVIDED, That the amount a mutual savings bank may invest in the capital stock of any one such corporation shall not exceed five percent of the funds of the mutual savings bank and the total amount it

may invest in capital stock pursuant to this subsection (1) shall not exceed ten percent of the funds of the mutual savings bank.

(2) In such loans, advances of credit, participating certificates, and purchases of obligations representing loans and advances of credit as are eligible for insurance by any corporation or association which is or hereafter may be created pursuant to any law of the United States for the purpose of insuring real estate mortgages. The bank may do all acts necessary or appropriate to obtain such insurance. No law of this state prescribing the nature, amount, or form of security, or prescribing or limiting the period for which loans or advances of credit may be made shall apply to loans, advances of credit, or purchases made pursuant to this subsection (2). [1963 c 176 § 17.]

**32.20.400 Loans for home or property repairs, alterations, appliances, improvements, additions, furnishings, underground utilities, education or nonbusiness family purposes.** A mutual savings bank may invest not to exceed twenty percent of its funds pursuant to this section in loans for home or property repairs, alterations, appliances, improvements, or additions, home furnishings, for installation of underground utilities, for educational purposes, or for nonbusiness family purposes: PROVIDED, That the application therefor shall state that the proceeds are to be used for one of the above purposes. [1999 c 14 § 28; 1981 c 86 § 7; 1977 ex.s. c 104 § 6; 1969 c 55 § 9; 1967 c 145 § 10; 1963 c 176 § 18.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**32.20.410 Limitation of total investment in certain obligations.** The aggregate total amount a mutual savings bank may invest in the following shall not exceed the sum of eighty-five percent of its funds and one hundred percent of its borrowings as permitted under RCW 32.08.140, as now or hereafter amended and RCW 32.08.190, as now or hereafter amended:

- (1) Mortgages upon real estate and participations therein;
- (2) Contracts for the sale of realty;
- (3) Mortgages upon leasehold estates; and
- (4) Notes secured by pledges or assignments of first mortgages or real estate contracts.

The limitation of this section shall not apply to GNMA certificates, mortgage backed bonds, mortgage pass-through certificates or other similar securities purchased or held by the bank. [1981 c 86 § 8; 1977 ex.s. c 104 § 7; 1969 c 55 § 10; 1963 c 176 § 19.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**32.20.415 Limitation on certain secured and unsecured loans.** In addition to all other investments and loans authorized for mutual savings banks in this state, a mutual savings bank may invest not more than twenty percent of its funds in secured or unsecured loans on such terms and conditions as the bank may determine. [1981 c 86 § 15.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**32.20.430 Loans to banks or trust companies.** A mutual savings bank may invest its funds in loans to banks or

trust companies which mature on the next business day following the day of making such loan. The loans may be evidenced by any writing or ledger entries deemed adequate by the mutual savings bank and may be secured or unsecured. The loans made hereunder are payable on the same basis as are regular deposits in such banks, and therefore the transactions may be characterized for accounting and statement purposes and carried on the books of the mutual savings bank as either a deposit with or a loan to the bank. [1971 ex.s. c 222 § 3.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**32.20.440 Purchase of United States securities from banks or trust companies.** A mutual savings bank may invest its funds in the purchase of United States government securities from a bank or trust company, subject to the selling bank's or trust company's agreement to repurchase such securities on the business day next following their purchase by the mutual savings bank. The securities may be purchased at par, or at a premium or discount, as the mutual savings bank may agree, and may be characterized for accounting and statement purposes and carried on the books of the mutual savings bank as such securities to the extent of their market value, and as due from such banks or trust companies to the extent that the repurchase price agreed to be paid exceeds such market value. [1971 ex.s. c 222 § 4.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**32.20.445 Stock, other securities, and obligations of federally insured institutions.** A savings bank may invest its funds in the stock and other securities and obligations of a savings or banking institution or holding company thereof if the deposits of the savings or banking institution are insured by the federal deposit insurance corporation or any other federal instrumentalities established to carry on substantially the same functions as such corporations. [1999 c 14 § 29; 1989 c 180 § 8.]

**32.20.450 Low-cost housing—Legislative finding.** The legislature finds there is a shortage of adequate housing in a suitable environment in many parts of this state for people of modest means, which shortage adversely affects the public in general and the mutual savings banks of this state and their depositors. The legislature further finds that the making of loans or investments to alleviate this problem which may provide a less than market rate of return and entail a higher degree of risk than might otherwise be acceptable, will benefit this state, the banks, and their depositors. [1973 1st ex.s. c 31 § 1.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**32.20.460 Low-cost housing—Factory built housing—Mobile homes.** In addition to the portions of its funds permitted to be invested in real estate loans under RCW 32.20.410, a mutual savings bank may invest not to exceed fifteen percent of its funds in loans and investments as follows:

- (1) Loans for the rehabilitation, remodeling, or expansion of existing housing.
- (2) Loans in connection with, or participation in:

(a) Housing programs of any agency of federal, state, or local government; and

(b) Housing programs of any nonprofit, union, community, public, or quasi-public corporation or entity.

Such housing must be made available to all without regard to race, creed, sex, color, or national origin.

(3) Loans for purchasing or constructing factory built housing, including but not limited to mobile homes. The bank shall determine the amount, security, and repayment basis which it considers prudent for the loans.

(4) In mobile home chattel paper which finances the acquisition of inventory by a mobile home dealer if the inventory is to be held for sale in the ordinary course of business by the mobile home dealer, the monetary obligation evidenced by such chattel paper is the obligation of the mobile home dealer and the amount thereof does not exceed the amount allowed to be loaned on such mobile homes under subsection (3) of this section. [1981 c 86 § 9; 1977 ex.s. c 104 § 9; 1973 1st ex.s. c 31 § 2.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**32.20.470 Improvement of private land for public parks and recreation areas.** Subject to the limits hereinafter set forth, a mutual savings bank may expend its funds for the improvement for public use of privately owned land as parks or recreation areas, including but not limited to "vest pocket" parks, provided that the owner of such land will:

(1) Permit public use thereof for a period of at least eighteen months or for such longer period and subject to such other requirements as the bank may impose; and

(2) At or before the end of public use, permit the removal of all such improvements which in the bank's judgment reasonably may be accomplished.

As used in this section, "public use" means use without regard to race, creed, sex, color, or national origin. The amount expended hereunder and under RCW 32.12.070(2)(d) in any calendar year shall not exceed one-half of one percent of the net earnings of bank for the preceding year. [1973 1st ex.s. c 31 § 3.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**32.20.480 Loans or investments to provide adequate housing and environmental improvements—Criteria—Restrictions.** Loans or investments made under \*this 1973 amendatory act may provide a less than market rate of return and entail a higher degree of risk than might otherwise be acceptable to the general market, so long as the board of trustees of the bank determines the loan or investment may be beneficial to the community where made, without the need to show a direct corporate benefit, and so long as any private individual who benefits is not, and is not related to any person who is, an officer, employee, or trustee of the bank. It is hereby recognized that the mutual savings banks of the state of Washington and their depositors are affected adversely by the absence of adequate low-cost housing and environmental developments and improvements within the communities they serve and the state of Washington.

The amount a mutual savings bank may invest under \*this 1973 amendatory act during any twelve-month period at less than a market rate of return shall not exceed two percent of the total principal amount of all real estate loans made by

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the bank during the preceding twelve months. [1973 1st ex.s. c 31 § 4.]

\*Reviser's note: "This 1973 amendatory act" consists of the enactment of RCW 32.20.450, 32.20.460, 32.20.470, 32.20.480, 32.20.490, and 32.20.500 and the amendments to RCW 32.20.280 and 32.20.330 by 1973 1st ex.s. c 31.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**32.20.500 Construction—1973 1st ex.s. c 31.** The powers granted by \*this 1973 amendatory act are in addition to and not in limitation of the powers conferred upon a mutual savings bank by other provisions of law. [1973 1st ex.s. c 31 § 8.]

\*Reviser's note: For "this 1973 amendatory act," see note following RCW 32.20.480.

## Chapter 32.24 RCW INSOLVENCY AND LIQUIDATION

### Sections

32.24.010	Liquidation of solvent bank.
32.24.020	Procedure to liquidate and dissolve.
32.24.030	Transfer of assets and liabilities to another bank.
32.24.040	Notice to correct unsafe conditions—Possession may be taken under specified circumstances.
32.24.050	Director may order levy of assessment—Liquidation of bank in unsound condition or insolvent.
32.24.060	Possession by director—Bank may contest.
32.24.070	Receiver prohibited except in emergency.
32.24.073	Voluntary closing—Possession of the director—Notice.
32.24.080	Transfer of assets when insolvent—Penalty.
32.24.090	Federal deposit insurance corporation as receiver or liquidator—Appointment—Powers and duties.
32.24.100	Payment or acquisition of deposit liabilities by federal deposit insurance corporation—Not hindered by judicial review—Liability.

**32.24.010 Liquidation of solvent bank.** If the trustees of any solvent mutual savings bank deem it necessary or expedient to close the business of such bank, they may, by affirmative vote of not less than two-thirds of the whole number of trustees, at a meeting called for that purpose, of which one month's notice has been given, either personally or by mailing such notice to the post office address of each trustee, declare by resolution their determination to close such business and pay the moneys due depositors and creditors and to surrender the corporate franchise. Subject to the approval and under the direction of the director, such savings bank may adopt any lawful plan for closing up its affairs, as nearly as may be in accordance with the original plan and objects. [1994 c 92 § 339; 1955 c 13 § 32.24.010. Prior: 1915 c 175 § 45; RRS § 3374.]

**32.24.020 Procedure to liquidate and dissolve.** When the trustees, acting under the provisions of RCW 32.24.010, have paid the sums due respectively to all creditors and depositors, who, after such notice as the director shall prescribe, claim the money due and their deposits, the trustees shall make a transcript or statement from the books in the bank of the names of all depositors and creditors who have not claimed or have not received the balance of the credit due them, and of the sums due them, respectively, and shall file such transcript with the director and pay over and transfer all such unclaimed and unpaid deposits, credits, and moneys to the director. The trustees shall then report their proceedings,

duly verified, to the superior court of the county wherein the bank is located, and upon such report and the petition of the trustees, and after notice to the attorney general and the director, and such other notice as the court may deem necessary, the court shall adjudge the franchise surrendered and the existence of the corporation terminated. Certified copies of the judgment shall be filed in the offices of the secretary of state and the director and shall be recorded in the office of the secretary of state. [1994 c 92 § 340; 1981 c 302 § 29; 1955 c 13 § 32.24.020. Prior: 1931 c 132 § 4; 1915 c 175 § 46; RRS § 3375.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**32.24.030 Transfer of assets and liabilities to another bank.** An unconverted mutual savings bank may for the purpose of consolidation, acquisition, pooling of assets, merger, or voluntary liquidation arrange for its assets and liabilities to become assets and liabilities of another mutual savings bank, by the affirmative vote or with the written consent of two-thirds of the whole number of its trustees, but only with the written consent of the director and upon such terms and conditions as he or she may prescribe.

Upon any such transfer being made, or upon the liquidation of any such mutual savings bank for any cause whatever, or upon its being no longer engaged in the business of a mutual savings bank, the director shall terminate its certificate of authority, which shall not thereafter be revived or renewed. When the certificate of authority of any such corporation has been revoked, it shall forthwith collect and distribute its remaining assets, and when that is done, the director shall certify the fact to the secretary of state, whereupon the corporation shall cease to exist and the secretary of state shall note the fact upon his or her records.

In case of the consolidation with or voluntary liquidation of a mutual savings bank by another mutual savings bank, as herein provided, any sums advanced by its incorporators, or others, to create or maintain its guaranty fund or its expense fund shall not be liabilities of such mutual savings bank unless the mutual savings bank, so assuming its liabilities shall specifically undertake to pay the same, or a stated portion thereof. [1994 c 92 § 341; 1985 c 56 § 14; 1955 c 13 § 32.24.030. Prior: 1931 c 132 § 5; RRS § 3375a.]

**32.24.040 Notice to correct unsafe conditions—Possession may be taken under specified circumstances.** (1) Under the circumstances set forth in subsection (2) of this section, the director may give to a savings bank notice of unsafe condition of the savings bank; and if the savings bank fails to comply with the terms of such notice within thirty days from the date of its issuance, or within such further time as the director may allow, then the director may take possession of such savings bank as in the case of insolvency.

(2) The director is authorized to give notice and take possession of a savings bank, as described in subsection (1) of this section, under the following circumstances:

(a) The obligations to its creditors, depositors, members, trust beneficiaries, if applicable, and others exceed its assets;

(b) It has willfully violated a supervisory directive, cease and desist order, or other authorized directive or order of the director;

(c) It has concealed its books, papers, records, or assets, or refused to submit its books, records, or affairs to any examiner of the department;

(d) It is likely to be unable to pay its immediate obligations or meet its depositors' immediate demands in the normal course of business;

(e) It ceases to have deposit insurance acceptable to the director;

(f) It fails to submit a capital restoration plan acceptable to the department within a time previously called for or materially fails to implement a capital restoration plan that was previously submitted and accepted by the department; or

(g) It is critically undercapitalized or otherwise has substantially insufficient capital. [2010 c 88 § 58; 1994 c 92 § 342; 1955 c 13 § 32.24.040. Prior: 1931 c 132 § 6; RRS § 3375b.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**32.24.050 Director may order levy of assessment—Liquidation of bank in unsound condition or insolvent.**

(1) Whenever it appears to the director that any offense or delinquency referred to in RCW 32.24.040 has resulted in a savings bank being critically undercapitalized with no reasonably foreseeable prospect of recovery, or that it has suspended payment of its obligations, or is insolvent, the director may notify such savings bank to levy an assessment on its stock, if any, or otherwise to make good such impairment or offense or other delinquency within such time and in such manner as the director may specify, or if the director deems necessary, the director may take possession thereof without notice.

(2) Upon taking possession of any savings bank, the director shall forthwith proceed to liquidate the business, affairs, and assets thereof and such liquidation shall be had in accordance with the provisions of law governing the liquidation of insolvent banks and savings banks. [2010 c 88 § 59; 1994 c 92 § 343; 1955 c 13 § 32.24.050. Prior: 1931 c 132 § 7; RRS § 3375c.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**32.24.060 Possession by director—Bank may contest.**

Within ten days after the director takes possession thereof, a mutual savings bank may serve notice upon such director to appear before the superior court in the county wherein such corporation is located, at a time to be fixed by the court, which shall not be less than five nor more than fifteen days from the date of the service of such notice, to show cause why the director's action taking possession of the savings bank should not be affirmed. Upon the return day of such notice, or such further day as the matter may be continued to, the court shall summarily hear the cause and shall dismiss the same, if it finds that possession was taken by the director in good faith and for cause, but if it finds that no cause existed for taking possession of the savings bank, it shall require the director to restore the savings bank to the possession of its assets and enjoin the director from further interference therewith without cause. [2010 c 88 § 60; 1994 c 92 § 344; 1955 c 13 § 32.24.060. Prior: 1931 c 132 § 8; RRS § 3375d.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**32.24.070 Receiver prohibited except in emergency.**

No receiver shall be appointed by any court for any savings bank, nor shall any assignment of any such bank for the benefit of creditors be valid, excepting only that a court otherwise having jurisdiction may in case of imminent necessity appoint a temporary receiver to take possession of and preserve the assets of the savings bank. Immediately upon any such appointment, the clerk of the court shall notify the director in writing of such appointment and the director shall immediately take possession of the savings bank, as in case of insolvency, and the temporary receiver shall upon demand of the director surrender up to him or her such possession and all assets which have come into his or her possession. The director shall in due course pay such receiver out of the assets of the savings bank such amount as the court shall allow. [2010 c 88 § 61; 1994 c 92 § 345; 1955 c 13 § 32.24.070. Prior: 1931 c 132 § 9; RRS § 3375e.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**32.24.073 Voluntary closing—Possession of the director—Notice.** (1) Subject to the consent of the director, a savings bank may voluntarily stipulate and consent to an order taking possession and thereby place itself under the control of the director to be liquidated and be made subject to receivership as provided in this chapter.

(2) Upon issuance of such order taking possession, the savings bank shall post a notice on its door as follows: "This savings bank is in the possession of the Director of the Washington State Department of Financial Institutions."

(3) The posting of such notice or the taking possession of any savings bank by the director shall be sufficient to place all of its assets and property of every nature in the director's possession and bar all attachment proceedings. [2010 c 88 § 62.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**32.24.080 Transfer of assets when insolvent—Penalty.** (1) Every transfer of its property or assets by any savings bank, made (a) after it has become insolvent, (b) within ninety days before the date the director takes possession of such savings bank under RCW 32.24.040, 32.24.050, or 32.24.073, or the federal deposit insurance corporation is appointed as receiver or liquidator of such savings bank under RCW 32.24.090, and (c) with the view to the preference of one creditor over another or to prevent equal distribution of its property and assets among its creditors, shall be void.

(2) Every trustee or board director, officer, or employee knowingly making any such transfer of assets is guilty of a class B felony punishable according to chapter 9A.20 RCW. [2010 c 88 § 63; 2003 c 53 § 196; 1994 c 92 § 346; 1985 c 56 § 15; 1955 c 13 § 32.24.080. Prior: 1931 c 132 § 10; RRS § 3379a.]

**Intent—Effective date—2003 c 53:** See notes following RCW 2.48.180.

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**32.24.090 Federal deposit insurance corporation as receiver or liquidator—Appointment—Powers and duties.** (1) The federal deposit insurance corporation is hereby authorized and empowered to be and act without bond

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as receiver or liquidator of any savings bank the deposits in which are to any extent insured by that corporation and which the director shall have taken possession pursuant to RCW 32.24.040, 32.24.050, or 32.24.073.

(2) In the event of such closing, the director may appoint the federal deposit insurance corporation as receiver or liquidator of such savings bank.

(3) If the corporation accepts such appointment, it shall have and possess all the powers and privileges provided by the laws of this state with respect to a liquidator of a mutual savings bank, its depositors and other creditors, and be subject to all the duties of such liquidator, except insofar as such powers, privileges, or duties are in conflict with the provisions of the federal deposit insurance act, as now or hereafter amended. [2010 c 88 § 64; 1994 c 92 § 347; 1973 1st ex.s. c 54 § 3.]

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

**32.24.100 Payment or acquisition of deposit liabilities by federal deposit insurance corporation—Not hindered by judicial review—Liability.** The pendency of any proceedings for judicial review of the director's actions in taking possession and control of a mutual savings bank and its assets for the purpose of liquidation shall not operate to defer, delay, impede, or prevent the payment or acquisition by the federal deposit insurance corporation of the deposit liabilities of the mutual savings bank which are insured by the corporation. During the pendency of any proceedings for judicial review, the director shall make available to the federal deposit insurance corporation such facilities in or of the mutual savings bank and such books, records, and other relevant data of the mutual savings bank as may be necessary or appropriate to enable the corporation to pay out or to acquire the insured deposit liabilities of the mutual savings bank. The federal deposit insurance corporation and its directors, officers, agents, and employees, the director, and his or her agents and employees shall be free from liability to the mutual savings bank, its directors, stockholders, and creditors for or on account of any action taken in connection herewith. [1994 c 92 § 348; 1973 1st ex.s. c 54 § 4.]

**Chapter 32.28 RCW**  
**SATELLITE FACILITIES**  
(See chapter 30A.43 RCW)

**Chapter 32.30 RCW**  
**CONVERSION OF MUTUAL SAVINGS BANK TO BUILDING AND LOAN OR SAVINGS AND LOAN ASSOCIATION**  
(See chapter 33.46 RCW)

**Chapter 32.32 RCW**  
**CONVERSION OF MUTUAL SAVINGS BANK TO CAPITAL STOCK SAVINGS BANK**

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- 32.32.020 Request of noncompliance—Requirements.
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**32.32.010 Chapter exclusive—Prohibition on conversion without approval—Waiver of requirements.** This chapter shall exclusively govern the conversion of mutual savings banks to capital stock savings banks. No mutual savings bank may convert to the capital stock form of organization without the prior written approval of the director pursuant to this chapter, except that the director may waive requirements of this chapter in appropriate cases. [1994 c 92 § 349; 1981 c 85 § 1.]

**32.32.015 Forms.** The director may prescribe under this chapter such forms as the director deems appropriate for use by a mutual savings bank seeking to convert to a capital



stock savings bank pursuant to this chapter. [1994 c 92 § 350; 1981 c 85 § 2.]

**32.32.020 Request of noncompliance—Requirements.** (1) If an applicant finds that compliance with any provision of this chapter would be in conflict with applicable federal law, the director shall grant or deny a request of non-compliance with the provision. The request may be incorporated in the application for conversion; otherwise, the applicant shall file the request in accordance with the requirements of the director.

(2) In making any such request, the applicant shall:

(a) Specify the provision or provisions of this chapter with respect to which the applicant desires waiver;

(b) Furnish an opinion of counsel demonstrating that applicable federal law is in conflict with the specified provision or provisions of this chapter; and

(c) Demonstrate that the requested waiver would not result in any effects that would be inequitable or detrimental to the applicant, its account holders, or other financial institutions or would be contrary to the public interest. [1994 c 92 § 351; 1981 c 85 § 3.]

**32.32.025 Definitions.** As used in this chapter, the following definitions apply, unless the context otherwise requires:

(1) Except as provided in RCW 32.32.230, an "affiliate" of, or a person "affiliated" with, a specified person, is a person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, the person specified.

(2) The term "amount," when used in regard to securities, means the principal amount if relating to evidences of indebtedness, the number of shares if relating to shares, and the number of units if relating to any other kind of security.

(3) An "applicant" is a mutual savings bank which has applied to convert pursuant to this chapter.

(4) The term "associate," when used to indicate a relationship with any person, means (a) any corporation or organization (other than the applicant or a majority-owned subsidiary of the applicant) of which the person is an officer or partner or is, directly or indirectly, the beneficial owner of ten percent or more of any class of equity securities, (b) any trust or other estate in which the person has a substantial beneficial interest or as to which the person serves as trustee or in a similar fiduciary capacity, and (c) any relative who would be a "class A beneficiary" if the person were a decedent.

(5) The term "broker" means any person engaged in the business of effecting transactions in securities for the account of others.

(6) The term "capital stock" includes permanent stock, guaranty stock, permanent reserve stock, any similar certificate evidencing nonwithdrawable capital, or preferred stock, of a savings bank converted under this chapter or of a subsidiary institution or holding company.

(7) The term "charter" includes articles of incorporation, articles of reincorporation, and certificates of incorporation, as amended, effecting (either with or without filing with any governmental agency) the organization or creation of an incorporated person.

(8) Except as provided in RCW 32.32.230, the term "control" (including the terms "controlling," "controlled by," and "under common control with") means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a person, whether through the ownership of voting securities, by contract, or otherwise.

(9) The term "dealer" means any person who engages either for all or part of his or her time, directly or indirectly, as agent, broker, or principal, in the business of offering, buying, selling, or otherwise dealing or trading in securities issued by another person.

(10) The term "deposits" refers to the deposits of a savings bank that is converting under this chapter, and may refer in addition to the deposits or share accounts of any other financial institution that is converting to the stock form in connection with a merger with and into a savings bank.

(11) The term "director" means any director of a corporation, any trustee of a mutual savings bank, or any person performing similar functions with respect to any organization whether incorporated or unincorporated.

(12) The term "eligibility record date" means the record date for determining eligible account holders of a converting mutual savings bank.

(13) The term "eligible account holder" means any person holding a qualifying deposit as determined in accordance with RCW 32.32.180.

(14) The term "employee" does not include a director or officer.

(15) The term "equity security" means any stock or similar security; or any security convertible, with or without consideration, into such a security, or carrying any warrant or right to subscribe to or purchase such a security; or any such warrant or right.

(16) The term "market maker" means a dealer who, with respect to a particular security, (a) regularly publishes bona fide, competitive bid and offer quotations in a recognized interdealer quotation system; or (b) furnishes bona fide competitive bid and offer quotations on request; and (c) is ready, willing, and able to effect transaction in reasonable quantities at his or her quoted prices with other brokers or dealers.

(17) The term "material," when used to qualify a requirement for the furnishing of information as to any subject, limits the information required to those matters as to which an average prudent investor ought reasonably to be informed before purchasing an equity security of the applicant.

(18) The term "mutual savings bank" means a mutual savings bank organized and operating under Title 32 RCW.

(19) Except as provided in RCW 32.32.435, the term "offer," "offer to sell," or "offer of sale" shall include every attempt or offer to dispose of, or solicitation of an offer to buy, a security or interest in a security, for value. These terms shall not include preliminary negotiations or agreements between an applicant and any underwriter or among underwriters who are or are to be in privity of contract with an applicant.

(20) The term "officer," for purposes of the purchase of stock in a conversion under this chapter or the sale of this stock, means the chair of the board, president, vice president, secretary, treasurer or principal financial officer, comptroller or principal accounting officer, and any other person per-

forming similar functions with respect to any organization whether incorporated or unincorporated.

(21) Except as provided in RCW 32.32.435, the term "person" means an individual, a corporation, a partnership, an association, a joint-stock company, a trust, any unincorporated organization, or a government or political subdivision thereof.

(22) The term "proxy" includes every form of authorization by which a person is or may be deemed to be designated to act for a stockholder in the exercise of his or her voting rights in the affairs of an institution. Such an authorization may take the form of failure to dissent or object.

(23) The terms "purchase" and "buy" include every contract to purchase, buy, or otherwise acquire a security or interest in a security for value.

(24) The terms "sale" and "sell" include every contract to sell or otherwise dispose of a security or interest in a security for value; but these terms do not include an exchange of securities in connection with a merger or acquisition approved by the director.

(25) The term "savings account" means deposits established in a mutual savings bank and includes certificates of deposit.

(26) Except as provided in RCW 32.32.435, the term "security" includes any note, stock, treasury stock, bond, debenture, transferable share, investment contract, voting-trust certificate, or in general, any instrument commonly known as a "security"; or any certificate of interest or participation in, temporary or interim certificate for, receipt for, or warrant or right to subscribe to or purchase any of the foregoing.

(27) The term "series of preferred stock" refers to a subdivision, within a class of preferred stock, each share of which has preferences, limitations, and relative rights identical with those of other shares of the same series.

(28) The term "subscription offering" refers to the offering of shares of capital stock, through nontransferable subscription rights issued to: (a) Eligible account holders as required by RCW 32.32.045; (b) supplemental eligible account holders as required by RCW 32.32.055; (c) directors, officers, and employees, as permitted by RCW 32.32.140; and (d) eligible account holders and supplemental eligible account holders as permitted by RCW 32.32.145.

(29) A "subsidiary" of a specified person is an affiliate controlled by the person, directly or indirectly through one or more intermediaries.

(30) The term "supplemental eligibility record date" means the supplemental record date for determining supplemental eligible account holders of a converting savings bank required by RCW 32.32.055. The date shall be the last day of the calendar quarter preceding director approval of the application for conversion.

(31) The term "supplemental eligible account holder" means any person holding a qualifying deposit, except officers, directors, and their associates, as of the supplemental eligibility record date.

(32) The term "underwriter" means any person who has purchased from an applicant with a view to, or offers or sells for an applicant in connection with, the distribution of any security, or participates or has a direct or indirect participation in the direct or indirect underwriting of any such under-

taking; but the term does not include a person whose interest is limited to a commission from an underwriter or dealer not in excess of the usual and customary distributors' or sellers commission. The term "principal underwriter" means an underwriter in privity of contract with the applicant or other issuer of securities as to which that person is the underwriter.

Terms defined in other chapters of this title, when used in this chapter, shall have the meanings given in those definitions, to the extent those definitions are not inconsistent with the definitions contained in this chapter unless the context otherwise requires. [2011 c 336 § 755; 1995 c 134 § 7. Prior: 1994 c 256 § 105; 1994 c 92 § 352; 1985 c 56 § 16; 1981 c 85 § 4.]

**Findings—Construction—1994 c 256:** See RCW 43.320.007.

**32.32.030 Prohibition on approval of certain applications for conversion.** No application for conversion may be approved by the director if:

(1) The plan of conversion adopted by the applicant's board of directors is not in accordance with this chapter;

(2) The conversion would result in a reduction of the applicant's net worth below requirements established by the director;

(3) The conversion may result in a taxable reorganization of the applicant under the United States Internal Revenue Code of 1954, as amended; or

(4) The converted savings bank does not meet the insurance requirements as established by the director. [1994 c 92 § 353; 1981 c 85 § 5.]

**32.32.035 Requirements of plan of conversion.** The plan of conversion shall contain all of the provisions set forth in RCW 32.32.040 through 32.32.125. [1981 c 85 § 6.]

**32.32.040 Issuance of capital stock—Price.** A converted savings bank or a holding company organized pursuant to chapter 32.34 RCW shall issue and sell capital stock at a total price equal to the estimated pro forma market value of the stock issued in connection with the conversion, based on an independent valuation, as provided in RCW 32.32.305. In the conversion of a mutual savings bank or holding company, either of which is in the process of merging with, being acquired by, or consolidating with a stock savings bank, or a savings bank holding company owned by stockholders, or a subsidiary thereof, the following subsections apply:

(1) The price per share of the shares offered for subscription and issued in the conversion shall be not less than the price reported for stock which is listed on a national or regional stock exchange, or the bid price for stock which is traded on the NASDAQ system, as of the day before any public offering or other completion of the sale of stock in the conversion: PROVIDED, That for stock not so listed and not traded on the NASDAQ system, and any stock whose price has been affected, as of the day specified above, by a violation of RCW 32.32.225, the price per share shall be determined by the director, upon the submission of such information as the director may request.

(2) The independent valuation as provided in RCW 32.32.305 shall determine the aggregate value of shares for which subscription rights are granted pursuant to RCW 32.32.045, 32.32.050, and 32.32.055, rather than a price per

share or number of shares as provided in RCW 32.32.290, 32.32.325, and 32.32.330. This independent valuation may be replaced by a demonstration, to the satisfaction of the director, of the fairness of the price of the shares issued. [1994 c 92 § 354; 1985 c 56 § 17; 1981 c 85 § 7.]

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

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

(3) Within a reasonable time after the issue or transfer of shares without certificates, the savings bank shall send the shareholder a written statement of the information required to be stated on certificates under subsection (1) of this section. [1994 c 256 § 114.]

**Findings—Construction—1994 c 256:** See RCW 43.320.007.

**32.32.045 Stock purchase subscription rights—Eligible account holders.** Each eligible account holder shall receive, without payment, nontransferable subscription rights to purchase capital stock in an amount equal to the greatest of two hundred shares, one-tenth of one percent of the total offering of shares, or fifteen times the product (rounded down to the next whole number) obtained by multiplying the total number of shares of capital stock to be issued by a fraction of which the numerator is the amount of the qualifying deposit of the eligible account holder and the denominator is the total amount of qualifying deposits of all eligible account holders in the converting savings bank. If the allotment made in this section results in an oversubscription, shares shall be allocated among subscribing eligible account holders so as to permit each such account holder, to the extent possible, to purchase a number of shares sufficient to make his or her total allocation equal to one hundred shares. Any shares not so allocated shall be allocated among the subscribing eligible account holders on such equitable basis, related to the amounts of their respective qualifying deposits, as may be provided in the plan of conversion. [2011 c 336 § 756; 1981 c 85 § 8.]

**32.32.050 Stock purchase subscription rights received by officers, directors, and their associates—Subordination.** Nontransferable subscription rights to purchase capital stock received by officers and directors and their associates of the converting savings bank based on their increased deposits in the converting savings bank in the one-year period preceding the eligibility record date shall be subordinated to all other subscriptions involving the exercise of non-transferable subscription rights to purchase shares pursuant to RCW 32.32.045. [1981 c 85 § 9.]

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**32.32.055 Supplemental share purchase subscription rights—Supplemental eligible account holder—Conditions.** In plans involving an eligibility record date that is more than fifteen months prior to the date of the latest amendment to the application for conversion filed prior to the director approval, a supplemental eligibility record date shall be determined whereby each supplemental eligible account holder of the converting savings bank shall receive, without payment, nontransferable subscription rights to purchase supplemental shares in an amount equal to the greatest of two hundred shares, one-tenth of one percent of the total offering of shares, or fifteen times the product (rounded down to the next whole number) obtained by multiplying the total number of shares of capital stock to be issued by a fraction of which the numerator is the amount of the qualifying deposit of the supplemental eligible account holder and the denominator is the total amount of the qualifying deposits of all supplemental eligible account holders in the converting savings bank on the supplemental eligibility record date.

(1) Subscription rights received pursuant to this section shall be subordinated to all rights received by eligible account holders to purchase shares pursuant to RCW 32.32.045 and 32.32.050.

(2) Any nontransferable subscription rights to purchase shares received by an eligible account holder in accordance with RCW 32.32.045 shall be applied in partial satisfaction of the subscription rights to be distributed pursuant to this section.

(3) In the event of an oversubscription for supplemental shares pursuant to this section, shares shall be allocated among the subscribing supplemental eligible account holders as follows:

(a) Shares shall be allocated among subscribing supplemental eligible account holders so as to permit each such supplemental account holder, to the extent possible, to purchase a number of shares sufficient to make the supplemental account holder's total allocation (including the number of shares, if any, allocated in accordance with RCW 32.32.045) equal to one hundred shares.

(b) Any shares not allocated in accordance with subsection (3)(a) of this section shall be allocated among the subscribing supplemental eligible account holders on such equitable basis, related to the amounts of their respective qualifying deposits, as may be provided in the plan of conversion. [1994 c 92 § 355; 1981 c 85 § 10.]

**32.32.060 Sale of shares not sold in subscription offering—Methods—Conditions.** Any shares of the converting savings bank not sold in the subscription offering shall either be sold in a public offering through an underwriter or directly by the converting savings bank in a direct community marketing, subject to the applicant demonstrating to the director the feasibility of the method of sale and to such conditions as may be provided in the plan of conversion. The conditions shall include, but not be limited to:

(1) A condition limiting purchases by each officer and director or their associates in this phase of the offering to one-tenth of one percent of the total offering of shares.

(2) A condition limiting purchases by any person and that person's associates in this phase of the offering to a number of shares or a percentage of the total offering so long as

the limitation does not exceed two percent of the shares to be sold in the total offering.

(3) A condition that any direct community offering by the converting savings bank shall give a preference to natural persons residing in the counties in which the savings bank has an office. The methods by which preference shall be given shall be approved by the director. [1994 c 92 § 356; 1981 c 85 § 11.]

**32.32.065 Limitation on subscription and purchase of shares by person with associate or group—Amount.** The number of shares which any person together with any associate or group of persons acting in concert may subscribe for or purchase in the conversion shall not exceed five percent of the total offering of shares. For purposes of this section, the members of the converting savings bank's board of directors shall not be deemed to be associates or a group acting in concert solely as a result of their board membership. [1981 c 85 § 12.]

**32.32.070 Limitation on purchase of shares by officers, directors, and their associates—Amount.** The number of shares which officers and directors of the converting savings bank and their associates may purchase in the conversion shall not exceed twenty-five percent of the total offering of shares. [1981 c 85 § 13.]

**32.32.075 Prohibition on purchase of shares by officers, directors, and their associates—Exception.** No officer or director, or their associates, may purchase without the prior written approval of the director the capital stock of the converted savings bank except from a broker or a dealer registered with the Securities and Exchange Commission for a period of three years following the conversion. This provision shall not apply to negotiated transactions involving more than one percent of the outstanding capital stock of the converted savings bank.

As used in this section, the term "negotiated transactions" means transactions in which the securities are offered and the terms and arrangements relating to any sale of the securities are arrived at through direct communications between the seller or any person acting on the seller's behalf and the purchaser or the purchaser's investment representative. The term "investment representative" means a professional investment adviser acting as agent for the purchaser and independent of the seller and not acting on behalf of the seller in connection with the transaction. [1994 c 92 § 357; 1981 c 85 § 14.]

**32.32.080 Uniform sales price of shares required—Application to specify arrangements on sale of shares not sold in subscription offering.** The sales price of the shares of capital stock to be sold in the conversion shall be a uniform price determined in accordance with RCW 32.32.290, 32.32.305, and 32.32.325. The applicant shall specify in its conversion application the underwriting and/or other marketing arrangements to be made to assure the sale of all shares not sold in the subscription offering. [1981 c 85 § 15.]

**32.32.085 Savings account holder to receive withdrawable savings account(s)—Amount.** Each savings

account holder of the converting savings bank shall receive, without payment, a withdrawable savings account or accounts in the converted savings bank equal in withdrawable amount to the withdrawal value of the account holder's savings account or accounts in the converting savings bank. [1981 c 85 § 16.]

**32.32.090 Liquidation account—Establishment and maintenance required.** A converting savings bank shall establish and maintain a liquidation account for the benefit of eligible account holders and supplemental eligible account holders in the event of a subsequent complete liquidation of the converted savings bank, in accordance with RCW 32.32.185 through 32.32.205. [1981 c 85 § 17.]

**32.32.095 Establishment of eligibility record date required.** The applicant shall establish an eligibility record date, which shall not be less than ninety days prior to the date of adoption of the plan by the converting savings bank's board of directors. [1981 c 85 § 18.]

**32.32.100 Capital stock—Voting rights.** The holders of the capital stock of the converted savings bank shall have exclusive voting rights. [1981 c 85 § 19.]

**32.32.105 Amendment and termination of plan of conversion.** The plan of conversion adopted by the applicant's board of directors may be amended by the board of directors with the concurrence of the director at any time prior to final approval of the director and may be terminated with the concurrence of the director at any time prior to issuance of the authorization certificate by the director. [1994 c 92 § 358; 1981 c 85 § 20.]

**32.32.110 Restriction on sale of shares of stock by directors and officers.** All shares of capital stock purchased by directors and officers on original issue in the conversion either directly from the savings bank (by subscription or otherwise) or from an underwriter of the shares shall be subject to the restriction that the shares shall not be sold for a period of not less than three years following the date of purchase, except in the event of death of the director or officer. [1981 c 85 § 21.]

**32.32.115 Conditions on shares of stock subject to restriction on sale.** In connection with shares of capital stock subject to restriction on sale for a period of time:

(1) Each certificate for the stock shall bear a legend giving appropriate notice of the restriction;

(2) Appropriate instructions shall be issued to the transfer agent for the capital stock with respect to applicable restrictions on transfer of any such restricted stock; and

(3) Any shares issued as a stock dividend, stock split, or otherwise with respect to any such restricted stock shall be subject to the same restrictions as may apply to the restricted stock. [1985 c 56 § 18; 1981 c 85 § 22.]

**32.32.120 Registration of securities—Marketing of securities—Listing of shares on securities exchange or NASDAQ quotation system.** A converted savings bank or holding company formed under chapter 32.34 RCW shall:

(1) Promptly following its conversion register the securities issued in connection therewith pursuant to the Securities and Exchange Act of 1934 and undertake not to deregister the securities for a period of three years thereafter;

(2) Use its best efforts to encourage and assist a market maker to establish and maintain a market for the securities issued in connection with the conversion; and

(3) Use its best efforts to list those shares issued in connection with the conversion on a national or regional securities exchange or on the NASDAQ quotation system. [1985 c 56 § 19; 1981 c 85 § 23.]

**32.32.125 Reasonable expenses required.** The expenses incurred in the conversion shall be reasonable. [1981 c 85 § 24.]

**32.32.130 Plan of conversion—Prohibited provisions.** The plan of conversion shall contain no provision which the director determines to be inequitable or detrimental to the applicant, its savings account holders, or other savings banks or to be contrary to the public interest. [1994 c 92 § 359; 1981 c 85 § 25.]

**32.32.135 Plan of conversion—Permissible provisions.** The plan of conversion may contain any of the provisions set forth in RCW 32.32.140 through 32.32.170. [1981 c 85 § 26.]

**32.32.140 Purchase of certain shares of stock by directors, officers, and employees permitted—Conditions.** Directors, officers, and employees of the converting savings bank, as part of the subscription offering, may be entitled to purchase shares of capital stock, to the extent that shares are available after satisfying the subscriptions of eligible account holders and supplemental eligible account holders, subject to the following conditions:

(1) The total number of shares which may be purchased under this section shall not exceed twenty-five percent of the total number of shares to be issued in the case of a converting savings bank with total assets of less than fifty million dollars or fifteen percent in the case of a converting savings bank with total assets of five hundred million dollars or more; in the case of a converting savings bank with total assets of fifty million dollars or more but less than five hundred million dollars, the percentage shall be no more than a correspondingly appropriate number of shares based on total asset size (for example, twenty percent in the case of a converting savings bank with total assets of approximately two hundred seventy five million dollars); and

(2) The shares shall be allocated among directors, officers, and employees on an equitable basis such as by giving weight to period of service, compensation, and position, subject to a reasonable limitation on the amount of shares which may be purchased by any person or associate thereof, or group of affiliated persons or group of persons otherwise acting in concert. [1981 c 85 § 27.]

**32.32.145 Receipt of certain subscription rights by account holders permitted—Amount—Conditions.** Any account holder receiving rights to purchase stock in the subscription offering may also receive, without payment, non-

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transferable subscription rights to purchase up to one percent of the total offering of shares of capital stock, to the extent that the shares are available after satisfying the subscription under RCW 32.32.045 and 32.32.055, subject to such conditions as may be provided in the plan of conversion. In the event of an oversubscription for the additional shares, the shares available shall be allocated among the subscribing eligible account holders and supplemental eligible account holders on such equitable basis, related to the amounts of their respective subscriptions, as may be provided in the plan of conversion. Where possible the subscriptions shall be allocated in such a manner that total purchases by eligible account holders and supplemental eligible account holders shall be rounded to the nearest one hundred shares. [1981 c 85 § 28.]

**32.32.150 Permissible sales of insignificant residue of shares.** Any insignificant residue of shares not sold in the subscription offering or in a public offering referred to in RCW 32.32.060 may be sold in such other manner as provided in the plan with the director's approval. [1994 c 92 § 360; 1985 c 56 § 20; 1981 c 85 § 29.]

**32.32.155 Limitation on number of shares subscribed in subscription offering permitted.** The number of shares which any person, or group of persons affiliated with each other or otherwise acting in concert, may subscribe for in the subscription offering may be made subject to a limit of not less than one percent of the total offering of shares. [1981 c 85 § 30.]

**32.32.160 Minimum purchase requirement in exercise of subscription rights permitted.** Any person exercising subscription rights to purchase capital stock may be required to purchase a minimum of up to twenty-five shares to the extent the shares are available (but the aggregate price for any minimum share purchase shall not exceed five hundred dollars). [1981 c 85 § 31.]

**32.32.165 Stock option plan permitted—Reserved shares.** A stock option plan may be adopted by the board of directors at the meeting at which the plan of conversion is voted upon. The number of shares reserved for the stock option plans should be limited to ten percent of the number of shares sold in the conversion. [1981 c 85 § 32.]

**32.32.170 Issuance of securities in lieu of capital stock permitted—References to capital stock.** The converted savings bank may issue and sell, in lieu of shares of its capital stock, units of securities consisting of capital stock or other equity securities, in which event any reference in this chapter to capital stock shall apply to the units of equity securities unless the context otherwise requires. [1981 c 85 § 33.]

**32.32.175 Approval of other equitable provisions.** The director may approve such other equitable provisions as are necessary to avert imminent injury to the converting savings bank. [1994 c 92 § 361; 1981 c 85 § 34.]

**32.32.180 Amount of qualifying deposit of eligible account holder or supplemental eligible account holder.**

(1) Unless otherwise provided in the plan of conversion, the amount of the qualifying deposit of an eligible account holder or supplemental eligible account holder shall be the total of the deposit balances in the eligible account holder's or supplemental eligible account holder's savings accounts in the converting savings bank as of the close of business on the eligibility record date or supplemental eligibility record date. However, the plan of conversion may provide that any savings accounts with total deposit balances of less than fifty dollars (or any lesser amount) shall not constitute a qualifying deposit.

(2) As used in this section, the term "savings account" includes a predecessor or successor account of a given savings account which is held only in the same right and capacity and on the same terms and conditions as the given savings account. However, the plan of conversion may provide for lesser requirements for consideration as a predecessor or successor account. [1981 c 85 § 35.]

**32.32.185 Liquidation account—Establishment required—Amount—Function.** Each converted savings bank shall, at the time of conversion, establish a liquidation account in an amount equal to the amount of net worth of the converting savings bank as of the latest practicable date prior to conversion. For the purposes of this section, the savings bank shall use the net worth figure no later than that set forth in its latest statement of financial condition contained in the final offering circular. The function of the liquidation account is to establish a priority on liquidation and, except as provided in RCW 32.32.215, the existence of the liquidation account shall not operate to restrict the use or application of any of the net worth accounts of the converted savings bank. [1981 c 85 § 36.]

**32.32.190 Liquidation account—Maintenance required—Subaccounts.** The liquidation account shall be maintained by the converted savings bank for the benefit of eligible account holders and supplemental eligible account holders who maintain their savings accounts in the bank. Each such eligible account holder shall, with respect to each savings account, have a related inchoate interest in a portion of the liquidation account balance ("subaccount"). [1981 c 85 § 37.]

**32.32.195 Liquidation account—Distribution upon complete liquidation.** In the event of a complete liquidation of the converted savings bank (and only in this event), each eligible account holder and supplemental eligible account holder shall be entitled to receive a liquidation distribution from the liquidation account, in the amount of the then current adjusted subaccount balances for savings accounts then held, before any liquidation distribution may be made with respect to capital stock. No merger, consolidation, purchase of bulk assets with assumption of savings accounts and other liabilities, or similar transaction, in which the converted savings bank is not the survivor, is considered to be a complete liquidation for this purpose. In these transactions, the liquidation account shall be assumed by the surviving institution. [1981 c 85 § 38.]

**32.32.200 Liquidation account—Determination of subaccount balances.** The initial subaccount balance for a savings account held by an eligible account holder and/or supplemental eligible account holder shall be determined by multiplying the opening balance in the liquidation account by a fraction of which the numerator is the amount of qualifying deposits in the savings account on the eligibility record date and/or the supplemental eligibility record date and the denominator is the total amount of qualifying deposits of all eligible account holders and supplemental eligible account holders in the converting savings bank on these dates. For savings accounts in existence at both dates, separate subaccounts shall be determined on the basis of the qualifying deposits in these savings accounts on these record dates. The initial subaccount balances shall not be increased, and it shall be subject to downward adjustment as provided in RCW 32.32.205. [1981 c 85 § 39.]

**32.32.205 Reduction of subaccount balance.** If the deposit balance in any savings account of an eligible account holder or supplemental eligible account holder at the close of business on any annual closing date subsequent to the respective record dates is less than the lesser of (1) the deposit balance in the savings account at the close of business on any other annual closing date subsequent to the eligibility record date or (2) the amount of qualifying deposit as of the eligibility record date or the supplemental eligibility record date, the subaccount balance for the savings account shall be adjusted by reducing the subaccount balance in an amount proportionate to the reduction in the deposit balance. In the event of such a downward adjustment, the subaccount balance shall not be subsequently increased, notwithstanding any increase in the deposit balance of the related savings account. If any such savings account is closed, the related subaccount balance shall be reduced to zero. [1981 c 85 § 40.]

**32.32.210 Converted savings bank prohibited from repurchasing its stock without approval.** No converted savings bank may repurchase any of its capital stock from any person unless the repurchase is approved by the director either in advance or at the time of repurchase. [1994 c 92 § 362; 1985 c 56 § 21; 1981 c 85 § 41.]

**32.32.215 Limitation on cash dividends.** Except as provided in RCW 32.32.222, no converted savings bank may declare or pay a cash dividend unless the declaration or payment of the dividend would be in accordance with the requirements of \*RCW 30.04.180 and would not have the effect of reducing the net worth of the converted savings bank below (1) the amount required for the liquidation account or (2) the amount required by the director. [1994 c 92 § 363; 1985 c 56 § 22; 1981 c 85 § 42.]

\*Reviser's note: RCW 30.04.180 was recodified as RCW 30A.04.180 pursuant to 2014 c 37 § 4, effective January 5, 2015.

**32.32.220 Limitation on certain cash dividends within ten years of conversion.** Except as provided in RCW 32.32.222, no converted savings bank may, without the prior approval of the director, for a period of ten years after the date of its conversion, declare or pay a cash dividend on its

capital stock in an amount in excess of one-half of the greater of:

- (1) The savings bank's net income for the current fiscal year; or
- (2) The average of the savings bank's net income for the current fiscal year and not more than two of the immediately preceding fiscal years.

For purposes of this chapter, "net income" shall be determined by generally accepted accounting principles. [1994 c 92 § 364; 1985 c 56 § 23; 1981 c 85 § 43.]

**32.32.222 Dividends on preferred stock.** A converted mutual savings bank may pay dividends on preferred stock at the rate or rates agreed in connection with the issuance of preferred stock if such issuance has been approved by the director. [1994 c 92 § 365; 1985 c 56 § 24.]

**32.32.225 Prohibitions on offer, sale, or purchase of securities.** In the offer, sale, or purchase of securities issued incident to its conversion, no savings bank, or any director, officer, attorney, agent, or employee thereof, may (1) employ any device, scheme, or artifice to defraud, or (2) obtain money or property by means of any untrue statement of a material fact or any omission to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading, or (3) engage in any act, transaction, practice, or course of business which operates or would operate as a fraud or deceit upon a purchaser or seller. [1981 c 85 § 44.]

**32.32.228 Acquisition of control of a converted savings bank—State reciprocity—Definitions.** (1) As used in this section, the following definitions apply:

- (a) "Control" means directly or indirectly alone or in concert with others to own, control, or hold the power to vote twenty-five percent or more of the outstanding stock or voting power of the controlled entity;
- (b) "Acquiring depository institution" means a bank or bank holding company, or a converted mutual savings bank or the holding company of a mutual savings bank, or a savings and loan association or the holding company of a savings and loan association, which is chartered in or whose principal office is located in another state, and which seeks to acquire control of a Washington savings bank;
- (c) "Acquiring party" means the person acquiring control of a bank through the purchase of stock;
- (d) "Person" means any individual, corporation, partnership, group acting in concert, association, business trust, or other organization.

(2)(a) It is unlawful for any person to acquire control of a converted savings bank until thirty days after filing with the director a completed application. The application shall be under oath or affirmation, and shall contain substantially all of the following information plus any additional information that the director may prescribe as necessary or appropriate in the particular instance for the protection of bank depositors, borrowers, or shareholders and the public interest:

- (i) The identity and banking and business experience of each person by whom or on whose behalf acquisition is to be made;

- (ii) The financial and managerial resources and future prospects of each person involved in the acquisition;

- (iii) The terms and conditions of any proposed acquisition and the manner in which the acquisition is to be made;

- (iv) The source and amount of the funds or other consideration used or to be used in making the acquisition, and a description of the transaction and the names of the parties if any part of these funds or other consideration has been or is to be borrowed or otherwise obtained for the purpose of making the acquisition;

- (v) Any plan or proposal which any person making the acquisition may have to liquidate the bank, to sell its assets, to merge it with any other bank, or to make any other major change in its business or corporate structure or management;

- (vi) The identification of any person employed, retained, or to be compensated by the acquiring party, or by any person on its behalf, who makes solicitations or recommendations to shareholders for the purpose of assisting in the acquisition and a brief description of the terms of the employment, retainer, or arrangement for compensation;

- (vii) Copies of all invitations for tenders or advertisements making a tender offer to shareholders for the purchase of their stock to be used in connection with the proposed acquisition; and

- (viii) Such additional information as shall be necessary to satisfy the director, in the exercise of the director's discretion, that each such person and associate meets the standards of character, responsibility, and general fitness established for incorporators of a savings bank under RCW 32.08.040.

(b)(i) Notwithstanding any other provision of this section, and subject to (b)(ii) of this subsection, an acquiring depository institution must apply to the director and notify the savings bank to be acquired of an intent to acquire control and the date of the proposed acquisition of control at least thirty days before the date of the acquisition of control.

(ii) Except to the extent of any conflict with applicable federal law, (b)(i) of this subsection does not apply to an acquiring depository institution that is seeking to acquire control of a Washington savings bank unless the home state of the acquiring depository institution permits a Washington converted mutual savings bank, or the Washington-chartered holding company of a mutual savings bank, to acquire control of a controlled entity that is chartered in or whose principal office is located in that home state, unless under terms and conditions that are substantially the same as, or at least as favorable to entry as, those provided under (b)(i) of this subsection.

(c) When a person, other than an individual or corporation, is required to file an application under this section, the director may require that the information required by (a)(i), (ii), (vi), and (viii) of this subsection be given with respect to each person, as defined in subsection (1)(d) of this section, who has an interest in or controls a person filing an application under this subsection.

(d) When a corporation is required to file an application under this section, the director may require that information required by (a)(i), (ii), (vi), and (viii) of this subsection be given for the corporation, each officer and director of the corporation, and each person who is directly or indirectly the beneficial owner of twenty-five percent or more of the outstanding voting securities of the corporation.

(e) If any tender offer, request, or invitation for tenders or other agreements to acquire control is proposed to be made by means of a registration statement under the securities act of 1933 (48 Stat. 74, 15 U.S.C. Sec. 77(a)) [15 U.S.C. Sec. 77a], as amended, or in circumstances requiring the disclosure of similar information under the securities exchange act of 1934 (48 Stat. 881, 15 U.S.C. Sec. 78(a)) [15 U.S.C. Sec. 78a], as amended, the registration statement or application may be filed with the director in lieu of the requirements of this section.

(f) Any acquiring party shall also deliver a copy of any notice or application required by this section to the savings bank proposed to be acquired within two days after such notice or application is filed with the director.

(g) Any acquisition of control in violation of this section shall be ineffective and void.

(h) Any person who willfully or intentionally violates this section or any rule adopted under this section is guilty of a gross misdemeanor pursuant to chapter 9A.20 RCW. Each day's violation shall be considered a separate violation, and any person shall upon conviction be fined not more than one thousand dollars for each day the violation continues.

(3) The director may disapprove the acquisition of a savings bank within thirty days after the filing of a complete application pursuant to subsections (1) and (2) of this section or an extended period not exceeding an additional fifteen days if:

(a) The poor financial condition of any acquiring party might jeopardize the financial stability of the savings bank or might prejudice the interest of depositors, borrowers, or shareholders;

(b) The plan or proposal of the acquiring party to liquidate the savings bank, to sell its assets, to merge it with any person, or to make any other major change in its business or corporate structure or management is not fair and reasonable to its depositors, borrowers, or stockholders or is not in public interest;

(c) The banking and business experience and integrity of any acquiring party who would control the operation of the savings bank indicates that approval would not be in the interest of the savings bank's depositors, borrowers, or shareholders;

(d) The information provided by the application is insufficient for the director to make a determination or there has been insufficient time to verify the information provided and conduct an examination of the qualification of the acquiring party; or

(e) The acquisition would not be in the public interest.

An acquisition may be made prior to expiration of the disapproval period if the director issues written notice of intent not to disapprove the action.

The director shall set forth the basis for disapproval of any proposed acquisition in writing and shall provide a copy of such findings and order to the applicants and to the bank involved. Such findings and order shall not be disclosed to any other party and shall not be subject to public disclosure under chapter 42.56 RCW unless the findings and/or order are appealed pursuant to chapter 34.05 RCW.

Whenever such a change in control occurs, each party to the transaction shall report promptly to the director any changes or replacement of its chief executive officer or of any

director occurring in the next twelve-month period, including in its report a statement of the past and current business and professional affiliations of the new chief executive officer or directors.

(4)(a) For a period of ten years following the acquisition of control by any person, neither such acquiring party nor any associate shall receive any loan or the use of any of the funds of, nor purchase, lease, or otherwise receive any property from, nor receive any consideration from the sale, lease, or any other conveyance of property to, any savings bank in which the acquiring party has control except as provided in (b) of this subsection.

(b) Upon application by any acquiring party or associate subject to (a) of this subsection, the director may approve a transaction between a converted savings bank and such acquiring party, person, or associate, upon finding that the terms and conditions of the transaction are at least as advantageous to the savings bank as the savings bank would obtain in a comparable transaction with an unaffiliated person.

(5) Except with the consent of the director, no converted savings bank shall, for the purpose of enabling any person to purchase any or all shares of its capital stock, pledge or otherwise transfer any of its assets as security for a loan to such person or to any associate, or pay any dividend to any such person or associate. Nothing in this section shall prohibit a dividend of stock among shareholders in proportion to their shareholdings. In the event any clause of this section is declared to be unconstitutional or otherwise invalid, all remaining dependent and independent clauses of this section shall remain in full force and effect. [2005 c 348 § 5; 2005 c 274 § 259; 1994 c 92 § 366; 1989 c 180 § 6; 1985 c 56 § 25.]

**Reviser's note:** This section was amended by 2005 c 274 § 259 and by 2005 c 348 § 5, each without reference to the other. Both amendments are incorporated in the publication of this section under RCW 1.12.025(2). For rule of construction, see RCW 1.12.025(1).

Additional notes found at [www.leg.wa.gov](http://www.leg.wa.gov)

### **32.32.230 Nonapproval of conversion unless acquisition of control within three years by certain companies prohibited.**

(1) No conversion may be approved by the director unless the plan of conversion provides that the converted savings bank shall enter into an agreement with the director, in form satisfactory to the director, which shall provide that for a period of three years following the conversion any company significantly engaged in an unrelated business activity, either directly or through an affiliate thereof, shall not be permitted, regardless of the form of the transaction, to acquire control of the converted savings bank. Any acquisition of a converted savings bank shall also comply with RCW 32.32.228.

(2) As used in this section:

(a) The term "affiliate" means any person or company which controls, is controlled by, or is under common control with, a specified company.

(b) A person or company shall be deemed to have "control" of:

(i) A savings bank if the person directly or indirectly or acting in concert with one or more other persons, or through one or more subsidiaries, owns, controls, or holds with power to vote, or holds proxies representing, more than twenty-five percent of the voting shares of the savings bank, or controls



in any manner the election of a majority of the directors of the bank;

(ii) Any other company if the person directly or indirectly or acting in concert with one or more other persons, or through one or more subsidiaries, owns, controls, or holds with power to vote, or holds proxies representing, more than twenty-five percent of the voting shares or rights of the other company, or controls in any manner the election or appointment of a majority of the directors or trustees of the other company, or is a general partner in or has contributed more than twenty-five percent of the capital of the other company;

(iii) A trust if the person is a trustee thereof; or

(iv) A savings bank or any other company if the director determines, after reasonable notice and opportunity for hearing, that the person directly or indirectly exercises a controlling influence over the management or policies of the savings bank or other company.

(c) A company shall be deemed to be "significantly engaged" in an unrelated business activity if its unrelated business activities would represent, on either an actual or a pro forma basis, more than fifteen percent of its consolidated net worth at the close of this preceding fiscal year or of its consolidated net earnings for such fiscal year.

(d) The term "unrelated business activity" means any business activity not authorized for a savings bank or any subsidiary thereof. [1994 c 92 § 367; 1985 c 56 § 26; 1981 c 85 § 45.]

**32.32.235 Plan of conversion—Charter restrictions permitted.** To the extent permitted by applicable federal or state law, a plan of conversion may provide for a provision in the charter of the converted savings bank containing, in substance, the restriction set forth in RCW 32.32.230. There may also be included a restriction providing that the charter provision may be amended only by a vote of up to seventy-five percent of the votes eligible to be cast at a regular or special meeting of shareholders of the converted savings bank. If the converted savings bank elects to adopt the foregoing optional charter provision, the director shall impose, as a condition to approval of the conversion, a requirement that the converted savings bank fully enforce the charter provision. [1994 c 92 § 368; 1981 c 85 § 46.]

**32.32.240 Confidentiality of consideration to convert—Remedial measures for breach.** A savings bank which is considering converting pursuant to this chapter and its directors, officers, and employees shall keep this consideration in the strictest confidence and shall only discuss the potential conversion as would be consistent with the need to prepare information for filing an application for conversion. Should this confidence be breached the director may require remedial measures including:

(1) A public statement by the savings bank that its board of directors is currently considering converting pursuant to this chapter;

(2) Providing for an eligibility record date which shall be as of such a date prior to the adoption of the plan by the converting savings bank's board of directors as to assure the equitability of the conversion;

(3) Limitation of the subscription rights of any person violating or aiding the violation of this section to an amount deemed appropriate by the director; and

(4) Any other actions the director may deem appropriate and necessary to assure the fairness and equitability of the conversion. [1994 c 92 § 369; 1981 c 85 § 47.]

**32.32.245 Public statement authorized.** If it should become essential as a result of rumors prior to the adoption of a plan of conversion by the applicant's board of directors, a public statement limited to that purpose may be made by the applicant. [1981 c 85 § 48.]

**32.32.250 Adoption of plan of conversion—Notice to and inspection by account holders—Statement and letter—Press release authorized.** Promptly after the adoption of a plan of conversion by not less than two-thirds of its board of directors, the savings bank shall:

(1) Notify its account holders of the action by publishing a statement in a newspaper having general circulation in each community in which an office of the savings bank is located and/or by mailing a letter to each of its account holders; and

(2) Have copies of the adopted plan of conversion available for inspection by its account holders at each office of the savings bank.

The savings bank may also issue a press release with respect to the action. Copies of the proposed statement, letter, and press release are not required to be filed with the director but may be submitted to the director for comment. Copies of the definitive statement, letter, and press release shall be filed with the director as part of the application for conversion. [1994 c 92 § 370; 1981 c 85 § 49.]

**32.32.255 Statement, letter, and press release—Content permitted.** The statement, letter, and press release of the applicant issued pursuant to RCW 32.32.250, unless otherwise authorized by the director, shall contain only (but need not contain all of) the following:

(1) A statement that the board of directors has adopted a plan to convert the savings bank from a mutual savings bank to a capital stock savings bank;

(2) A statement that the plan of conversion is subject to approval by the director and by the appropriate federal regulatory authority or authorities (naming such an authority or authorities) before the plan can become effective and that account holders of the applicant will have an opportunity to file written comments including objections and materials supporting the objections with the director;

(3) A statement that the plan of conversion is contingent upon obtaining favorable tax rulings from the Internal Revenue Service or an appropriate tax opinion;

(4) A statement that there is no assurance that the approval of the director or the approval of any appropriate federal authority or authorities will be obtained, and also no assurance that the favorable tax rulings or tax opinion will be received;

(5) The proposed record date for determining the eligible account holders entitled to receive nontransferable subscription rights to purchase capital stock of the applicant;

(6) A brief statement describing the circumstances that would require supplemental eligible account holders to

receive nontransferable subscription rights to purchase capital stock of the applicant;

(7) A brief description of the plan of conversion;

(8) The par value and approximate number of shares of capital stock to be issued and sold under the plan of conversion;

(9) A brief statement as to the extent to which directors, officers, and employees will participate in the conversion;

(10) A statement that savings account holders will continue to hold accounts in the converted savings bank identical as to dollar amount, rate of return, and general terms and that their accounts will continue to be insured by the Federal Deposit Insurance Corporation;

(11) A statement that borrowers' loans will be unaffected by conversion and that the amount, rate, maturity, security, and other conditions will remain contractually fixed as they existed prior to conversion;

(12) A statement that the normal business of the savings bank in accepting savings and making loans will continue without interruption; that the converted savings bank will continue after conversion to conduct its present services to savings account holders and borrowers under current policies to be carried on in existing offices and by the present management and staff;

(13) A statement that the plan of conversion may be substantially amended or terminated by the board of directors with the concurrence of the director; and

(14) A statement that questions of account holders may be answered by telephoning or writing to the savings bank. [1994 c 92 § 371; 1981 c 85 § 50.]

**32.32.260 Statement, letter, and press release—Contents prohibited—Inquiries.** The statement, letter, and press release of the applicant issued pursuant to RCW 32.32.250 shall not include financial statements or describe the benefits of conversion or the value of the capital stock of the savings bank upon conversion. In replying to inquiries, the savings bank should limit its answers to the matters listed in RCW 32.32.255. [1981 c 85 § 51.]

**32.32.265 Notices of filing of application—Requests for subscription offering circular.** Upon determination that an application for conversion is properly executed and is not materially incomplete, the director shall advise the applicant, in writing, to publish notices of the filing of the application. Promptly after receipt of the advice, the applicant shall furnish a written notice of the filing to each eligible account holder and also publish a notice of the filing in a newspaper printed in the English language and having general circulation in each community in which an office of the applicant is located, as follows:

NOTICE OF FILING OF AN APPLICATION  
FOR APPROVAL TO CONVERT TO A  
STOCK SAVINGS BANK

Notice is hereby given that, pursuant to chapter 32.32 of the Revised Code of Washington

.....  
(fill in name of applicant)

has filed an application with the Director of Financial Institutions for approval to convert to the stock form of organization. Copies of the application have been delivered to (address).

Written comments, including objections to the plan of conversion and materials supporting the objections, from any account holder of the applicant or aggrieved person, will be considered by the director if filed within twenty business days after the date of this notice. Failure to make written comments in objection may preclude the pursuit of any administrative or judicial remedies. Three copies of the comments should be sent to the aforementioned. The proposed plan of conversion and any comments thereon will be available for inspection by any account holder of the applicant at (address). A copy of the plan may also be inspected at each office of the applicant.

If a significant number of the applicant's account holders speak a language other than English and a newspaper in that language is published in the area served by the applicant, an appropriate translation of the notice shall also be published in that newspaper. A notice sent by mail may be accompanied by the statement that the converting institution will not mail a subscription offering circular to an eligible account holder or a supplemental eligible account holder unless the eligible account holder or the supplemental eligible account holder, prior to the commencement of the subscription offering, requests the subscription offering circular by returning a postcard. The issuer of stock in the conversion shall pay the postage of this postcard and shall inform the eligible account holder or supplemental eligible holder that the postage is paid. [1994 c 92 § 372; 1985 c 56 § 27; 1981 c 85 § 52.]

**32.32.270 Filing of notice and affidavit of publication required.** Promptly after publication of the notices prescribed in RCW 32.32.265, the applicant shall file with the director the notice and affidavit of publication from each newspaper publisher in the manner the director shall require. [1994 c 92 § 373; 1981 c 85 § 53.]

**32.32.275 Applications available for public inspection—Confidential information.** Should the applicant desire to submit any information it deems to be of a confidential nature regarding any item or a part of any exhibit included in any application under this chapter, the information pertaining to the item or exhibit shall be separately bound and labeled "confidential", and a statement shall be submitted therewith briefly setting forth the grounds on which the information should be treated as confidential. Only general reference thereto need be made in that portion of the application which the applicant deems not to be confidential. Applications under this chapter shall be made available for inspection by the public, except for portions which are bound and labeled "confidential" and which the director determines to withhold from public availability under chapter 42.56 RCW. The applicant shall be advised of any decision by the director to make public information designated as "confidential" by the applicant. Even though sections of the application are considered "confidential" as far as public inspection

thereof is concerned, to the extent the director deems necessary the director may comment on the confidential submissions in any public statement in connection with the director's decision on the application without prior notice to the applicant. [2005 c 274 § 260; 1994 c 92 § 374; 1981 c 85 § 54.]

**32.32.280 Offers and sales of securities—Prohibitions.** No offer to sell securities of an applicant pursuant to a plan of conversion may be made prior to approval by the director of the application for conversion. No sale of these securities in the subscription offering may be made except by means of the final offering circular for the subscription offering. No sale of unsubscribed securities may be made except by means of the final offering circular for the public offering or direct community marketing. The offering of shares in the direct community marketing may commence during the subscription offering upon the declaration of effectiveness by the director of the offering circular proposed for the community offering. This section shall not apply to preliminary negotiations or agreements between an applicant and any underwriter or among underwriters who are to be in privity of contract with the applicant. [1994 c 92 § 375; 1981 c 85 § 55.]

**32.32.285 Distribution of offering circulars authorized.** Any preliminary offering circular for the subscription offering, the public offering, or the direct community marketing which has been filed with the director may be distributed to eligible account holders or supplemental eligible account holders and to others in connection with the offering after the director has advised the applicant in writing that the application is properly executed and is not materially incomplete under RCW 32.32.265. No final offering circular may be distributed until the offering circular has been declared effective by the director. [1994 c 92 § 376; 1981 c 85 § 56.]

**32.32.290 Preliminary offering circular for subscription offering—Estimated subscription price range required.** With respect to the capital stock of the applicant to be sold under the plan of conversion, any preliminary offering circular for the subscription offering shall set forth the estimated subscription price range. The maximum of the price range should normally be no more than fifteen percent above the average of the minimum and maximum of the price range and the minimum should normally be no more than fifteen percent below this average. The maximum price used in the price range should normally be no more than fifty dollars per share and the minimum no less than five dollars per share. [1994 c 256 § 106; 1981 c 85 § 57.]

**Findings—Construction—1994 c 256:** See RCW 43.320.007.

**32.32.295 Review of price information by director.** The director shall review the price information required under RCW 32.32.290 in determining whether to give approval to an application for conversion. No representations may be made in any manner that the price information has been approved by the director or that the shares of capital stock sold pursuant to the plan of conversion have been approved or disapproved by the director or that the director has passed upon the accuracy or adequacy of any offering circular covering the shares. [1994 c 92 § 377; 1981 c 85 § 58.]

**32.32.300 Underwriting commissions.** Underwriting commissions shall not exceed an amount or percentage per share acceptable to the director. No underwriting commission may be allowed or paid with respect to shares of capital stock sold in the subscription offering; however, an underwriter may be reimbursed for accountable expenses in connection with the subscription offering where the public offering is so small that reasonable underwriting commissions thereon would not be sufficient to cover total accountable expenses. The term "underwriting commissions" includes underwriting discounts. [1994 c 92 § 378; 1981 c 85 § 59.]

**32.32.305 Consideration of pricing information by director—Guidelines.** In considering the pricing information required under RCW 32.32.290, the director shall apply the following guidelines:

(1) The materials shall be prepared by persons independent of the applicant, experienced and expert in the area of corporate appraisal, and acceptable to the director;

(2) The materials shall contain data which are sufficient to support the conclusions reached therein;

(3) The materials shall contain a complete and detailed description of the appraisal methodology employed; and

(4) To the extent that the appraisal is based on a capitalization of the pro forma income of the converted savings bank, the materials shall indicate the basis for determination of the income to be derived from the proceeds of the sale of stock and demonstrate the appropriateness of the earnings multiple used, including assumptions made as to future earnings growth. To the extent that the appraisal is based on comparison of the capital stock of the applicant with outstanding capital stock of existing stock savings banks or stock savings and loan associations, the materials shall demonstrate the appropriate comparability of the form and substance of the outstanding capital stock and the appropriate comparability of the existing stock savings banks and stock savings and loan associations in terms of such factors as size, market area, competitive conditions, profit history, and expected future earnings. [1994 c 92 § 379; 1981 c 85 § 60.]

**32.32.310 Submission of information by applicant.** In addition to the information required in RCW 32.32.305, the applicant shall submit information demonstrating to the satisfaction of the director the independence and expertise of any person preparing materials under RCW 32.32.305. However, a person will not be considered as lacking independence for the reason that the person will participate in effecting a sale of capital stock under the plan of conversion or will receive a fee from the applicant for services rendered in connection with the appraisal. [1994 c 92 § 380; 1981 c 85 § 61.]

**32.32.315 Subscription offering—Distribution of order forms for the purchase of shares.** Promptly after the director has declared the offering circular for the subscription offering effective, the applicant shall distribute order forms for the purchase of shares of capital stock in the subscription offering to all eligible account holders, supplemental eligible account holders (if applicable), and other persons who may subscribe for the shares under the plan of conversion. [1994 c 92 § 381; 1981 c 85 § 62.]

**32.32.320 Order forms—Final offering circular and detailed instructions.** Each order form distributed pursuant to RCW 32.32.315 shall be accompanied or preceded by the final offering circular for the subscription offering and a set of detailed instructions explaining how to properly complete the order forms. [1981 c 85 § 63.]

**32.32.325 Subscription price.** The maximum subscription price stated on each order form distributed pursuant to RCW 32.32.315 shall be the amount to be paid when the order form is returned. The maximum subscription price and the actual subscription price shall be within the subscription price range stated in the director's approval and the offering circular. If either the maximum subscription price or the actual subscription price is not within this subscription price range, the applicant shall obtain an amendment to the director's approval. If appropriate, the director shall condition the giving of amended approval by requiring a resolicitation of order forms. If the actual public offering price is less than the maximum subscription price stated on the order form, the actual subscription price shall be correspondingly reduced and the difference shall be refunded to those who have paid the maximum subscription price. [1994 c 92 § 382; 1981 c 85 § 64.]

**32.32.330 Order form—Contents.** Each order form distributed pursuant to RCW 32.32.315 shall be prepared so as to indicate to the person receiving it, in as simple, clear, and intelligible a manner as possible, the actions which are required or available to the person with respect to the form and the capital stock offered for purchase thereby. Specifically, each order form shall:

- (1) Indicate the maximum number of shares that may be purchased pursuant to the subscription offering;
- (2) Indicate the period of time within which the subscription rights must be exercised, which period of time shall not be less than twenty days following the date of the mailing of the order form;
- (3) State the maximum subscription price per share of capital stock;
- (4) Indicate any requirements as to the minimum number of shares of capital stock which may be purchased;
- (5) Provide a specifically designated blank space or spaces for indicating the number of shares of capital stock which the eligible account holder or other person wishes to purchase;
- (6) Indicate that payment may be made by cash if delivered in person or by check or by withdrawal from an account holder's savings account. If payment is to be made by withdrawal, a box to check should be provided;
- (7) Provide specifically designated blank spaces for dating and signing the order form;
- (8) Contain an acknowledgment by the account holder or other person signing the order form that the person has received the final offering circular for the subscription offering prior to signing; and
- (9) Indicate the consequences of failing to properly complete and return the order form, including a statement that the subscription rights are nontransferable and will become void at the end of the subscription period. The order form may, and the set of instructions shall, indicate the place or places to

which the order forms are to be returned and when the applicant will consider order forms received, such as by date and time of actual receipt in the applicant's offices or by date and time of postmark. [1981 c 85 § 65.]

**32.32.335 Order form—Additional provision authorized—Payment by withdrawal.** The order form distributed pursuant to RCW 32.32.315 may provide that it may not be modified without the applicant's consent after its receipt by the applicant. If payment is to be made by withdrawal from a savings account the applicant may, but need not, cause the withdrawal to be made upon receipt of the order form. If the withdrawal is made at any time prior to the closing date of the public offering, the applicant shall pay interest to the account holder on the account withdrawn as if the amount had remained in the account from which it was withdrawn until the closing date. [1981 c 85 § 66.]

**32.32.340 Time period for completion of sale of all shares of capital stock.** The sale of all shares of capital stock of the converting savings bank to be made under the plan of conversion, including any sale in a public offering or direct community marketing, shall be completed as promptly as possible and within forty-five calendar days after the last day of the subscription period, unless extended by the director. [1994 c 92 § 383; 1981 c 85 § 67.]

**32.32.345 Copies of application for approval to be filed.** An applicant that desires to convert in accordance with this chapter shall file copies of an application for approval in the form and number prescribed by the director. [1994 c 92 § 384; 1981 c 85 § 68.]

**32.32.350 Nonacceptance and return of applications.** Any application for approval that is improperly executed, or that does not contain copies of a plan of conversion, amendments to the charter of the applicant in the form of new articles of incorporation, and preliminary offering circulars for the subscription offering and for the public offering or direct community marketing shall not be accepted for filing and shall be returned to the applicant. Any application for approval containing a materially incomplete plan of conversion or offering circular may be returned by the director to the applicant. [1994 c 92 § 385; 1981 c 85 § 69.]

**32.32.355 Continuity of corporate existence.** Upon the filing of the articles of incorporation of a converted savings bank with the secretary of state in accordance with RCW 32.32.485, the corporate existence of the mutual savings bank converting to a stock savings bank pursuant to this chapter shall not terminate but the converted savings bank shall be deemed to be a continuation of the entity of the mutual savings bank so converted having the same rights and obligations as it had prior to the conversion. [1981 c 85 § 70.]

**32.32.360 Form of application.** The form of the application shall comply with the requirements of the director. [1994 c 92 § 386; 1981 c 85 § 71.]

**32.32.365 Representations upon filing of application.** Except as provided in RCW 32.32.370, the filing of any

application or amendment thereto under this chapter shall constitute a representation of the applicant by its duly authorized representative, the applicant's principal executive officer, the applicant's principal financial officer, and the applicant's principal accounting officer, and each member of the applicant's board of directors (whether or not the director has signed the application or any amendment thereto) severally that (1) he or she has read the application or amendment, (2) in the opinion of each such person he or she has made such examination and investigation as is necessary to enable him or her to express an informed opinion that the application or amendment complies to the best of his or her knowledge and belief with the applicable requirements of this chapter, and (3) each such person holds this informed opinion. [1981 c 85 § 72.]

**32.32.370 Representations upon filing of application—Exception.** The representations specified in RCW 32.32.365 shall not be deemed to have been made by any director of the applicant who did not sign the application or any amendment thereto, if, and only to the extent that, the director files with the director within ten business days after the filing of the application or amendment a statement describing those portions of the filing as to which he or she does not so represent. [1994 c 92 § 387; 1981 c 85 § 73.]

**32.32.375 Application to furnish information.** Every application shall furnish information in accordance with this chapter and with the requirements and forms prescribed by the director. [1994 c 92 § 388; 1981 c 85 § 74.]

**32.32.380 Application—Additional information required.** In addition to the information expressly required to be included in any application under this chapter, there shall be added such further material information, if any, as may be necessary to make the required statements, in the light of the circumstances under which they are made, not misleading. [1981 c 85 § 75.]

**32.32.385 Omission of certain information permitted—Conditions.** Information required need be given only insofar as it is known or reasonably available to the applicant. If any required information is unknown and not reasonably available to the applicant, either because the obtaining thereof would involve unreasonable effort or expense or because it rests peculiarly within the knowledge of another person not affiliated with the applicant, the information may be omitted, subject to the following conditions:

(1) The applicant shall give such information on the subject as it possesses or can acquire without unreasonable effort or expense, together with the sources thereof.

(2) The applicant shall include a statement either showing that unreasonable effort or expense would be involved or indicating the absence of any affiliation with the person within whose knowledge the information rests and stating the result of a request made to the person for the information. [1981 c 85 § 76.]

**32.32.390 Offering circular—Certain manner of presentation of required information prohibited.** The information required in an offering circular shall not be set forth in

such fashion as to obscure any of the required information or any information necessary to keep the required information from being incomplete or misleading. [1981 c 85 § 77.]

**32.32.395 Form and contents of filings.** The form and contents of any filing made under this chapter need conform only to the applicable requirements and forms prescribed by the director then in effect, and contain the information, including financial statements, required at the time the filing is made, notwithstanding subsequent changes, except as otherwise provided in any such amendment or in RCW 32.32.400. [1994 c 92 § 389; 1981 c 85 § 78.]

**32.32.400 Conformance required to order prohibiting the use of any filing.** Whenever the director prohibits by order or otherwise the use of any filing under this chapter, the form and contents of any filing used thereafter shall conform to the requirements of the order. [1994 c 92 § 390; 1981 c 85 § 79.]

**32.32.405 Application—Certain named persons—Filing of written consent required.** (1) If any accountant, attorney, investment banker, appraiser, or other persons whose professions give authority to a statement made in any application under this chapter is named as having prepared, reviewed, passed upon, or certified any part thereof, or any report or valuation for use in connection therewith, the written consent of the person shall be filed with the application. If any portion of a report of an expert is quoted or summarized as such in any filing under this chapter, the written consent of the expert shall expressly state that the expert consents to this quotation or summarization.

(2) All written consents filed pursuant to this section shall be dated and signed manually. A list of the consents shall be filed with the application. Where the consent of the expert is contained in the expert's report, a reference shall be made in the list to the report containing the consent. [1981 c 85 § 80.]

**32.32.410 Offering circular—Certain named persons—Filing of written consent required.** If any person who has not signed an application is named in the offering circular as about to become a director, the written consent of this person shall be filed with the director in the form the director prescribes. [1994 c 92 § 391; 1981 c 85 § 81.]

**32.32.415 Date of receipt—Date of filing.** The date on which any documents are actually received by the office of the director of financial institutions shall be the date of filing thereof. [1994 c 92 § 392; 1981 c 85 § 82.]

**32.32.420 Availability for conferences in advance of filing of application—Refusal of prefiling review.** (1) The staff of the director shall be available for conferences with prospective applicants or their representatives in advance of filing an application to convert. These conferences may be held for the purpose of discussing generally the problems confronting an applicant in effecting conversion or to resolve specific problems of an unusual nature.

(2) Prefiling review of an application may be refused by the staff of the director if the review would delay the exam-

ination and processing of material which has already been filed or would favor certain applicants at the expense of others. In any conference under this section, the staff of the director shall not undertake to prepare material for filing but shall limit itself to indicating the kind of information required, leaving the actual drafting to the applicant and its representatives. [1994 c 92 § 393; 1981 c 85 § 83.]

**32.32.425 Appeal from refusal to approve application.** From the director of financial institutions' refusal to approve an application for conversion, the applicant may, within thirty days from the date of the mailing by the director of financial institutions of notice of refusal to approve, appeal to a board of appeal composed of the governor or the governor's designee, the attorney general, and the director of financial institutions by filing in the office of the director of financial institutions a notice that it appeals to this board from the director of financial institutions' refusal. The procedure upon the appeal shall be such as the board may prescribe, and its determination shall be certified, filed, and recorded in the same manner as the director of financial institutions', and shall be final. [1994 c 92 § 394; 1981 c 85 § 84.]

**32.32.430 Postconversion reports.** The applicant shall file such postconversion reports concerning its conversion as the director may require. [1994 c 92 § 395; 1981 c 85 § 85.]

**32.32.435 Definitions.** For purposes of RCW 32.32.440 through 32.32.475, the following definitions shall apply:

(1) The term "offer" includes every offer to buy or acquire, solicitation of an offer to sell, tender offer for, or request or invitation for tenders of, a security or interest in a security for value.

(2) The term "person" means an individual, a group acting in concert, a corporation, a partnership, an association, a joint stock company, a trust, and any unincorporated organization or similar company.

(3) Without limitation on the generality of its meaning, the term "security" includes nontransferable subscription rights issued to a plan of conversion. [1981 c 85 § 86.]

**32.32.440 Certain agreement to transfer and transfers of ownership in rights or securities prohibited.** Prior to completion of a conversion, no person may transfer or enter into any agreement or understanding to transfer the legal or beneficial ownership of conversion subscription rights, or the underlying securities, to the account of another. [1981 c 85 § 87.]

**32.32.445 Certain offers and announcements on securities prohibited.** Prior to completion of a conversion, no person may make any offer, or announcement of an offer or intent to make an offer, for any security of a converting savings bank issued or to be issued in connection with the conversion. [1981 c 85 § 88.]

**32.32.450 Certain offers and acquisitions prohibited.** No person for a period of three years following the date of the conversion may directly or indirectly offer to acquire or acquire the beneficial ownership of more than ten percent of

any class of an equity security of any savings bank converted in accordance with this chapter without the prior written approval of the director of financial institutions. [1994 c 92 § 396; 1981 c 85 § 89.]

**32.32.455 Nonapplicability of RCW 32.32.440 and 32.32.445.** RCW 32.32.440 and 32.32.445 shall not apply to a transfer, agreement or understanding to transfer, offer, or announcement of an offer or intent to make an offer which (1) pertains only to securities to be purchased pursuant to RCW 32.32.060, 32.32.150, or 32.32.175; and (2) has prior written approval of the director. [1994 c 92 § 397; 1981 c 85 § 90.]

**32.32.460 Nonapplicability of RCW 32.32.445 and 32.32.450.** RCW 32.32.445 and 32.32.450 shall not apply to any offer with a view toward public resale made exclusively to the savings bank or underwriters or selling group acting on its behalf. [1981 c 85 § 91.]

**32.32.465 Nonapplicability of RCW 32.32.450.** Unless made applicable by the director by prior advice in writing, the prohibition contained in RCW 32.32.450 shall not apply to any offer or announcement of an offer which if consummated would result in acquisition by a person, together with all other acquisitions by the person of the same class of securities during the preceding twelve-month period, of not more than one percent of the same class of securities. [1994 c 92 § 398; 1981 c 85 § 92.]

**32.32.470 Approval of certain applications prohibited.** The director shall not approve an application involving an offer for, an announcement thereof, or an acquisition of any security of a converted savings bank submitted under RCW 32.32.450 if the director finds that the offer frustrates the purposes of this chapter, is manipulative or deceptive, subverts the fairness of the conversion, is likely to result in injury to the savings bank, is not consistent with savings banking under Title 32 RCW, or is otherwise violative of law or regulation. [1994 c 92 § 399; 1981 c 85 § 93.]

**32.32.475 Penalty for violations.** For willful violation or assistance of such a violation of any provision of RCW 32.32.440 through 32.32.470, any person who (1) has any connection with the management of a converting or converted savings bank, including any director, officer, employee, attorney, or agent, or (2) controls more than ten percent of the outstanding shares of any class of equity security or voting rights thereto of a converting or converted savings bank shall be subject to a civil penalty of not more than five hundred dollars (which penalty shall be cumulative to any other remedies) for each day that the violation continues, which penalty the director may recover by suit or otherwise for the director's own use. The director in his or her discretion may, at any time before collection of the penalty (whether before or after the bringing of any action or other legal proceedings, the obtaining of any judgment or other recovery, or the issuance or levy of any execution or other legal process thereof), compromise or remit in whole or in part the penalty. [1994 c 92 § 400; 1981 c 85 § 94.]

**32.32.480 Name of converted savings bank.** A savings bank shall not be forbidden or required to change its corporate name as a result of its conversion pursuant to this chapter. [1994 c 256 § 107; 1981 c 85 § 95.]

**Findings—Construction—1994 c 256:** See RCW 43.320.007.

**32.32.485 Amendments to charter required in application—Articles of incorporation—Filing of certificate required—Contents—Issuance and filing of authorization certificate.** (1) An application for conversion under this chapter shall include amendments to the charter of the converting savings bank. The charter of the converted savings bank, as amended, shall be known after the conversion as the articles of incorporation of the converted savings bank. The articles of incorporation may limit or permit the preemptive rights of a shareholder to acquire unissued shares of the converted savings bank and may thereafter by amendment limit, deny, or grant to shareholders of any class of stock or of any series of preferred stock the preemptive right to acquire additional shares of the converted savings bank whether then or thereafter authorized. The articles of incorporation may establish or may specify procedures, in accordance with \*RCW 30.08.083, for the division of a class of preferred stock into series. In addition to such provisions and the provisions permitted pursuant to RCW 23B.17.030, the articles of incorporation shall contain such other provisions not inconsistent with this chapter as the board of directors of the converting savings bank may determine and as shall be approved by the director of financial institutions.

(2) When all of the stock of a converting savings bank has been subscribed for in accordance with the plan and any amendments thereto, the board of trustees shall thereupon issue the stock and shall cause to be filed with the director of financial institutions, in triplicate, a certificate subscribed by the persons who are to be directors of the converted savings bank, stating:

(a) That all of the stock of the converted mutual savings bank has been issued;

(b) That the attached articles of incorporation have been executed by all of the persons who are to be directors of the converted mutual savings bank;

(c) The place where the bank is to be located and its business transacted, naming the city or town and county, which city or town shall be the same as that where the principal place of business of the mutual savings bank has theretofore been located;

(d) The name, occupation, residence, and post office address of each signer of the certificate; and

(e) The amount of the assets of the mutual savings bank, the amount of its liabilities, and the amount of its guaranty fund and nondivided profits as of the first day of the current calendar month.

(3) Upon the filing of the certificate in triplicate, the director of financial institutions shall, within thirty days thereafter, if satisfied that the corporation has complied with all the provisions of this chapter, issue in triplicate an authorization certificate stating that the corporation has complied with all the requirements of law, and that it has authority to transact at the place designated in its articles of incorporation the business of a converted mutual savings bank. One of the director of financial institutions' certificates of authorization

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shall be attached to each of the articles of incorporation, and one set of these shall be filed and retained by the director of financial institutions, one set shall be filed in the office of the secretary of state, and one set shall be transmitted to the bank for its files. Upon the receipt from the corporation of the same fees as are required for filing and recording other incorporation certificates or articles the secretary of state shall record the same; whereupon the conversion of the mutual savings bank shall be deemed complete, the requirements of RCW 32.08.010 relating to the incorporation certificate of an unconverted mutual savings bank shall no longer apply, and the signers of the articles of incorporation and their successors shall be a corporation having the powers and being subject to the duties and obligations prescribed by the laws of this state applicable to converted mutual savings banks, and the time of existence of the corporation shall be perpetual, unless terminated pursuant to law. [1994 c 256 § 108; 1994 c 92 § 401; 1981 c 85 § 96.]

**Reviser's note:** \*(1) RCW 30.08.083 was recodified as RCW 30A.08.083 pursuant to 2014 c 37 § 4, effective January 5, 2015.

(2) This section was amended by 1994 c 92 § 401 and by 1994 c 256 § 108, each without reference to the other. Both amendments are incorporated in the publication of this section pursuant to RCW 1.12.025(2). For rule of construction, see RCW 1.12.025(1).

**Findings—Construction—1994 c 256:** See RCW 43.320.007.

### **32.32.490 Amendments to articles of incorporation.**

(1) Amendments to the articles of incorporation of the converted savings bank shall be made only with the approvals of the director, of two-thirds of the directors of the savings bank, and of the holders of a majority of each class of the outstanding shares of capital stock or such greater percentage of these shares as may be specified in the articles of the converted savings bank.

(2) Unless the articles of incorporation provide otherwise, the board of directors of a savings bank may, by majority vote, amend the savings bank's articles of incorporation as provided in this section without shareholder action:

(a) If the savings bank has only one class of shares outstanding, to provide, change, or eliminate any provision with respect to the par value of any class of shares;

(b) To delete the name and address of the initial directors;

(c) If the savings bank has only one class of shares outstanding, solely to change the number of authorized shares to effectuate a split of, or stock dividend in, the savings bank's own shares, or solely to do so and to change the number of authorized shares in proportion thereto;

(d) To change the savings bank's name; or

(e) To make any other change expressly permitted by this title to be made without shareholder action. [1994 c 256 § 109; 1994 c 92 § 402; 1985 c 56 § 28; 1981 c 85 § 97.]

**Reviser's note:** This section was amended by 1994 c 92 § 402 and by 1994 c 256 § 109, each without reference to the other. Both amendments are incorporated in the publication of this section pursuant to RCW 1.12.025(2). For rule of construction, see RCW 1.12.025(1).

**Findings—Construction—1994 c 256:** See RCW 43.320.007.

**32.32.495 Directors—Election—Meetings—Quorum—Oath—Vacancies.** (1) Every converted savings bank shall be managed by not less than five directors, except that a bank having a capital of fifty thousand dollars or less may

have only three directors. Directors shall be elected by the stockholders and hold office for one year and until their successors are elected and have qualified. In the first instance the directors shall be those named in the articles of incorporation and afterwards, those elected at the annual meeting of the stockholders to be held at least once each year on a day to be specified by the converted savings bank's bylaws but not later than May 15th of each year. If for any cause an election is not held at that time, it may be held at an adjourned meeting or at a subsequent meeting called for that purpose in the manner prescribed by the corporation's bylaws. Each director shall be a resident of a state of the United States. The directors shall meet at least nine times each year and whenever required by the director. A majority of the board of directors shall constitute a quorum for the transaction of business. At all stockholders' meetings, each share shall be entitled to one vote, unless the articles of incorporation provide otherwise. Any stockholder may vote in person or by written proxy.

(2) If the board of directors consists of nine or more members, in lieu of electing the entire number of directors annually, the converted savings bank's articles of incorporation or bylaws may provide that the directors be divided into either two or three classes, each class to be as nearly equal in number as possible, the term of office of directors of the first class to expire at the first annual meeting of shareholders after their election, that of the second class to expire at the second annual meeting after their election, and that of the third class, if any, to expire at the third annual meeting after their election. At each annual meeting after such classification, the number of directors equal to the number of the class whose term expires at the time of such meeting shall be elected to hold office until the second succeeding annual meeting, if there are two classes, or until the third succeeding annual meeting, if there are three classes. A classification of directors shall not be effective prior to the first annual meeting of shareholders.

(3) Each director, so far as the duty devolves upon him or her, shall diligently and honestly administer the affairs of the corporation and shall not knowingly violate or willingly permit to be violated any provision of law applicable to the corporation.

(4) A vacancy occurring in the board of directors may be filled by the affirmative vote of a majority of the remaining directors. A director elected to fill a vacancy shall be elected for the unexpired term of the director's predecessor in office. A directorship to be filled by reason of an increase in the number of directors may be filled by the board of directors for a term of office continuing only until the next election of directors by the shareholders. [1994 c 256 § 110; 1994 c 92 § 403; 1985 c 56 § 29; 1983 c 44 § 3; 1981 c 85 § 98.]

**Reviser's note:** This section was amended by 1994 c 92 § 403 and by 1994 c 256 § 110, each without reference to the other. Both amendments are incorporated in the publication of this section pursuant to RCW 1.12.025(2). For rule of construction, see RCW 1.12.025(1).

**Findings—Construction—1994 c 256:** See RCW 43.320.007.

**32.32.497 Conversions incident to acquisition by savings bank holding company or merger or consolidation with savings bank holding company subsidiary—Application of RCW 32.32.110 and 32.32.115.** (1) In a conversion of an unconverted mutual savings bank that is in the pro-

cess of acquisition by a savings bank holding company or in the process of merger or consolidation with a subsidiary of a savings bank holding company, the restrictions imposed by RCW 32.32.110 on resale of stock apply to shares of the holding company purchased on original issue by any director or officer of the converting savings bank that is in the process of acquisition, merger, or consolidation, and the restrictions imposed by this chapter apply to the ownership of capital stock in the holding company with the same force and effect as they would apply to the ownership of capital stock of the unconverted mutual savings bank if shares of this savings bank were offered to depositors or the public pursuant to this chapter.

(2) The tender of shares by directors and officers of a converted savings bank in exchange for shares of another converted savings bank, or for shares of a holding company, do not constitute a sale for purposes of RCW 32.32.110. However, the restrictions of RCW 32.32.110 and 32.32.115 apply to the resale of the shares they receive in such an exchange with the same force and effect as to the shares of the converted savings bank they purchased on original issue for a period of three years following the date of such purchase on original issue. [1985 c 56 § 30.]

**32.32.500 Merger, consolidation, conversion, etc.—Approval—Concentration limits.** (1) A savings bank may merge with, consolidate with, convert into, acquire a branch or branches of, or sell its branch or branches to any depository institution as defined in 12 U.S.C. Sec. 461, any financial institution chartered or authorized to do business under the laws of any state, territory, province, or other jurisdiction of the United States or another nation, or any holding company or subsidiary of such an institution, subject to the approval of (a) the director of financial institutions if the surviving institution is one chartered under Title \*30, 31, 32, or 33 RCW, or (b) if the surviving institution is to be a bank, savings bank, savings and loan association, or other depository institution that is federally chartered under the laws of the United States, the federal regulatory authority having jurisdiction over the transaction under the applicable laws, or (c) if the surviving institution is to be a bank, savings bank, savings and loan association, or other depository or financial institution that is chartered under the laws of another state or territory of the United States, the regulatory authority having jurisdiction over that transaction under the applicable laws, or (d) if the surviving institution is to be a bank, savings bank, savings and loan association, or other depository or financial institution that is chartered under the laws of a nation other than the United States or of a state, territory, province, or other jurisdiction of such nation, the director of financial institutions, or (e) if the surviving institution is to be a bank holding company or financial holding company, the Federal Reserve Board or its successor under 12 U.S.C. Sec. 1842 (a) and (d).

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

(3) The concentration limits applicable to these transactions, pursuant to 12 U.S.C. Sec. 1831u(b)(2)(C) with respect to interstate transactions, shall be those imposed pursuant to 12 U.S.C. Sec. 1828(c)(5), as applied by the federal regula-



tory authority having jurisdiction over that transaction under the applicable law, in lieu of the concentration limits of 12 U.S.C. Sec. 1831u(b)(2)(B). [2003 c 24 § 9; 1999 c 14 § 30; 1996 c 2 § 28. Prior: 1994 c 256 § 111; 1994 c 92 § 404; 1985 c 56 § 31; 1981 c 85 § 99.]

**\*Reviser's note:** Title 30 RCW was recodified and/or repealed pursuant to 2014 c 37, effective January 5, 2015.

**Findings—Construction—1994 c 256:** See RCW 43.320.007.

**32.32.505 Intent—References in the Revised Code of Washington.** (1) It is the intention of the legislature to grant, by this chapter, authority to permit conversions by mutual savings banks to capital stock form, and the rights, powers, restrictions, limitations, and requirements of Title 32 RCW shall apply to a converted mutual savings bank except that, in the event of conflict between the provisions of this chapter and other provisions of Title 32 RCW, the other provisions shall be construed in favor of the accomplishment of the purposes of this chapter.

(2) References in the Revised Code of Washington as of the most recent effective date of any amendment, to mutual savings banks shall refer also to stock savings banks. References in the Revised Code of Washington to the board of trustees of a mutual savings bank shall refer also to the board of directors of a stock savings bank. The provisions of \*Title 30 RCW shall not apply to a converted savings bank except insofar as the provisions would apply to a mutual savings bank. [1994 c 256 § 112; 1985 c 56 § 32; 1981 c 85 § 100.]

**\*Reviser's note:** Title 30 RCW was recodified and/or repealed pursuant to 2014 c 37, effective January 5, 2015.

**Findings—Construction—1994 c 256:** See RCW 43.320.007.

**32.32.515 Guaranty fund.** The guaranty fund of a mutual savings bank converted under this chapter shall become surplus of the converted savings bank, but shall not be available after conversion for purposes other than those purposes for which a guaranty fund may be used by a mutual savings bank under Title 32 RCW. No contribution need be made to the guaranty fund by the converted savings bank after conversion. When any provision of any other chapter of this title refers to the amount of the guaranty fund for the purpose of determining the extent of the authority of a savings bank, and not for purposes of prescribing the use of funds in or contributions to the guaranty fund, such provision shall be deemed to refer to an amount including capital surplus and paid-in capital of a stock savings bank. [1994 c 256 § 113; 1981 c 85 § 102.]

**Findings—Construction—1994 c 256:** See RCW 43.320.007.

**32.32.520 "Funds" defined.** The "funds" of a converted savings bank, as the term is used in Title 32 RCW, shall mean deposits, sums credited to the liquidation account, capital stock, the principal balance of any outstanding capital notes, capital debentures, borrowings, undivided profits and income derived from the foregoing or the proceeds of the foregoing as listed in this section. [1999 c 14 § 31; 1981 c 85 § 103.]

**32.32.525 Prohibition on certain securities and purchases—Exception.** After July 26, 1981, no converted savings bank may make any loan or discount on the security of

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its own capital stock, nor be the purchaser or holder of any such shares, unless the security or purchase is necessary to prevent loss upon a debt previously contracted in good faith, in which case the stocks so purchased or acquired shall be sold at public or private sale, or otherwise disposed of, within six months from the time of its purchase or acquisition. The prohibitions of this section do not apply to a purchase of shares approved by the director pursuant to RCW 32.32.210. [1994 c 92 § 405; 1983 c 44 § 4; 1981 c 85 § 104.]

## Chapter 32.34 RCW

### MERGER, CONSOLIDATION, CONVERSION, ETC.

#### Sections

32.34.010	Conversion of domestic savings bank—Rights, powers, etc., of successor institution.
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32.34.050	Business trusts for the benefit of depositors.
32.34.060	Voluntary liquidation, conversion, acquisition, merger, and consolidation—Right of dissenting shareholder to receive value of shares—Determination.

**32.34.010 Conversion of domestic savings bank—Rights, powers, etc., of successor institution.** (1) A domestic savings bank formed or converted under this title may convert itself into a state or federal credit union or a federal mutual or stock savings bank, national bank or, within the meaning of \*chapter 30.49 RCW, a resulting state bank. The conversion shall be effected, notwithstanding any restrictions, limitations, and requirements of law:

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

(b) In the case of the conversion of a stock savings bank to a federal stock savings bank, national bank or, within the meaning of \*chapter 30.49 RCW, a resulting state bank, by the vote of a majority of the stockholders present, in person or by proxy, at a regular or special meeting of the stockholders called for such purpose;

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

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

(3) Upon consummation of the conversion, the successor credit union, federal savings bank, national bank, or resulting state bank shall succeed to all right, title, and interest of the

mutual or stock bank, respectively, in and to its assets and to its liabilities to the creditors of the savings bank. Upon the conversion, after the execution and delivery of all instruments of transfer, conveyance, and assignment, the domestic savings bank shall be deemed dissolved.

(4) Every federal savings bank, the home office of which is located in this state, and the savings accounts therein, have all the rights, powers, and privileges and are entitled to the same immunities and exemptions as pertain to savings banks organized under the laws of this state. [1999 c 14 § 32; 1994 c 92 § 406; 1983 c 45 § 1.]

**Reviser's note:** Chapter 30.49 RCW was recodified as chapter 30A.49 RCW pursuant to 2014 c 37 § 4, effective January 5, 2015.

**32.34.020 Conversion of federal savings bank, national bank, or state commercial bank to domestic savings bank.** (1) A federal savings bank, the home office of which is located in this state, a national bank, the head office of which is located in this state, or a state commercial bank incorporated under \*chapter 30.08 RCW or resulting under \*\*chapter 30.49 RCW may convert itself into a domestic savings bank under this title upon approval by the director. For any such conversion, the federal savings bank, national bank, or state commercial bank shall proceed as provided in this chapter for the conversion of a domestic savings bank into a federal savings bank, national bank, or resulting bank under \*\*chapter 30.49 RCW. The conversion shall be effected by the vote of a majority of the members or stockholders present, in person or by proxy, at a regular or special meeting of the members or stockholders called for such purpose.

(2) Upon consummation of the conversion, the successor domestic savings bank shall succeed to all right, title, and interest of the federal savings bank in and to its assets, and to its liabilities to the creditors of such federal savings bank, national bank, or a state bank. [1999 c 14 § 33; 1994 c 92 § 407; 1983 c 45 § 2.]

**Reviser's note:** \*(1) Chapter 30.08 RCW was recodified as chapter 30A.08 RCW pursuant to 2014 c 37 § 4, effective January 5, 2015.

\*\*\*(2) Chapter 30.49 RCW was recodified as chapter 30A.49 RCW pursuant to 2014 c 37 § 4, effective January 5, 2015.

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

(2) Any stock savings bank may provide in its articles of incorporation for a higher percentage of affirmative shareholder votes to approve a conversion to a savings bank without capital stock. [1999 c 14 § 34.]

**32.34.030 Savings banks converted to stock form—Voluntary liquidation, transfer of assets, merger, consoli-**

**ation, etc.—Approval of directors and shareholders.** (1) The voluntary liquidation of a mutual savings bank converted to the stock form requires the affirmative vote or written consent of two-thirds of the directors of the converted savings bank, requires the affirmative vote of two-thirds of the outstanding stock of the savings bank, shall proceed as prescribed in chapter 32.24 RCW, and shall be complete upon the payment of any surplus remaining, after satisfaction of all debts and liabilities of the savings bank, to shareholders in accordance with their legal rights to such surplus.

(2) A savings bank which has converted to the stock form may sell all its assets and transfer all its liabilities upon the affirmative vote or with the written consent of two-thirds of its directors, and upon the affirmative vote of the holders of two-thirds of the outstanding voting shares in each class entitled to vote.

(3) Any merger or consolidation involving a mutual savings bank converted to stock form requires approval by two-thirds of the directors and by the holders of a majority of the outstanding voting shares in each class except that a merger or consolidation approved by two-thirds of the outstanding voting shares in each class requires approval by only a majority of the directors of the converted savings bank, and except as provided in subsection (4) of this section.

(4) A savings bank that has converted to the stock form may engage in a consolidation or merger upon the affirmative vote of two-thirds of its directors, if (a) the transaction is with a wholly-owned subsidiary of the converted savings bank, or (b)(i) the transaction is incident to the establishment of a holding company pursuant to RCW 32.34.040 or 12 U.S.C. Sec. 1467a, (ii) each shareholder will, immediately after the effective date of such transaction, hold the same number of shares of the holding company, with substantially the same designations, preferences, limitations, and rights, as the shares of the converted savings bank that the shareholder held immediately before the effective date, and (iii) the number of authorized shares of the holding company will, immediately after the effective date, be the same as the number of authorized shares of the converted savings bank immediately before the effective date, or (c)(i) the total assets of the converted savings bank, immediately prior to the effective date of the transaction, exceed two-thirds of the assets of the institution that would result from the transaction and (ii) the converted savings bank will survive the transaction without its shareholders surrendering their shares of stock in the converted savings bank.

(5) Any converted savings bank may provide in its articles of incorporation for a higher percentage of affirmative shareholder votes to approve any liquidation, sale of assets, merger, or consolidation. [1994 c 256 § 115; 1985 c 56 § 33.]

**Findings—Construction—1994 c 256:** See RCW 43.320.007.

**32.34.040 Savings bank holding companies—Savings bank subsidiaries.** (1) No savings bank having capital stock may establish a holding company to own all its stock without the approval of the director. Upon tender of their shares of the converted savings bank, the shareholders of the savings bank shall receive all the shares of the holding company which are outstanding at the time of this tender.

(2) Any company owning more than twenty-five percent of the outstanding voting stock of a savings bank doing busi-

ness under this Title 32 RCW shall, in addition to the restrictions of RCW 32.32.228, be subject to regulation as a savings bank holding company. Any savings bank holding company which is not subject to regulation by the federal reserve board or the federal home loan bank board, and all holding company subsidiaries engaging in businesses which are not subject to regulation or licensing by the federal home loan bank board, the director, the commissioner of insurance, or the administrator authorized to regulate loan companies doing business under Title 31 RCW, will be subject to such regulation of accounting practices and of the qualifications of directors and officers, and such inspection and visitation by the director as the director shall deem appropriate, subject to the limitations imposed on regulation, inspection, and visitation of a savings bank under this title. In addition, any savings bank holding company and all holding company subsidiaries will be subject to visitation by the director as such shall deem appropriate, subject to the limitations imposed on visitation of a savings bank under this Title 32 RCW and under the supremacy clause of the Constitution of the United States. The savings bank subsidiary of this holding corporation may engage in subsequent mergers, consolidations, acquisitions, and conversions, only to the extent authorized by RCW 32.32.500, and only upon complying with the applicable requirements in RCW 32.34.030 and this chapter.

(3) In the event a savings bank forms a subsidiary to carry out any of the powers of savings banks under this title, any institution with which this subsidiary merges shall continue to be subject to regulation, inspection, and visitation by the director if the subsidiary is authorized to do business by Title 33 RCW. [1994 c 92 § 408; 1985 c 56 § 34.]

**32.34.050 Business trusts for the benefit of depositors.** A savings bank not having capital stock may establish a business trust for the benefit of its depositors, with the approval of the director and subject to such rules as the director may adopt. The director may permit this business trust to become a mutual holding company owning all shares of an interim stock savings bank, the sole purpose of which shall be to merge into the mutual savings bank that formed the business trust. The depositors in an unconverted savings bank which has merged with the subsidiary of such a mutual holding company, in the event of a later conversion of this mutual holding company to the stock form, shall retain all their rights to their deposits in the savings bank, and shall also receive, without payment, nontransferrable rights to subscribe for the stock of the holding company, and rights to a liquidation account maintained by the holding company in proportion to their deposits in the savings bank, to the same extent that they would receive these rights in a stock conversion of the savings bank as prescribed in chapter 32.32 RCW. [1994 c 92 § 409; 1985 c 56 § 35.]

**32.34.060 Voluntary liquidation, conversion, acquisition, merger, and consolidation—Right of dissenting shareholder to receive value of shares—Determination.**

(1) Any holder of shares of a savings bank shall be entitled to receive the value of these shares, as specified in subsection (2) of this section, if (a) the savings bank is voluntarily liquidating, converting to a savings bank without capital stock, being acquired, merging, or consolidating, (b) the share-

holder voted, in person or by proxy, against the liquidation, conversion, acquisition, merger, or consolidation, at a meeting of shareholders called for the purpose of voting on such transaction, and (c) the shareholder delivers a written demand for payment, with the stock certificates, to the savings bank within thirty days after such meeting of shareholders. The value of shares shall be paid in cash, within ten days after the later of the effective date of the transaction or the completion of the appraisal as specified in subsection (2) of this section.

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

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

The institution that is to survive the transaction may fix an amount which it considers to be not more than the fair market value of the shares of a savings bank at the time of the stockholder's meeting approving the transaction, which it will pay dissenting shareholders entitled to payment in cash. The amount due under such accepted offer or under the appraisal shall constitute a debt of the surviving institution. [1999 c 14 § 35; 1994 c 256 § 116; 1985 c 56 § 36.]

**Findings—Construction—1994 c 256:** See RCW 43.320.007.

**Chapter 32.35 RCW  
STOCK SAVINGS BANKS**

Sections	
32.35.010	Incorporators—Paid-in capital stock, surplus, and undivided profits—Requirements.
32.35.020	Notice of intention to organize—Proposed articles of incorporation—Contents.
32.35.030	Investigation.
32.35.040	Notice to file articles—Articles approved or refused—Hearing.
32.35.050	Approved articles to be filed and recorded—Organization complete.
32.35.055	Amending articles—Filing with director—Contents.
32.35.060	Certificate of authority—Issuance—Contents.
32.35.070	Failure to commence business—Effect—Extension of time.
32.35.080	Extension of existence—Application—Investigation—Certificate—Appeal—Winding up for failure to continue existence.
32.35.090	Shares—Certificates not required.

**32.35.010 Incorporators—Paid-in capital stock, surplus, and undivided profits—Requirements.** When authorized by the director, one or more natural persons, citizens of the United States, may incorporate a stock savings bank in

the manner prescribed under this chapter. No stock savings bank may incorporate for less amount nor commence business unless it has a paid-in capital stock, surplus and undivided profits in the amount as may be determined by the director after consideration of the proposed location, management, and the population and economic characteristics for the area, the nature of the proposed activities and operation of the stock savings bank, and other factors deemed pertinent by the director. Before commencing business, each stock savings bank shall have subscribed and paid into it in the same manner as is required for capital stock, an amount equal to at least ten percent of the capital stock required, that shall be carried in the undivided profit account and may be used to defray organization and operating expenses of the company. Any sum not so used shall be transferred to the surplus fund of the company before any dividend shall be declared to the stockholders. [1999 c 14 § 1.]

**32.35.020 Notice of intention to organize—Proposed articles of incorporation—Contents.** Persons desiring to incorporate a stock savings bank shall file with the director a notice of their intention to organize a stock savings bank in such form and containing such information as the director shall require, together with proposed articles of incorporation, which shall be submitted for examination to the director at his or her office.

The proposed articles of incorporation shall state:

- (1) The name of the stock savings bank;
- (2) The city, village, or locality and county where the head office of the corporation is to be located;
- (3) The nature of its business, that of a stock savings bank;
- (4) The amount of its capital stock, which shall be divided into shares of a par or no par value as may be provided in the articles of incorporation;
- (5) The names and places of residence and mailing addresses of the persons who as directors are to manage the corporation until the first annual meeting of its stockholders;
- (6) If there is to be preferred or special classes of stock, a statement of preferences, voting rights, if any, limitations and relative rights in respect of the shares of each class; or a statement that the shares of each class shall have the attributes as shall be determined by the stock savings bank's board of directors from time to time with the approval of the director;
- (7) Any provision granting the shareholders the preemptive right to acquire additional shares of the stock savings bank and any provision granting shareholders the right to cumulate their votes;
- (8) Any provision, not inconsistent with law, which the incorporators elect to set forth in the articles of incorporation for the regulation of the affairs of the corporation, including any provision restricting the transfer of shares, any provision which under this title is required or permitted to be set forth in the bylaws, and any provision permitted by RCW 23B.17.030;
- (9) Any provision the incorporators elect to so set forth, not inconsistent with law or the purposes for which the stock savings bank is organized, or any provision limiting any of the powers granted in this title.

It is not necessary to set forth in the articles of incorporation any of the corporate powers granted in this title. The articles of incorporation shall be signed by all of the incorporators. [1999 c 14 § 2.]

**32.35.030 Investigation.** When the notice of intention to organize and proposed articles of incorporation complying with RCW 32.35.020 have been received by the director, together with the fees required by law, the director shall ascertain from the best source of information at his or her command and by such investigation as he or she may deem necessary, whether the character, responsibility and general fitness of the persons named in the articles are such as to command confidence and warrant belief that the business of the proposed stock savings bank will be honestly and efficiently conducted in accordance with the intent and purpose of this title, whether the resources in the neighborhood of such place and in the surrounding country afford a reasonable promise of adequate support for the proposed stock savings bank, and whether the proposed stock savings bank is being formed for other than the legitimate objects covered by this title. [1999 c 14 § 3.]

**32.35.040 Notice to file articles—Articles approved or refused—Hearing.** After the director is satisfied of the \*above facts, and, within six months of the date the notice of intention to organize has been received in his or her office, the director shall notify the incorporators to file executed articles of incorporation with the director in triplicate. Unless the director otherwise consents in writing, such articles shall be in the same form and shall contain the same information as the proposed articles and shall be filed with the director within ten days of such notice. Within thirty days after the receipt of such articles of incorporation, the director shall endorse upon each of the copies, over his or her official signature, the word "approved," or the word "refused," with the date of such endorsement. In case of refusal the director shall immediately return one of the copies, so endorsed, together with a statement explaining the reason for refusal to the person from whom the articles were received, which refusal shall be conclusive, unless the incorporators, within ten days of the issuance of such notice of refusal, shall request a hearing pursuant to the administrative procedure act, chapter 34.05 RCW. [1999 c 14 § 4.]

\*Reviser's note: The term "above facts" apparently refers to the investigation required under RCW 32.35.030.

**32.35.050 Approved articles to be filed and recorded—Organization complete.** In case of approval the director shall immediately give notice to the proposed incorporators and file one of the copies of the articles of incorporation in his or her own office, and shall transmit another copy to the secretary of state, and the last to the incorporators. Upon receipt from the proposed incorporators of the fees as are required for filing and recording other articles of incorporation, the secretary of state shall file and record the articles. Upon the filing of articles of incorporation approved by the director with the secretary of state, all persons named in the articles and their successors shall become and be a corporation, which shall have the powers and be subject to the duties and obligations prescribed by this title, and whose existence

shall continue from the date of the filing of such articles until terminated pursuant to law; but such corporation shall not transact any business except as is necessarily preliminary to its organization until it has received a certificate of authority. [1999 c 14 § 5.]

**32.35.055 Amending articles—Filing with director—**

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

- (1) The name of the stock savings bank;
- (2) The text of each amendment adopted;
- (3) The date of each amendment's adoption;
- (4) If the amendment was adopted by the incorporators or board of directors without shareholder action, a statement to that effect and that shareholder action was not required; and
- (5) If shareholder action was required, a statement that the amendment was duly approved by the shareholders in accordance with the provisions of RCW 32.32.490. [1999 c 14 § 6.]

**32.35.060 Certificate of authority—Issuance—Con-**

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

One of the triplicate certificates shall be transmitted by the director to the corporation and one of the other two shall be filed by the director in the office of the secretary of state and shall be attached to the articles of incorporation. However, if the issuance of the certificate is made conditional upon the granting of deposit insurance by the federal deposit insurance corporation, the director shall not transmit or file the certificate until such condition is satisfied. [1999 c 14 § 7.]

**32.35.070 Failure to commence business—Effect—**

**Extension of time.** Every corporation authorized by the laws of this state to do business as a stock savings bank, which corporation shall have failed to organize and commence business within six months after certificate of authority to commence business has been issued by the director, shall forfeit

its rights and privileges as such corporation, which fact the director shall certify to the secretary of state, and such certificate of forfeiture shall be filed and recorded in the office of the secretary of state in the same manner as the certificate of authority. However, the director may, upon showing of cause satisfactory to him or her, issue an order under his or her hand and seal extending for not more than three months the time within which such organization may be effected and business commenced, such order to be transmitted to the office of the secretary of state and filed and recorded. [1999 c 14 § 8.]

**32.35.080 Extension of existence—Application—Investigation—Certificate—Appeal—Winding up for failure to continue existence.**

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

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

Should any mutual savings bank or stock savings bank fail to continue its existence in the manner provided and be not previously dissolved, the director shall at the end of its original term of existence immediately take possession of the corporation and wind up its affairs in the same manner as in the case of insolvency. [1999 c 14 § 9.]

**32.35.090 Shares—Certificates not required.**

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

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

(3) Within a reasonable time after the issue or transfer of shares without certificates, the stock savings bank shall send the shareholder a written statement of the information required to be stated on certificates under subsection (1) of this section. [1999 c 14 § 10.]

### Chapter 32.40 RCW COMMUNITY CREDIT NEEDS

#### Sections

32.40.010	Examinations—Investigation and assessment of performance record in meeting community credit needs.
32.40.020	Approval and disapproval of applications—Consideration of performance record in meeting community credit needs.
32.40.030	Adoption of rules.
32.40.901	Effective date—1985 c 329.

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

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

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

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

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

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

(e) The geographic distribution of the institution's credit extensions, credit applications, and credit denials;

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

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

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

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

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

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

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

(3) The director shall include as part of the examination report, a summary of the results of the assessment required under subsection (1) of this section and shall assign annually to each savings bank a numerical community reinvestment rating based on a one through five scoring system. Such numerical scores shall represent performance assessments as follows:

(a)	Excellent performance:	1
(b)	Good performance:	2
(c)	Satisfactory performance:	3
(d)	Inadequate performance:	4
(e)	Poor performance:	5

[1994 c 92 § 410; 1985 c 329 § 8.]

**Legislative intent—1985 c 329:** See note following RCW 30A.60.010.

**32.40.020 Approval and disapproval of applications—Consideration of performance record in meeting community credit needs.** Whenever the director must approve or disapprove of an application for a new branch or satellite facility; for a purchase of assets, a merger, an acquisition or a conversion not required for solvency reasons; or for authority to engage in a business activity, the director shall consider, among other factors, the record of performance of the applicant in helping to meet the credit needs of the applicant's entire community, including low and moderate-income neighborhoods. Assessment of an applicant's record of performance may be the basis for denying an application. [1994 c 92 § 411; 1985 c 329 § 9.]

**Legislative intent—1985 c 329:** See note following RCW 30A.60.010.

**32.40.030 Adoption of rules.** The director shall adopt all rules necessary to implement RCW 32.40.010 and 32.40.020 by January 1, 1986. [1994 c 92 § 412; 1985 c 329 § 10.]

**Legislative intent—1985 c 329:** See note following RCW 30A.60.010.

**32.40.901 Effective date—1985 c 329.** See RCW 30A.60.901.

## Chapter 32.50 RCW

## SUPERVISORY DIRECTION BY THE DIRECTOR OF FINANCIAL INSTITUTIONS

## Sections

32.50.005	Definitions.
32.50.010	Determination of unsafe condition—Notice—List of director's requirements—Conservator.
32.50.020	Director may appoint representative—Restrictions placed on savings bank.
32.50.030	Failure of savings bank to comply—Appointment of conservator—Powers and duties of conservator, immunity.
32.50.040	Costs of supervisory direction and conservatorship.
32.50.050	Request for review of actions taken by representative or conservator.
32.50.060	Suit filed after savings bank in conservatorship.
32.50.070	Duration of conservatorship.
32.50.080	Authority of director to act—Administrative discretion.
32.50.900	Effective date—2010 c 88.

**32.50.005 Definitions.** The definitions in this section apply throughout this chapter unless the context clearly requires otherwise.

(1) "Unsafe condition" means and includes, but is not limited to, any one or more of the following circumstances:

(a) If a savings bank is less than well-capitalized;

(b) If a savings bank or holding company violates the provisions of Title 32 RCW or any other law or regulation applicable to savings banks;

(c) If a savings bank conducts a fraudulent or questionable practice in the conduct of its business that endangers the savings bank's reputation or threatens its solvency;

(d) If a savings bank conducts its business in an unsafe or unauthorized manner;

(e) If a savings bank violates any conditions of its charter or any agreement entered with the director; or

(f) If a savings bank fails to carry out any authorized order or direction of the examiner or the director.

(2) "Exceeded its powers" means and includes, but is not limited to the following circumstances:

(a) If a savings bank has refused to permit examination of its books, papers, accounts, records, or affairs by the director, assistant director, or duly commissioned examiners; or

(b) If a savings bank has neglected or refused to observe an order of the director to make good, within the time prescribed, any impairment of its capital.

(3) "Consent" means and includes a written agreement by the savings bank to either supervisory direction or conservatorship under this chapter. [2010 c 88 § 65.]

**32.50.010 Determination of unsafe condition—Notice—List of director's requirements—Conservator.** If upon examination or at any other time it appears to the director that any savings bank is in an unsafe condition and its condition is such as to render the continuance thereof hazardous to the public or to its depositors or trust beneficiaries and creditors, or if such savings bank appears to have exceeded its powers or has failed to comply with the law, or if such savings bank gives its consent, then the director shall upon his or her determination (1) notify the savings bank of his or her determination, (2) furnish to the savings bank a written list of the director's requirements to abate his or her determination, and (3) if the director makes further determination to directly supervise, he or she shall notify the savings bank that it is under the supervisory direction of the director and that the

director is invoking the provisions of this chapter. If placed under supervisory direction the savings bank shall comply with the lawful requirements of the director within such time as provided in the notice of the director, subject however, to the provisions of this chapter. If the savings bank fails to comply within such time the director may appoint a conservator as hereafter provided. [2010 c 88 § 66.]

**32.50.020 Director may appoint representative—Restrictions placed on savings bank.** During the period of supervisory direction the director may appoint a representative to supervise such savings bank and may provide that the savings bank may not do any of the following during the period of supervisory direction, without the prior approval of the director or the appointed representative:

- (1) Dispose of, convey, or encumber any of the assets;
- (2) Withdraw any of its bank accounts;
- (3) Lend any of its funds;
- (4) Invest any of its funds;
- (5) Transfer any of its property; or
- (6) Incur any debt, obligation, or liability. [2010 c 88 § 67.]

**32.50.030 Failure of savings bank to comply—Appointment of conservator—Powers and duties of conservator, immunity.** (1) After the period of supervisory direction specified by the director for compliance, if he or she determines that such savings bank has failed to comply with the lawful requirements imposed, upon due notice and hearing by the department or by consent of the savings bank, the director may appoint a conservator, who shall immediately take charge of such savings bank and all of its property, books, records, and effects. The conservator shall conduct the business of the savings bank and take such steps toward the removal of the causes and conditions which have necessitated such order, as the director may direct. During the pendency of the conservatorship the conservator shall make such reports to the director from time to time as may be required by the director, and shall be empowered to take all necessary measures to preserve, protect, and recover any assets or property of such savings bank, including claims or causes of actions belonging to or which may be asserted by such bank, and to deal with the same in his or her own name as conservator, and shall be empowered to file, prosecute, and defend any suit and suits which have been filed or which may thereafter be filed by or against such savings bank which are deemed by the conservator to be necessary to protect all of the interested parties for a property affected thereby. The director, or any newly appointed assistant, may be appointed to serve as conservator. If the director, however, is satisfied that such savings bank is not in condition to continue business in the interest of its depositors or creditors under the conservator under this section, the director may proceed with appropriate remedies provided by other provisions of this title.

(2) A person appointed as conservator by the director pursuant to this chapter is immune from criminal, civil, and administrative liability for any act done in good faith in the performance of the duties of conservator. [2013 c 76 § 28; 2010 c 88 § 68.]

**32.50.040 Costs of supervisory direction and conservatorship.** All costs incident to supervisory direction and the conservatorship shall be fixed and determined by the director and shall be a charge against the assets of the savings bank to be allowed and paid as the director may determine. [2010 c 88 § 69.]

**32.50.050 Request for review of actions taken by representative or conservator.** During the period of the supervisory direction and during the period of conservatorship, the savings bank may request the director to review an action taken or proposed to be taken by the representative or conservator; specifying wherein the action complained of is believed not to be in the best interest of the savings bank, and such request shall stay the action specified pending review of such action by the director. Any order entered by the director appointing a representative and providing that the savings bank shall not do certain acts as provided in RCW 32.50.020 and 32.50.030, any order entered by the director appointing a conservator, and any order by the director following the review of an action of the representative or conservator under this section shall be subject to review in accordance with the administrative procedure act of the state of Washington. [2010 c 88 § 70.]

**32.50.060 Suit filed after savings bank in conservatorship.** Any suit filed against a savings bank, or its conservator, after the entrance of an order by the director placing such savings bank in conservatorship and while such order is in effect, shall be brought in the superior court of the county of its principal place of business and not elsewhere. The conservator appointed for such savings bank may file suit in the superior court of the county of its principal place of business or other court of competent jurisdiction against any person for the purpose of preserving, protecting, or recovering any asset or property of such savings bank, including claims or causes of action belonging to or which may be asserted by such savings bank. [2010 c 88 § 71.]

**32.50.070 Duration of conservatorship.** The conservator shall serve for such time as is necessary to accomplish the purposes of the conservatorship as intended by this chapter. If rehabilitated, the rehabilitated savings bank shall be returned to management or new managements under such conditions as are reasonable and necessary to prevent recurrence of the condition which occasioned the conservatorship. [2010 c 88 § 72.]

**32.50.080 Authority of director to act—Administrative discretion.** If the director determines to act under authority of this chapter, the sequence of his or her acts and proceedings shall be as set forth in this chapter. However, it is the purpose and substance of this chapter to authorize administrative discretion, to allow the director administrative discretion in the event of unsound banking operations, and in furtherance of that purpose the director is hereby authorized to proceed with regulation either under this chapter or under any other applicable provisions of law or under this chapter in connection with other law, either as such law is now existing or is hereinafter enacted, and it is so provided. [2010 c 88 § 73.]

**32.50.900 Effective date—2010 c 88.** This act is necessary for the immediate preservation of the public peace, health, or safety, or support of the state government and its existing public institutions, and takes effect immediately [March 17, 2010]. [2010 c 88 § 76.]

## Chapter 32.98 RCW CONSTRUCTION

### Sections

32.98.010	Continuation of existing law.
32.98.020	Title, chapter, section headings not part of law.
32.98.030	Invalidity of part of title not to affect remainder.
32.98.050	Repeals and saving.
32.98.060	Emergency—1955 c 13.

**32.98.010 Continuation of existing law.** The provisions of this title insofar as they are substantially the same as statutory provisions repealed by this chapter and relating to the same subject matter, shall be construed as restatements and continuations, and not as new enactments. [1955 c 13 § 32.98.010.]

**32.98.020 Title, chapter, section headings not part of law.** Title headings, chapter headings, and section or subsection headings, as used in this title do not constitute any part of the law. [1955 c 13 § 32.98.020.]

**32.98.030 Invalidity of part of title not to affect remainder.** If any provision of this title, or its application to any person or circumstance is held invalid, the remainder of the title, or the application of the provision to other persons or circumstances is not affected. [1955 c 13 § 32.98.030.]

**32.98.050 Repeals and saving.** See 1955 c 13 s 32.98.050.

**32.98.060 Emergency—1955 c 13.** This act is necessary for the immediate preservation of the public peace, health and safety, the support of the state government and its existing public institutions, and shall take effect immediately. [1955 c 13 § 32.98.060.]