

the act or the application of the provision to other persons or circumstances is not affected.

**NEW SECTION.** Sec. 14. This amendatory 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 12, 1981.

Passed the Senate April 20, 1981.

Approved by the Governor May 8, 1981.

Filed in Office of Secretary of State May 8, 1981.

---

CHAPTER 82

[House Bill No. 701]

BANKS, FINANCIAL INSTITUTIONS—DEPOSITOR CLASSIFICATION,  
INTEREST COMPUTATION, PAYMENT

AN ACT Relating to financial institutions; adding a new chapter to Title 30 RCW; and creating a new section.

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

**NEW SECTION.** Section 1. The legislature finds that current rates of interest paid for deposits is significantly less than rates paid for other types of monetary instruments. The purpose of this chapter is to permit financial institutions to compete for the funds now being transferred out of state to money market mutual funds.

It is not the purpose of this chapter to deny savers or investors the highest rates of return on their savings and investments commensurate with the risk they are taking but rather to permit the financial institutions in this state to compete for such funds by offering the maximum rate of return commensurate with the risk.

It is the further purpose of this chapter to permit all financial institutions, both large and small, to establish a convenient and inexpensive way to compete adequately for deposits now being transferred out of the state, and the regulators in proceeding under this chapter should endeavor to fulfill this purpose.

**NEW SECTION.** Sec. 2. Unless the context clearly requires otherwise, definitions in this section apply throughout this chapter.

(1) "Financial institution" means any:

(a) Bank or trust company organized under the provisions of Title 30 RCW; or any

(b) "Mutual savings bank" organized under the provisions of Title 32 RCW; or any

(c) "Savings and loan association" organized under the provisions of Title 33 RCW.

(2) "Regulator" means:

(a) The supervisor of banking in the case of a bank, trust company, or mutual savings bank; or

(b) The supervisor of savings and loan associations in the case of a savings and loan association.

NEW SECTION. Sec. 3. A financial institution organized under any of the laws of this state, in addition to all other provisions relating to deposits and accounts, may classify depositors or account holders in separate classifications according to the character, amount, regularity or duration of their dealings with the financial institution or in such other reasonable classes as the financial institution may determine and may pay interest in a manner so that each depositor or account holder shall receive the same ratable portion of interest as all others of his class.

NEW SECTION. Sec. 4. (1) A financial institution may compute interest for any class of depositors by:

(a) Computing the income on a part of its assets, which the financial institution shall designate from time to time as the basis for that computation and for the purposes of computations under the provisions of section 5 (1) and (2) of this act;

(b) Deducting from that computation reasonable sums for the expenses and cost of the financial institution's doing business and for handling such accounts and an adequate amount to be added to its reserves and surplus; and

(c) Paying the balance of that income ratably to all depositors in the class based on the dollar amount of each depositor's account.

(2) The computations and payment of interest as specified in subsection (1) of this section can be made at reasonable intervals determined by the financial institution not less often than annually and provision can be made to pay interest on funds withdrawn before the end of an interest period at a rate or rates determined by the bank.

NEW SECTION. Sec. 5. (1) In the event of a loss or if the financial institution anticipates a loss on the portion of assets designated under section 4(1) of this act, that loss or a provision for anticipated loss may be deducted from the income in computing the interest to be paid.

(2) If a loss sustained or anticipated on the portion of assets designated under section 4(1) of this act exceeds the income after deduction of costs and expenses provided in section 4(1)(b) of this act, the financial institution may on notice to the appropriate regulator issue an order of reduction of the liability to each depositor so classified for this purpose, including liability for interest accrued on such class of deposits so as to divide the loss ratably among all the depositors of such class based on the dollar amount of each depositor's deposit. If, after causing a reduction of the liability to each depositor, the financial institution realizes from the remaining assets a greater

amount than was fixed in the order of reduction, that excess shall be divided among the depositors whose accounts were reduced, but only to the extent of that reduction, at which time the provisions of section 4(1) of this act would apply.

(3) Before a financial institution may classify its depositors in a classification to which the provisions of subsection (2) of this section apply, it shall prepare a brochure describing the classification of accounts to be offered, the terms under which the accounts will be held, and the method of computing interest to be paid on them, and must submit to the regulator of the financial institution for written approval that brochure together with a written explanation of how the class or classes of accounts will be made available to the public. Upon receipt of written approval from the regulator, the bank may proceed to offer the accounts to the public in the manner and under the terms described in the brochure.

NEW SECTION. Sec. 6. All accounts in a class subject to the provisions of this chapter are subject to such additional conditions as the regulator may from time to time reasonably impose to effect the purposes of this chapter and to protect the depositors and the safety and soundness of the financial institution.

NEW SECTION. Sec. 7. (1) The depositor in any account subject to the provisions of this chapter must be advised in writing by the bank in a manner approved by the regulator as to the following matters:

(a) That the interest received by the depositor on an account subject to this section may vary;

(b) That the bank reserves the right to repay less than the full amount deposited under certain circumstances as set out in section 5(2) of this act;

(c) If it is the fact, that deposits made to an account subject to this chapter are not insured by an agency of the federal government or other private insurance, or, if it is the fact, that the amount being insured is the amount of the deposit less any reduction provided in section 5(2) of this act; and

(d) That the deposit is a general obligation of the bank subject only to reduction as provided in section 5(2) of this act and is unsecured and has no prior claim on any assets, but the depositor's claim is not subordinate to claims of other depositors or general creditors.

(2) The disclosure required under subsection (1)(b) of this section shall be more conspicuous than all other disclosure required under this section and shall be in at least ten-point type or its equivalent.

(3) Each depositor must sign the notice of disclosure and must be given a signed copy of such notice.

NEW SECTION. Sec. 8. Accounts which comply with the provisions of this chapter are obligations of the financial institution which are deposits to

the same extent that other accounts are obligations of the financial institution and deposits therein.

NEW SECTION. Sec. 9. This chapter should be liberally construed to effect the purpose as stated in section 1 of this act, limiting it only as necessary to properly inform the public of the nature of their deposits and as necessary for the safety and soundness of the financial institution offering such deposits.

NEW SECTION. Sec. 10. (1) The state of Washington hereby requests that the federal depository institutions deregulation committee designate Washington as an experimental area in which all financial institutions may offer depository accounts as authorized by this act.

(2) The secretary of state shall forward copies of this act to the Honorable Ronald Reagan, President of the United States, the Senate and House of Representatives of the United States, and the federal depository institutions deregulation committee.

NEW SECTION. Sec. 11. If any provision of this act or its application to any person or circumstance is held invalid, the remainder of the act or the application of the provision to other persons or circumstances is not affected.

NEW SECTION. Sec. 12. Sections 1 through 9 of this act shall constitute a new chapter in Title 30 RCW.

Passed the House April 1, 1981.

Passed the Senate April 21, 1981.

Approved by the Governor May 8, 1981.

Filed in Office of Secretary of State May 8, 1981.

---

## CHAPTER 83

[Senate Bill No. 3042]

### BANKS, FINANCIAL INSTITUTIONS—SATELLITE FACILITIES

AN ACT Relating to satellite facilities; amending section 2, chapter 166, Laws of 1974 ex. sess. and RCW 30.43.020; and adding a new section to chapter 30.43 RCW.

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

Section 1. Section 2, chapter 166, Laws of 1974 ex. sess. and RCW 30.43.020 are each amended to read as follows:

A financial institution may, subject to the conditions hereof, and with the approval of the appropriate supervisor, provide satellite facilities in addition to its main office and such branches as are authorized by law. The supervisor's approval shall be conditioned on a finding that the public convenience will be served by the proposed satellite facility. A satellite facility may be located anywhere within the state of Washington and, subject to