

Whenever there are two sewer districts, the territories of which are adjoining or in close proximity to ~~((and in the same county with))~~ each other, either district hereinafter referred to as the "merging district", may merge into the other districts, hereinafter referred to as the "merger district", and the merger district will survive under its original name or number.

Sec. 7. Section 11, chapter 197, Laws of 1967 and RCW 56.32.100 are each amended to read as follows:

The respective boards of sewer commissioners of the districts shall certify the agreement to the county auditor of the county in which the largest amount of territory of the merging district~~((s are))~~ is located. Thereupon, the county auditor shall call a special election for the purpose of submitting to the voters of the merging district the proposition of whether the merging district shall be merged into the merger district. Notice of the election shall be given and the election conducted in accordance with the general election laws.

Sec. 8. Section 12, chapter 197, Laws of 1967 and RCW 56.32.110 are each amended to read as follows:

If at the election a majority of the voters of the merging sewer district shall vote in favor of the merger, the county canvassing board of the county the auditor of which conducted the election shall so declare in its canvass and the return of the election shall be made within ten days after the date thereof. Upon the return the merger shall be effective and the merging sewer district shall cease to exist and shall become a part of the merger sewer district. The sewer commissioners of the merging district shall cease to hold office and the affairs of the merged districts shall be managed by the sewer commissioners of the merger district.

NEW SECTION. Sec. 9. There is added to chapter 197, Laws of 1967 and to chapter 56.32 RCW a new section to read as follows:

For the purposes of this 1975 amendatory act, county auditor of a county shall mean the election officer of that county.

Passed the Senate April 16, 1975.

Passed the House May 16, 1975.

Approved by the Governor May 26, 1975.

Filed in Office of Secretary of State May 26, 1975.

CHAPTER 87

[House Bill No. 295]

BANKS—SUPERVISORY DIRECTION AND CONSERVATORSHIP

AN ACT Relating to banks and banking; adding a new chapter to Title 30 RCW; and declaring an emergency.

Be it enacted by the Legislature of the State of Washington:

NEW SECTION. Section 1. There is added to Title 30 RCW a new section to read as follows:

For the purposes of this chapter the following terms shall be defined as follows:

(1) "Unsafe condition" shall mean and include, but not be limited to, any one or more of the following circumstances:

- (a) If a bank's capital is impaired or impairment of capital is threatened;
 - (b) If a bank violates the provisions of Title 30 RCW or any other law or regulation applicable to banks;
 - (c) If a bank conducts a fraudulent or questionable practice in the conduct of its business that endangers the bank's reputation or threatens its solvency;
 - (d) If a bank conducts its business in an unsafe or unauthorized manner;
 - (e) If a bank violates any conditions of its charter or any agreement entered with the supervisor; or
 - (f) If a bank fails to carry out any authorized order or direction of the bank examiner or the supervisor.
- (2) "Exceeded its powers" shall mean and include, but not be limited to the following circumstances:
- (a) If a bank has refused to permit examination of its books, papers, accounts, records, or affairs by the supervisor, his deputy or duly commissioned examiners; or
 - (b) If a bank has neglected or refused to observe an order of the supervisor to make good, within the time prescribed, any impairment of its capital.
- (3) "Consent" includes and means a written agreement by the bank to either supervisory direction or conservatorship under this chapter.

NEW SECTION. Sec. 2. There is added to Title 30 RCW a new section to read as follows:

If upon examination or at any other time it appears to the supervisor that any bank is in an unsafe condition and its condition is such as to render the continuance of its business hazardous to the public or to its depositors and creditors, or if such bank appears to have exceeded its powers or has failed to comply with the law, or if such bank gives its consent, then the supervisor shall upon his determination (1) notify the bank of his determination, and (2) furnish to the bank a written list of the supervisor requirements to abate his determination, and (3) if the supervisor makes further determination to directly supervise, he shall notify the bank that it is under the supervisory direction of the supervisor and that the supervisor is invoking the provisions of this chapter. If placed under supervisory direction the bank shall comply with the lawful requirements of the supervisor within such time as provided in the notice of the supervisor, subject however, to the provisions of this chapter. If the bank fails to comply within such time the supervisor may appoint a conservator as hereafter provided.

NEW SECTION. Sec. 3. There is added to Title 30 RCW a new section to read as follows:

During the period of supervisory direction the supervisor may appoint a representative to supervise such bank and may provide that the bank may not do any of the following during the period of supervisory direction, without the prior approval of the supervisor 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.

NEW SECTION. Sec. 4. There is added to Title 30 RCW a new section to read as follows:

After the period of supervisory direction specified by the supervisor for compliance, if he determines that such bank has failed to comply with the lawful requirements imposed, upon due notice and hearing or by consent of the bank, the supervisor may appoint a conservator, who shall immediately take charge of such bank and all of its property, books, records, and effects. The conservator shall conduct the business of the bank and take such steps toward the removal of the causes and conditions which have necessitated such order, as the supervisor may direct. During the pendency of the conservatorship the conservator shall make such reports to the supervisor from time to time as may be required by the supervisor, and shall be empowered to take all necessary measures to preserve, protect, and recover any assets or property of such 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 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 bank which are deemed by the conservator to be necessary to protect all of the interested parties for a property affected thereby. The supervisor, or any newly appointed deputy, may be appointed to serve as conservator. If the supervisor, however, is satisfied that such bank is not in condition to continue business in the interest of its depositors or creditors under the conservator as above provided, the supervisor may proceed with appropriate remedies provided by other provisions of this title.

NEW SECTION. Sec. 5. There is added to Title 30 RCW a new section to read as follows:

All costs incident to supervisory direction and the conservatorship shall be fixed and determined by the supervisor and shall be a charge against the assets of the bank to be allowed and paid as the supervisor may determine.

NEW SECTION. Sec. 6. There is added to Title 30 RCW a new section to read as follows:

During the period of the supervisory direction and during the period of conservatorship, the bank may request the supervisor 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 bank, and such request shall stay the action specified pending review of such action by the supervisor. Any order entered by the supervisor appointing a representative and providing that the bank shall not do certain acts as provided in sections 3 and 4 of this 1975 act, any order entered by the supervisor appointing a conservator, and any order by the supervisor following the review of an action of the representative or conservator as herein above provided shall be subject to review in accordance with the administrative procedure act of the state of Washington.

NEW SECTION. Sec. 7. There is added to Title 30 RCW a new section to read as follows:

Any suit filed against a bank or its conservator, after the entrance of an order by the supervisor placing such bank in conservatorship and while such order is in

effect, shall be brought in the superior court of Thurston county and not elsewhere. The conservator appointed hereunder for such bank may file suit in any superior court or other court of competent jurisdiction against any person for the purpose of preserving, protecting, or recovering any asset or property of such bank including claims or causes of action belonging to or which may be asserted by such bank.

NEW SECTION. Sec. 8. There is added to Title 30 RCW a new section to read as follows:

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 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.

NEW SECTION. Sec. 9. There is added to Title 30 RCW a new section to read as follows:

If the supervisor determines to act under authority of this chapter, the sequence of his 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 supervisor administrative discretion in the event of unsound banking operations—and in furtherance of that purpose the supervisor 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.

NEW SECTION. Sec. 10. There is added to Title 30 RCW a new section to read as follows:

The supervisor is empowered to adopt and promulgate such reasonable rules and regulations as may be necessary for the implementation of this chapter and its purposes.

NEW SECTION. Sec. 11. Sections 1 through 10 of this act shall constitute a new chapter in Title 30 RCW.

NEW SECTION. Sec. 12. 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 March 14, 1975.

Passed the Senate May 19, 1975.

Approved by the Governor May 26, 1975.

Filed in Office of Secretary of State May 27, 1975.

CHAPTER 88

[Substitute House Bill No. 1091]

UNIVERSITY OF WASHINGTON HOSPITAL FACILITIES

—GENERAL OBLIGATION BONDS—BOND ANTICIPATION NOTES

AN ACT Relating to the University of Washington; authorizing the sale and issuance of state general obligation bonds and bond anticipation notes to finance the acquisition, construction, remodeling, furnishing or equipping of certain University of Washington hospital facilities; providing ways