

provision to other persons or circumstances is not affected.

NEW SECTION. Sec. 21. 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.

Passed the House April 12, 1973.

Passed the Senate April 10, 1973.

Approved by the Governor April 23, 1973.

Filed in Office of Secretary of State April 24, 1973.

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CHAPTER 104

[House Bill No. 418]

BANKS AND TRUST COMPANIES--

POWERS AND DUTIES

AN ACT Relating to banks and trust companies; amending section 30.04.120, chapter 33, Laws of 1955 and RCW 30.04.120; amending section 30.04.210, chapter 33, Laws of 1955 and RCW 30.04.210; amending section 30.08.010, chapter 33, Laws of 1955 as amended by section 3, chapter 136, Laws of 1969 and RCW 30.08.010; amending section 30.08.020, chapter 33, Laws of 1955 as last amended by section 1, chapter 118, Laws of 1959 and RCW 30.08.020; amending section 30.08.030, chapter 33, Laws of 1955 and RCW 30.08.030; amending section 30.08.040, chapter 33, Laws of 1955 and RCW 30.08.040; amending section 30.08.060, chapter 33, Laws of 1955 and RCW 30.08.060; amending section 30.08.095, chapter 33, Laws of 1955 as amended by section 4, chapter 136, Laws of 1969 and RCW 30.08.095; and adding new sections to chapter 33, Laws of 1955 and to chapter 30.04 RCW.

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

Section 1. Section 30.04.120, chapter 33, Laws of 1955 and RCW 30.04.120 are each amended to read as follows:

The shares of stock of every bank and trust company shall be deemed personal property. No such corporation shall hereafter make any loan or discount on the security of its own capital stock, nor be the purchaser or holder of any such shares, unless such security or purchase shall be 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. Except as hereinafter provided or otherwise permitted by law, nothing herein contained shall authorize the purchase by any such bank or trust company for its own account of any shares of stock of any corporation, except a federal reserve bank of which such corporation shall become a member, and then only to the extent required by such federal reserve bank: PROVIDED, That any such bank or trust company may purchase, acquire and hold shares of stock in any other corporation which shares have been previously pledged as security to any loan or discount made in good faith and such purchase shall be necessary to prevent loss upon a debt previously contracted in good faith and stock so purchased or acquired shall be sold at public or private sale or otherwise disposed of within two years from the time of its purchase or acquisition((; nor be the purchaser or holder of any such shares; unless such security or purchase shall be necessary to prevent loss upon a debt previously contracted in good faith; in which case the stock 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)). Banks and trust companies are authorized to make loans on the security of the capital stock of a bank or trust company other than the lending corporation.

Sec. 2. Section 30.04.210, chapter 33, Laws of 1955 and RCW 30.04.210 are each amended to read as follows:

A bank or trust company may purchase, hold and convey real estate for the following purposes and no other:

(1) Such as shall be necessary for the convenient transaction of its business, including with its banking offices other apartments in the same building to rent as a source of income: PROVIDED, That ((as to)) any ((corporation hereafter organized not to exceed thirty percent of its capital and surplus and undivided profits may be so invested: AND PROVIDED FURTHER; any bank or trust company heretofore organized shall not hereafter invest in the aggregate to exceed thirty percent of its capital; surplus and undivided profits in a bank building)) bank or trust company shall not invest for such purposes more than the greater of: (a) Thirty percent of its capital, surplus, and undivided profits; or (b) one hundred percent of its capital stock without the approval of the supervisor.

(2) Such as shall be purchased or conveyed to it in satisfaction, or on account of, debts previously contracted in the course of its business.

(3) Such as it shall purchase at sale under judgments, decrees, liens or mortgage foreclosures, against securities held by it.

(4) Such as a trust company receives in trust or acquires pursuant to the terms or authority of any trust.

(5) Such as it may take title to or for the purpose of investing in real estate conditional sales contracts.

No real estate specified in subdivision (4) shall be considered an asset of the ((corporation)) bank or trust company holding the same in trust nor shall any real estate except that specified in subdivision (1) be carried as an asset on the ((corporation's)) bank's or trust company's books for a longer period than five years from the date title is acquired thereto, unless an extension of time be granted by the supervisor.

Sec. 3. Section 30.08.010, chapter 33, Laws of 1955 as amended by section 3, chapter 136, Laws of 1969 and RCW 30.08.010 are each amended to read as follows:

When authorized by the supervisor, as hereinafter provided, five or more natural persons, citizens of the United States, may incorporate a bank or trust company in the manner herein prescribed. No bank or trust company shall incorporate for less amount nor commence business unless it have a paid-in capital as follows:

- In cities, villages or communities having a population of less than 25,000..... \$ 50,000.00
- In cities having a population of 25,000 and less than 100,000..... 100,000.00
- In cities having a population of 100,000 or more..... 200,000.00

PROVIDED, That on request of any persons desiring to incorporate a bank in a city having a population of twenty-five thousand or over, the supervisor shall make an order defining the boundaries of the central business district of such city, which shall include the district in which is carried on the principal retail, financial and office business of such city and banks may be incorporated with a paid-up capital of not less than fifty thousand dollars to be located in such city outside of the central business district of such city as defined by the order of the supervisor, which shall be stated in its articles of incorporation, but any such bank which shall be hereafter incorporated to be located outside such central business district, which shall thereafter change its location into such central business district without increasing its capital stock and surplus to the amount required by then existing laws to incorporate a bank within such central business district, shall forfeit its charter and right to do business. The supervisor may from time to time change the boundaries of said central business district, if, in his judgment, such action is proper.

In addition to the foregoing, each bank and trust company shall before commencing business have subscribed and paid into it in the same manner as is required for capital stock, an additional amount equal to at least ten percent of the capital stock above required. Such additional amount shall be carried in the undivided

profit account and may be used to defray organization and operating expenses of the company deemed reasonable by the supervisor. Any sum not so used shall be transferred to the surplus fund of the company before any dividend shall be declared to the stockholders.

Sec. 4. Section 30.08.02C, chapter 33, Laws of 1955 as last amended by section 1, chapter 118, Laws of 1959 and RCW 30.08.020 are each amended to read as follows:

Persons desiring to incorporate a bank or trust company shall ~~((execute))~~ file with the supervisor a notice of their intention to organize a bank or trust company in such form and containing such information as the supervisor shall prescribe by regulation, together with proposed articles of incorporation ~~((in quadruplicate))~~, which shall be submitted for examination to the supervisor at his office in Olympia.

The proposed articles of incorporation shall state:

- (1) The name of such bank or trust company.
- (2) The city, village or locality and county where such corporation is to be located.
- (3) The nature of its business, whether that of a commercial bank, a savings bank or both or a trust company.
- (4) The amount of its capital stock, which shall be divided into shares of not less than ten dollars each, nor more than one hundred dollars each, as may be provided in the articles of incorporation.
- (5) The period for which such corporation is organized, which may be for a stated number of years or perpetual.
- (6) The names and places of residence of the persons who as directors are to manage the corporation until the first annual meeting of its stockholders.
- (7) That for a stated number of years, which shall be not less than ten nor more than twenty years from the date of approval of the articles (a) no voting share of the corporation shall, without the prior written approval of the supervisor, be affirmatively voted for any proposal which would have the effect of sale, conversion, merger, or consolidation to or with, any other banking entity or affiliated financial interest, whether through transfer of stock ownership, sale of assets, or otherwise, (b) the corporation shall take no action to consummate any sale, conversion, merger, or consolidation in violation of this subdivision, (c) this provision of the articles shall not be revoked, altered, or amended by the shareholders without the prior written approval of the supervisor, and (d) all stock issued by the corporation shall be subject to this subdivision and a copy hereof shall be placed upon all certificates of stock issued by the corporation.

((Such articles shall be acknowledged before an officer

authorized to take acknowledgments:))

Sec. 5. Section 30.08.030, chapter 33, Laws of 1955 and RCW 30.08.030 are each amended to read as follows:

When the notice of intention to organize and proposed articles of incorporation complying with the foregoing requirements have been received by the supervisor, together with the fees required by law, he shall ascertain from the best source of information at his command and by such investigation as he may deem necessary, whether the character, responsibility and general fitness of the persons named in such articles are such as to command confidence and warrant belief that the business of the proposed bank or trust company 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 bank and whether the proposed bank or trust company is being formed for other than the legitimate objects covered by this title.

Sec. 6. Section 30.08.040, chapter 33, Laws of 1955 and RCW 30.08.040 are each amended to read as follows:

After the supervisor shall have satisfied himself of the above facts, and, within ~~((sixty))~~ six months of the date the notice of intention to organize has been received in his office, he shall notify the incorporators to file executed and acknowledged articles of incorporation with him in quadruplicate. Unless the supervisor 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 him within ten days of such notice. Within thirty days after the receipt of such articles of incorporation ~~((for examination))~~, he shall endorse upon each of the quadruplicates thereof, over his official signature, the word "approved," or the word "refused," with the date of such endorsement. In case of refusal he shall forthwith return one of the quadruplicates, 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 ~~((appeal to the superior court of Thurston county, which appeal shall be triable de novo in said court: PROVIDED; That a copy, certified by the supervisor, of all documents and papers relating to such application filed with; received or obtained by the supervisor and/or the division of banking shall be deemed received; admitted and considered as evidence by the court in such trial de novo in said court))~~ request a hearing pursuant to the Administrative Procedure Act, chapter 34.04 RCW, as now or hereafter amended.

Sec. 7. Section 30.08.060, chapter 33, Laws of 1955 and RCW

30.08.060 are each amended to read as follows:

Before any bank or trust company shall be authorized to do business, ~~((the supervisor shall be satisfied)) and within ninety days after approval of the articles of incorporation, it shall furnish proof satisfactory to the supervisor~~ that such corporation has a paid-in capital in the amount fixed by its articles of incorporation and by this title, 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. ~~((When so satisfied and within ninety days after the date upon which such proposed articles of incorporation were filed with him for examination, but in no case after the expiration of that period;))~~ If so satisfied, and within thirty days after receipt of such proof, the supervisor shall issue under his hand and official seal, in quadruplicate, a certificate of authority for such corporation. The certificate shall state that the corporation therein named has complied with the requirements of law, that it is authorized to transact at the place designated in its articles of incorporation the business of a bank or trust company, or both, as the case may be: PROVIDED, HOWEVER, That the supervisor may make his issuance of the certificate 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 quadruplicate certificates shall be transmitted by the supervisor to the corporation and the other three shall be filed by the supervisor in the same offices where the articles of incorporation are filed and shall be attached to said articles of incorporation, and the one filed with the secretary of state shall be recorded: PROVIDED, HOWEVER, That if the issuance of the certificate is made conditional upon the granting of deposit insurance by the federal deposit insurance corporation, the supervisor shall not transmit or file the certificate until such condition is satisfied.

Sec. 8. Section 30.08.095, chapter 33, Laws of 1955 as amended by section 4, chapter 136, Laws of 1969 and RCW 30.08.095 are each amended to read as follows:

The supervisor shall collect in advance fees for the following services:

For filing application for certificate of authority and attendant investigation as outlined in the law;

For filing application for certificate conferring trust powers upon a state or national bank;

For filing articles of incorporation, or amendments thereof, or other certificates required to be filed in his office;

For filing merger agreement and attendant investigation;

For filing application to relocate main office or branch and attendant investigation;

For issuing a certificate of increase or decrease of capital stock;

For issuing each certificate of authority;

For furnishing copies of papers filed in his office, per page.

The supervisor shall establish the amount of the fee for each of the above transactions, and for other services rendered by the division of banking by rules and regulations promulgated pursuant to the Administrative Procedure Act, chapter 34.04 RCW, as now or hereafter amended.

Every bank or trust company shall also pay to the secretary of state or county auditor for filing any instrument with him the same fees as are required of general corporations for filing corresponding instruments, and also the same license fees as are required of general corporations.

NEW SECTION. Sec. 9. There is added to chapter 33, Laws of 1955 and to chapter 30.04 RCW a new section to read as follows:

Any bank or trust company which is a member of the Federal Reserve System, may invest an amount not exceeding 10 per centum of its paid-in capital stock and surplus in the stock of one or more banks or corporations chartered under the laws of the United States, or of any state thereof, and principally engaged in international or foreign banking, or banking in a dependency or insular possession of the United States, either directly or through the agency, ownership or control of local institutions in foreign countries, or in such dependencies or insular possessions.

NEW SECTION. Sec. 10. There is added to chapter 33, Laws of 1955 and to chapter 30.04 RCW a new section to read as follows:

Any bank or trust company which is a member of the Federal Reserve System, may acquire and hold, directly or indirectly, stock or other evidence of indebtedness of ownership in one or more banks organized under the law of a foreign country or a dependency or insular possession of the United States.

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