

Chapter 33.48 RCW
STOCK ASSOCIATIONS

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RCW 33.48.025 Applicability of chapter 23B.06 RCW. Except to the extent provided otherwise in this title, stock associations are subject to the provisions of chapter 23B.06 RCW. [1991 c 72 § 51; 1982 c 3 § 91; 1981 c 84 § 4.]

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

RCW 33.48.030 Minimum amount of permanent stock required—Preferred or special classes of shares authorized. Stock associations shall have permanent stock which may be issued with or without par

value but with a statement of value of nonpar stock in accordance with Title 23B RCW. The minimum amount of such stock shall be twenty-five thousand dollars in the case of associations outside of incorporated cities, or in cities of less than twenty-five thousand population. Associations located in cities of greater population shall have as a minimum, fifty thousand dollars of such stock. The board of such association is authorized and directed to issue and maintain the stock in the following percentages: Three percent upon the first five million dollars; two percent upon the next three million dollars, and one percent upon all additional withdrawable savings: PROVIDED, That associations whose savings are insured by the Federal Savings and Loan Insurance Corporation shall not be required to maintain stock in excess of three hundred thousand dollars. A stock association may issue preferred or special classes of shares as provided in chapter 23B.06 RCW. [1991 c 72 § 52; 1982 c 3 § 92; 1981 c 84 § 1; 1969 c 107 § 7; 1963 c 246 § 9; 1955 c 122 § 4.]

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

RCW 33.48.040 Stock dividends, when. No dividends shall be declared on stock until the association has met the net worth and federal insurance requirements of the federal savings and loan insurance corporation. Subject to the provisions of this chapter, stock shall be entitled to such rate of dividend, if earned, as fixed by the board. Stock dividends may be declared and issued by the board at any time, payable from otherwise unallocated surplus and undivided profits. [1982 c 3 § 93; 1981 c 84 § 2; 1979 c 113 § 14; 1955 c 122 § 5.]

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

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

RCW 33.48.080 Member's proprietary interest—Subordinate to claims of creditors. Each member in a stock association shall have a proportionate proprietary interest in its assets and net earnings subordinate to the claims of its creditors with priorities as established by this chapter. [1982 c 3 § 94; 1969 c 107 § 8; 1967 c 49 § 6; 1955 c 122 § 9.]

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

RCW 33.48.090 Dividends only if interest paid on deposits. No dividend shall be paid or credited upon shares of stock for any period in which the association has not declared and paid interest on deposits eligible to receive interest. [1982 c 3 § 95; 1955 c 122 § 10.]

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

RCW 33.48.100 Conversion procedure—Domestic stock to domestic mutual association. A domestic stock association may convert to a

domestic mutual association under the provisions of applicable statutes and regulations of proper federal and state supervisory authorities. In the event of compliance with such statutes and regulations an appraisal of the stock shall be made by the director, upon written request of the directors of the association, and the appropriate value of the stock may be given consideration in the proceedings to convert by giving credit to such stock from surplus and other reserves. [1994 c 92 § 478; 1982 c 3 § 96; 1955 c 122 § 11.]

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

RCW 33.48.110 Conversion procedure—Mutual association to domestic stock association—Rules implementing section—Standard. Any mutual association, either domestic or federal, operating in the state of Washington may convert itself into a domestic stock association. The conversion shall be effected by the vote of two-thirds of the members present and voting in person or by proxy at any regular or special meeting of the members called for such purpose. Notice of such meeting, stating the purpose thereof, shall be given to the director and to each member by mailing notice to the member's last known address at least thirty days prior to the meeting.

At the meeting, the members may adopt a resolution amending its articles of incorporation and bylaws to provide for operation under this chapter as a stock association.

Upon adoption of the resolution, members shall be given notice of the proposed change and shall be offered, for a period of sixty days following the date of the meeting, the right to subscribe for the proposed stock, pro rata to their deposits in such mutual association, and such right shall be transferable. In the event that the total stock required has not, at the end of the sixty day period, been fully subscribed, the unsubscribed portion shall be offered to any former subscribers for such stock.

When the stock has been fully subscribed and paid for, certified copies of the documents relating to the conversion shall be submitted to the director for his or her approval of the conversion proceedings. Upon notification by the director that the director approves the conversion, the directors shall adopt a resolution declaring the association to be a stock association and thereafter it shall be such.

The director shall adopt such rules under chapter 34.05 RCW, the administrative procedure act, as are necessary to implement this section in a manner which protects the relative interests of members, depositors, borrowers, stockholders, and creditors. [1994 c 92 § 479; 1982 c 3 § 97; 1955 c 122 § 12.]

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

RCW 33.48.120 Conversion procedure—Creation of permanent loss reserve—Disposition of reserve upon liquidation. The accumulated surplus and unallocated reserves of an association at the time of conversion to a stock association shall be designated as a permanent loss reserve against which any losses incurred on assets may be charged. In case of liquidation the remaining sum in said permanent loss reserve shall be distributed to the depositors in proportion to the withdrawable value of their deposit accounts at the time of

liquidation. In liquidation, after payment of all liabilities and the withdrawable value of all types and classes of deposit accounts together with the remainder in the permanent loss reserve heretofore mentioned, any excess shall be paid pro rata to the stockholders. [1982 c 3 § 98; 1955 c 122 § 13.]

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

RCW 33.48.130 Withdrawal of charter amendment or conversion application. The directors of an association which has voted to amend its charter or convert to another type of institution, may withdraw the application at any time prior to the issuance of the amended charter, by adopting a proper resolution and forwarding a copy to the director. [1994 c 92 § 480; 1955 c 122 § 14.]

RCW 33.48.140 Legislative intent—Chapter to control over conflicting provisions. It is the intention of the legislature to grant, by this chapter, authority to create stock associations in this state, by either organization or conversion under its provisions, and in the event of conflict between the provisions of this chapter and other provisions of Title 33 RCW, such other provisions shall be construed in favor of the accomplishment of the purposes of this chapter. [1982 c 3 § 99; 1955 c 122 § 15.]

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

RCW 33.48.150 Organizing permit—Required. No subscriptions or funds from proposed stockholders of any proposed association, prior to its incorporation and prior to a decision by the director on its application for approval of its articles of incorporation, may be solicited or taken until a verified application for an organizing permit has been filed and a permit has been issued by the director authorizing such subscription or collection of funds and then, only in accordance with the terms of such permit. [1994 c 92 § 481; 1973 c 130 § 6.]

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

Definitions—1973 c 130: See RCW 33.24.350.

RCW 33.48.160 Organizing permit—Application. The application for an organizing permit under RCW 33.48.150 shall be in writing, verified as provided by law for the verification of pleadings and shall be filed in the office of the director. Such application shall be signed by the proposed incorporators and shall include the following:

- (1) The names and addresses of its proposed directors, officers and incorporators, to the extent known;
- (2) The proposed location of its office;
- (3) A copy of any contract proposed to be used for the solicitation of stock subscriptions and funds for its preincorporation expenses;

(4) A copy of any advertisement, circular, or other written matter proposed to be used for soliciting stock subscriptions and funds for its preincorporation expenses;

(5) A statement of the total funds proposed to be solicited and collected prior to incorporation and an itemized estimate of the preincorporation expenses proposed to be paid;

(6) A list of the names and addresses and amounts of each of the known proposed stockholders and contributors to the fund for preincorporation expenses; and

(7) Such additional information as the director may require. [1994 c 92 § 482; 1973 c 130 § 7.]

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

Definitions—1973 c 130: See RCW 33.24.350.

RCW 33.48.170 Organizing permit—Conditions. The director may impose conditions in the director's organizing permit issued under RCW 33.48.150 concerning the deposit in escrow of funds collected pursuant to said permit, the manner of expenditure of such funds and such other conditions as he or she deems reasonable and necessary or advisable for the protection of the public and the subscribers to such stock or funds for preincorporation expenses. [1994 c 92 § 483; 1982 c 3 § 100; 1973 c 130 § 8.]

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

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

RCW 33.48.180 Permit authorizing sale of stock—Applicability. No association shall sell, take subscriptions for, or issue any stock until the association applies for and secures from the director a permit authorizing it to sell stock.

This section does not apply to an offering involving less than five hundred thousand dollars nor to an offering made under a registration statement filed under the federal securities act of 1933 (48 Stat. 74; 15 U.S.C. Sec. 77a). [1994 c 92 § 484; 1982 c 3 § 101; 1973 c 130 § 5.]

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

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

RCW 33.48.190 Permit authorizing sale of guaranty stock—Required prior to sale of issued or outstanding stock. No issued and outstanding stock of an association shall be sold or offered for sale to the public, nor shall subscriptions be solicited or taken for such sales until the association or the selling stockholders have applied for and secured from the director a permit authorizing the sale of the guaranty stock.

This section shall not apply to an offering involving less than ten percent of the issued and outstanding guaranty stock of an association and less than five hundred thousand dollars nor to an

offering made under a registration statement filed under the Securities Act of 1933 (48 Stat. 74; 15 U.S.C. Sec. 77a). [1994 c 92 § 485; 1973 c 130 § 9.]

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

Definitions—1973 c 130: See RCW 33.24.350.

RCW 33.48.200 Permit authorizing sale of stock—Application—Contents. An application for a permit to sell stock shall be in writing and shall be filed in the office of the director by the association.

The application shall include the following:

(1) Regarding the association:

(a) The names and addresses of its officers;

(b) The location of its office;

(c) An itemized account of its financial condition within ninety days of the filing date; and

(d) A copy of all minutes of any proceedings of its directors, shareholders, or stockholders relating to or affecting the issue of such stock;

(2) Regarding the offering:

(a) The names and addresses of the selling stockholders and of the officers of any selling corporation and the partners of any selling partnership;

(b) A copy of any contract concerning the sale of the stock;

(c) A copy of a prospectus or advertisement or other description of the stock prepared for distribution or publication in accordance with requirements prescribed by the director;

(d) A brief description of the method by which the stock is to be offered for sale including the offering price and the underwriting commissions and expense, if any; and

(3) Such additional information as the director may require.

[1994 c 92 § 486; 1982 c 3 § 102; 1973 c 130 § 10.]

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

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

RCW 33.48.210 Permit authorizing sale of stock—Examination and investigation—Issuance or denial. Upon the filing of the application for a permit to sell stock, the director shall examine the application and other papers and documents filed therewith and he or she may make a detailed examination, audit, and investigation of the association and its affairs. If the director finds that the proposed plan for the issue and sale of such stock is fair, just and equitable, the director shall issue to the applicant a permit authorizing it to issue and dispose of its stock in such amounts and for such considerations and upon such terms and conditions as the director may provide in the permit. If the director does not so find he or she shall deny the application and notify the applicant in writing of his or her decision. [1994 c 92 § 487; 1982 c 3 § 103; 1973 c 130 § 11.]

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

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

RCW 33.48.220 Recitation in permit to take subscriptions for stock. Every permit to take subscriptions for stock shall recite in bold face type that the issuance thereof is permissive only and does not constitute a recommendation or endorsement of the stock permitted to be issued. [1982 c 3 § 104; 1973 c 130 § 12.]

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

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

RCW 33.48.230 Sales of stock—Imposition of conditions. With respect to sales of stock by an association, the director may impose conditions requiring the impoundment of the proceeds from the sale of stock, limiting the expense in connection with the sale of such stock, and other conditions as he or she deems reasonable and necessary or advisable to insure the disposition of the proceeds from the sale of such stock in the manner and for the purposes provided in the permit. [1994 c 92 § 488; 1982 c 3 § 105; 1973 c 130 § 13.]

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

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

RCW 33.48.240 Organizing permit—Amendment, alteration, suspension, or revocation by director—Grounds. The director may amend, alter, suspend, or revoke any permit issued under RCW 33.48.150 if there is a violation of the terms and conditions of the permit or if the director determines that the subscription or proposed issue and sale is no longer fair, just, and equitable. [1994 c 92 § 489; 1982 c 3 § 106; 1973 c 130 § 14.]

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

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

RCW 33.48.250 Purchase by association of stock issued by it—Conditions. An association may purchase stock issued by it in an amount not to exceed the amount of earned surplus or undivided profits available for dividends on its stock if: The stock so purchased is included for federal estate tax purposes in determining the gross estate of a decedent, and the amount paid for such purchase is entitled to be treated under section 303 of the Internal Revenue Code of 1954 (68A Stat. 3; 26 U.S.C. Sec. 1), or other applicable federal statute or the corresponding provision of any future federal revenue law, as a distribution in full payment in exchange for the stock so purchased, or such purchase is with the prior consent of the director, or such purchase is pursuant to a put option contained in a plan which has been approved by the director establishing an employee stock ownership plan for the association and its employees pursuant to the provisions of the act of congress entitled "Employee Retirement Income

Security Act of 1974", as now constituted or hereafter amended, or Section 409 of the Internal Revenue Code of 1954, as now constituted or hereafter amended. Stock so purchased until sold shall be carried as treasury stock. Upon the purchase of any stock issued by the association, an amount equal to the purchase price shall be set aside from earned surplus or undivided profits available for dividends to a specific reserve account established for this purpose. Upon sale of any of such stock, the amount relating thereto in the specific reserve account shall be returned to the surplus or undivided profits account (as the case may be) and shall be available for dividends. Reacquired stock shall not be resold at less than its reacquisition cost, without the specific approval of the director, and shall not be resold or reissued except in accordance with RCW 33.48.220 through 33.48.240. [1994 c 92 § 490; 1985 c 239 § 3; 1982 c 3 § 107; 1973 c 130 § 15.]

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

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

RCW 33.48.260 Reduction of stock—Conditions. With the prior consent of the director, the stock of an association may be reduced by resolution of the board of directors approved by the vote or written consent of the holders of a majority in amount of the outstanding stock of the association to such amount as the director approves. [1994 c 92 § 491; 1982 c 3 § 108; 1973 c 130 § 16.]

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

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

RCW 33.48.270 Reduction of stock—Disposition of surplus. Any surplus resulting from reduction of stock shall not be available for dividends or other distribution to stockholders except upon liquidation. [1982 c 3 § 109; 1973 c 130 § 17.]

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

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

RCW 33.48.280 Paid-in or contributed surplus or surplus created by reduction of stock—Application and uses. An association may, by action of its board of directors and with the prior approval of the director, apply any part or all of any paid-in or contributed surplus or any surplus created by reduction of stock to the reduction or writing off of any deficit arising from losses or diminution in value of its assets, or may transfer to or designate as a part of its federal insurance account or any other reserve account irrevocably established for the sole purpose of absorbing losses, any part or all of any paid-in or contributed surplus or any surplus created by reduction of stock. [1994 c 92 § 492; 1982 c 3 § 110; 1973 c 130 § 18.]

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

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

RCW 33.48.290 RCW 33.48.150 through 33.48.280 inapplicable to foreign associations. RCW 33.48.150 through 33.48.280 do not apply to foreign associations doing business in this state pursuant to the provisions of chapter 33.32 RCW. [1982 c 3 § 111; 1973 c 130 § 19.]

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

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

RCW 33.48.320 Waiver of chapter requirements. If, in the opinion of the director, 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 from a mutual association to a stock association or from a stock association to a mutual association so that the association may be acquired by an association or a savings and loan holding company, then the director may waive any such requirement. [1994 c 92 § 493; 1982 c 3 § 112.]

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