

Chapter 33.16 RCW
DIRECTORS, OFFICERS, AND EMPLOYEES

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Indemnification of directors, officers, employees, etc., by corporation, insurance: RCW 23B.08.320, 23B.08.500 through 23B.08.580, 23B.08.600, and 23B.17.030.

RCW 33.16.010 Directors—Number—Vacancies. The business and affairs of every association shall be managed and controlled by a board of not less than seven nor more than fifteen directors, a majority of which shall not be officers or employees of the association. The persons designated in the articles of incorporation shall be the first directors.

Vacancies in the board of directors shall be filled by vote of the members at the annual meetings or at a special meeting called for the purpose. The board of directors may fill vacancies occurring on the board, such appointees to serve until the next annual meeting of the members. [1947 c 257 s 1; 1945 c 235 s 14; Rem. Supp. 1947 s 3717-133. Prior: 1933 c 183 s 11; 1925 ex.s. c 144 s 3; 1919 c 169 s 3; 1913 c 110 s 4; 1890 p 56 s 32.]

RCW 33.16.020 Directors—Qualifications—Eligibility. The board of directors shall be elected at the annual meeting, unless the bylaws of the association otherwise provide.

A person shall not be a director of an association if the person has been adjudicated bankrupt or has taken the benefit of any assignment for the benefit of creditors or has suffered a judgment recovered against him or her for a sum of money to remain unsatisfied of record or unsuperseded on appeal for a period of more than three months.

To be eligible to hold the position of director of an association, a person must have savings or stock or a combination thereof in the sum or the aggregate sum of at least one thousand dollars. Such minimum amount shall not be reduced either by withdrawal or by pledge for a loan or in any other manner, so long as he or she remains a director of the association. [2011 c 336 s 757; 1982 c 3 s 28; 1963 c 246 s 5; 1945 c 235 s 15; Rem. Supp. 1945 s 3717-134.]

Prior: 1933 c 183 ss 12, 14; 1925 ex.s. c 144 s 3; 1919 c 169 s 3; 1913 c 110 s 4.]

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

RCW 33.16.030 Directors—Prohibited acts. A director of a savings and loan association shall not, except to the extent permitted for a director of a federal savings and loan association:

(1) Have any interest, direct or indirect, in the gains or profits of the association, except to receive dividends, or interest upon his or her contribution to the contingent fund or upon his or her deposit accounts. However, nothing in this subsection shall prevent an officer from receiving his or her authorized compensation nor from participating in a benefit program under RCW 33.16.150, nor prevent a director from receiving an authorized director's fee;

Receive and retain, directly or indirectly, for his or her own use any commission on any loan, or purchase of real property or securities, made by the association;

(2) Become an endorser, surety, or guarantor, or in any manner an obligor, for any loan made by the association;

(3) For himself or herself or as agent, partner, stockholder, or officer of another, directly or indirectly, borrow from the association, except as hereinafter provided. [1994 c 256 s 122; 1982 c 3 s 29; 1945 c 235 s 16; Rem. Supp. 1945 s 3717-135. Prior: 1933 c 183 ss 21, 62.]

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

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

RCW 33.16.040 Removal of director, officer or employee on objection of director of financial institutions—Procedure. If the director shall notify the board of directors of any association in writing, that he or she has information that any director, officer, or employee of such association is dishonest, reckless, or incompetent or is failing to perform any duty of his or her office, the board shall meet and consider such matter forthwith and the director shall have notice of the time and place of such meeting. If the board shall find the director's objection to be well-founded, such director, officer, or employee shall be removed immediately. If the board does not remove the director, officer, or employee against whom the objections have been filed, or if the board fails to meet, consider or act upon the objections within twenty days after receiving the same, the director may forthwith or within twenty days thereafter, remove such individual by complying with the administrative procedure act, chapter 34.05 RCW. If the director feels that the public interest or safety of the association requires the immediate removal of such individual, the director may petition the superior court for a temporary injunction suspending the performance of the individual as a director pending the administrative procedure hearing. [1994 c 92 s 439; 1982 c 3 s 30; 1973 c 130 s 21; 1945 c 235 s 17; Rem. Supp. 1945 s 3717-136. Prior: 1933 c 183 s 18.]

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

Severability—1973 c 130: See note following RCW 33.24.350.

Appointment of provisional officers and directors: RCW 33.40.150.

RCW 33.16.050 Removal of director for cause—When—Procedure. If a director becomes ineligible or if the director's conduct or habits are such as to reflect discredit upon the association or if other good cause exists, the director may be removed from office by an affirmative vote of two-thirds of the members of the board of directors at any regular meeting of the board or at any special meeting called for that purpose. No such vote upon removal of a director shall be taken until the director has been advised of the reasons therefor and has had opportunity to submit to the board of directors a statement relative thereto, either oral or written. If the director affected is present at the meeting, he or she shall leave the place where the meeting is being held after his or her statement has been submitted and prior to the vote upon the matter of his or her removal. [2011 c 336 s 758; 1982 c 3 s 31; 1945 c 235 s 19; Rem. Supp. 1945 s 3717-138. Prior: 1933 c 183 s 17; 1925 ex.s. c 144 s 3; 1919 c 169 s 3; 1913 c 110 s 4.]

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

RCW 33.16.060 Fiduciary relationship of directors and officers. Directors and officers of an association shall be deemed to stand in a fiduciary relation to the association and shall discharge the duties of their respective positions in good faith and with that diligence, care, and skill which ordinary, prudent persons would exercise under similar circumstances in like position. [1982 c 3 s 32; 1945 c 235 s 20; Rem. Supp. 1945 s 3717-139. Prior: 1933 c 183 s 15; 1925 ex.s. c 144 s 3; 1919 c 169 s 3; 1913 c 110 s 4.]

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

RCW 33.16.080 Officers—Election—Service. The board of directors of the association shall elect the officers named in the bylaws of the association, which officers shall serve at the pleasure of the board. [1982 c 3 s 33; 1945 c 235 s 22; Rem. Supp. 1945 s 3717-141. Prior: 1939 c 98 s 2; 1933 c 183 ss 19, 20.]

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

RCW 33.16.090 Board meetings—Notice—Quorum. The board of directors of each association shall hold a regular meeting at least once each quarter and whenever required by the director, at a time to be designated by it. Special meetings of the board of directors may be held upon notice to each director sufficient to permit his or her attendance.

At any meeting of the board of directors, a majority of the members shall constitute a quorum for the transaction of business.

The president of the association or chair of the board or any three members of the board may call a meeting of the board by giving

notice to all of the directors. [2011 c 336 s 759; 1994 c 256 s 123; 1982 c 3 s 34; 1945 c 235 s 23; Rem. Supp. 1945 s 3717-142. Prior: 1933 c 183 s 19.]

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

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

RCW 33.16.120 Statement of assets and liabilities—Reports. The board of directors shall cause to be prepared, from the books of the association, a statement of assets and of liabilities, at the end of the association's fiscal year.

The board shall also cause to be prepared, certified, and filed with the director, upon blanks to be furnished by the director, such reports and statements as the director, from time to time, may require. [1994 c 92 s 440; 1982 c 3 s 35; 1973 c 130 s 23; 1945 c 235 s 27; Rem. Supp. 1945 s 3717-146. Prior: 1933 c 183 s 79; 1919 c 169 ss 11, 12; 1913 c 110 ss 18, 19; 1890 p 56 ss 18, 36.]

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

Severability—1973 c 130: See note following RCW 33.24.350.

RCW 33.16.130 Bonds of officers and employees. The board of directors of every association shall procure a bond or bonds, covering all of its active officers, agents, and employees, whether or not they draw salary or compensation, with duly qualified corporate surety authorized to do business in the state of Washington, conditioned that the surety will indemnify and save harmless the association against any and all loss or losses arising through the larceny, theft, embezzlement, or other fraudulent or dishonest act or acts of any such officer, agent, or employee. Such bond coverage may provide for a deductible amount from any loss which otherwise would be recoverable from the corporate surety. A deductible amount may be applied separately to one or more bonding agreements. The bond shall not provide for more than one deductible amount from all losses caused by the same person or caused by the same persons acting in collusion or combination in cases in which such losses result from dishonesty of employees (as defined in the bond).

Such bond or bonds shall be in such amount, as to each of said officers or employees, as the directors shall deem advisable, and said bond or bonds shall be subject to the approval of the director and shall be filed with him or her. The board shall review such bond, or bonds, at its regular meeting in January of each year, and by resolution determine such bond coverage for the ensuing year. [1994 c 92 s 441; 1979 c 113 s 4; 1945 c 235 s 28; Rem. Supp. 1945 s 3717-147. Prior: 1939 c 98 s 2; 1933 c 183 s 20; 1925 ex.s. c 144 s 3; 1919 c 169 s 3; 1913 c 110 s 4; 1890 p 56 s 21.]

Severability—1979 c 113: See note following RCW 33.04.020.

RCW 33.16.150 Pensions, retirement plans and other benefits. An association may provide for pensions, retirement plans and other

benefits for its officers and employees, and may contribute to the cost thereof in accordance with the plan adopted by its board of directors. Any officer or employee of the association who is also a director or any director who has been an officer or employee is eligible for and may receive such pension, retirement plan, or other benefit to the extent that the officer or employee regularly participates or the director while an officer or employee regularly participated in the operation of the association. [1982 c 3 s 36; 1945 c 235 s 38; Rem. Supp. 1945 s 3717-157.]

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

RCW 33.16.170 Federal home loan bank as depository. See RCW 30A.32.040.