

Chapter 33.44 RCW
CONVERSION TO MUTUAL SAVINGS BANK

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**RCW 33.44.020 Conversion to a savings bank or commercial bank—
Procedure.** Any association organized under the laws of this state, or under the laws of the United States, may, if it has obtained the approval, required by law or regulation, of any federal agencies, including the federal home loan bank board and the federal savings and loan insurance corporation, be converted into a savings bank or commercial bank in the following manner:

(1) The board of directors of such association shall pass a resolution declaring its intention to convert the association into a savings bank or commercial bank and shall apply to the director of financial institutions for leave to submit to the members of the association the question whether the association shall be converted into a savings bank or a commercial bank. A duplicate of the application to the director of financial institutions shall be filed with the director of financial institutions, except that no such filing shall be required in the case of an association organized under the laws of the United States. The application shall include a proposal which sets forth the method by and extent to which membership or stockholder interests, as the case may be, in the association are to be converted into membership or stockholder interests, as the case may be, in the savings bank or commercial bank, and the proposal shall allow for any member or stockholder to withdraw the value of his or her interest at any time within sixty days of the completion of the conversion. The proposal shall be subject to the approval of the director of financial institutions and shall conform to all applicable regulations of the federal home loan bank board, the federal savings and loan insurance corporation, the federal deposit insurance corporation, or other federal regulatory agency.

(2) Thereupon the director of financial institutions shall make the same investigation and determine the same questions as would be required by law to make and determine in case of the submission to the director of financial institutions of a certificate of incorporation of a proposed new savings bank or commercial bank, and the director of financial institutions shall also determine whether by the proposed conversion the business needs and conveniences of the members of the association would be served with facility and safety, except that no such conference shall be pertinent to such investigation or determination in the case of an association organized under the laws of the United States. After the director of financial institutions determines whether it is expedient and desirable to permit the proposed conversion, the director of financial institutions shall, within sixty days after the filing of the application, endorse thereon over the official signature of the director of financial institutions the word "granted" or the word "refused", with the date of such

endorsement and shall immediately notify the secretary of such association of his or her decision. If an application to convert to a mutual savings bank is granted, the director of financial institutions shall require the applicants to enter into such an agreement or undertaking with the director of financial institutions as trustee for the depositors with the mutual savings bank to make such contributions in cash to the expense fund of the mutual savings bank as in the director of financial institutions judgment will be necessary then and from time to time thereafter to pay the operating expenses of the mutual savings bank if its earnings should not be sufficient to pay the same in addition to the payment of such dividends as may be declared and credited to depositors from its earnings.

If the application is denied by the director of financial institutions, the association, acting by a two-thirds majority of its board of directors, may, within thirty days after receiving the notice of the denial, appeal to the superior court in the manner prescribed in chapter 34.05 RCW.

(3) If the application is granted by the director of financial institutions or by the court, as the case may be, the board of directors of the association shall, within sixty days thereafter, submit the question of the proposed conversion to the members of the association at a special meeting called for that purpose. Notice of the meeting shall state the time, place and purpose of the meeting, and that the only question to be voted upon will be, "shall the (naming the association) be converted into a savings bank or commercial bank under the laws of the state of Washington?" The vote on the question shall be by ballot. Any member may vote by proxy or may transmit the member's ballot by mail if the bylaws provide a method for so doing. If two-thirds or more in number of the members voting on the question vote affirmatively, then the board of directors shall have power, and it shall be its duty, to proceed to convert such association into a savings bank or commercial bank; otherwise, the proposed conversion shall be abandoned and shall not be again submitted to the members within three years from the date of the meeting.

(4) If authority for the proposed conversion has been approved by the members as required by this section, the directors shall, within thirty days thereafter, subscribe and acknowledge and file with the director of financial institutions in triplicate a certificate of reincorporation, stating:

(a) The name by which the converted corporation is to be known.

(b) 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 corporation has theretofore been located.

(c) The name, occupation, residence and post office address of each signer of the certificate.

(d) The amount of the assets of the corporation, the amount of its liabilities and the amount of its contingent, reserve, expense, and guaranty fund, as applicable, as of the first day of the then calendar month.

(e) A declaration that each signer will accept the responsibilities and faithfully discharge the duties of a trustee or director of the bank, and is free from all the disqualifications specified in the laws applicable to savings banks or commercial banks.

(f) Such other items as the director of financial institutions may require.

(5) Upon the filing of the certificate in triplicate, the director of financial institutions shall, within thirty days thereafter, if satisfied that all the provisions of this chapter have been complied with, 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 certificate of incorporation the business of a savings bank or commercial bank. One of the director of financial institutions certificates of authorization shall be attached to each of the certificates of reincorporation, 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 file the certificates and record the same; whereupon the conversion of the association shall be deemed complete, and the signers of said reincorporation certificate and their successors shall thereupon become and be a corporation having the powers and being subject to the duties and obligations prescribed by the laws of this state applicable to savings banks or commercial banks, as the case may be. The time of existence of the corporation shall be perpetual unless provided otherwise in the articles of incorporation of the association or unless sooner terminated pursuant to law. [1997 c 101 s 6; 1994 c 92 s 467; 1982 c 3 s 75; 1981 c 302 s 34; 1979 ex.s. c 57 s 7; 1975 1st ex.s. c 111 s 1; 1927 c 177 s 1; 1917 c 154 s 1; RRS ss 3749 through 3754. Formerly RCW 33.44.020 through 33.44.070.]

Severability—1982 c 3: See note following RCW 33.04.002.

Severability—1981 c 302: See note following RCW 19.76.100.

RCW 33.44.080 Depositor's interest upon conversion. Upon the conversion of any association into a savings bank or commercial bank, every person who was a depositor of the association at the time of the conversion shall become and be deemed to be a depositor of the bank in a sum equal to the value of the deposit of the depositor as of the day on which the conversion was consummated. [1982 c 3 s 76; 1927 c 177 s 2; 1917 c 154 s 2; RRS s 3755.]

Severability—1982 c 3: See note following RCW 33.04.002.

RCW 33.44.090 Transfer of securities upon conversion. All mortgages, notes and other securities of any association that has been converted into a savings bank or commercial bank, shall on request of the bank, be delivered to it by the director of financial institutions or under the director's direction by any depository having possession thereof. Every such bank shall, as soon as practicable and within such time and by such methods as the director may direct, cause its organization, its securities and investments, the character of its business and its methods of transacting the same to conform to the laws applicable to savings banks or commercial banks, as applicable. [1994 c 92 s 468; 1982 c 3 s 77; 1927 c 177 s 3; 1917 c 154 s 3; RRS s 3756.]

Severability—1982 c 3: See note following RCW 33.04.002.

RCW 33.44.125 Waiver of chapter requirements. If, in the opinion of the director of financial institutions, it is necessary for any of the requirements of this chapter to be waived in order to permit an association which is in danger of failing to convert its charter to that of a commercial bank or a savings bank so that the association may be acquired by a commercial bank or a savings bank or a bank holding company, then the director may waive any such requirement. [1994 c 92 s 469; 1982 c 3 s 78.]

Severability—1982 c 3: See note following RCW 33.04.002.

RCW 33.44.130 Rules implementing chapter—Standard. The director of financial institutions shall adopt such rules under the administrative procedure act, chapter 34.05 RCW, as are necessary to implement this chapter in a manner which protects the relative interests of members, depositors, borrowers, stockholders, and creditors. [1994 c 92 s 470; 1982 c 3 s 79.]

Severability—1982 c 3: See note following RCW 33.04.002.