



State of Washington

DEPARTMENT OF FINANCIAL INSTITUTIONS  
DIVISION OF BANKS

P.O. Box 41200 • Olympia, Washington 98504-1200

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**TRUST COMPANY APPLICATION INFORMATION**

The Washington State Department of Financial Institutions - Division of Banks (herein "Division") welcomes your interest in establishing a Washington State-chartered trust company. If you elect to proceed with an application, the Division will assist you in clarifying the requirements, procedures, and standards that must be met in order to establish a trust company in this state.<sup>1</sup>

The application and associated materials have been designed to elicit the minimum information required by the Division for the purpose of determining whether a trust company *Certificate of Authority* will be granted (*i.e.*, a trust company charter). The process for establishing a trust company occurs in five basic steps:

1. Submitting an *Application for Trust Powers*;
2. Scheduling and conducting a pre-filing meeting(s);
3. Submitting the required application fee and filing the *Official Application*;
4. Processing the *Official Application* and conducting an investigation; and,
5. Making a final determination to issue a *Certificate of Authority*.

There are no minimum capital requirements to form a Washington State-chartered trust company. Capital requirements are determined by the Director based on a review of the business plan, scope of the proposed trust company operations, current or proposed insurance and bonding levels, and loss history (if any).

The Division charges hourly fees for processing applications and conducting attendant investigations. The charter investigation fees are calculated using the number of hours multiplied by the current rate, which is \$83 per hour.<sup>2</sup>

<sup>1</sup> Refer to Chapter 208-528 WAC, New State Banks and Trust Companies — Application and Investigation.

<sup>2</sup> WAC 208-544 et seq.

## 1. SUBMITTING THE APPLICATION FOR TRUST POWERS

Individuals interested in forming a trust company should complete the *Application for Trust Powers* (form provided) and submit it to the Division by one of the following methods:

Secure Email:

banks@dfi.wa.gov

Fax:

(360) 704-6904

US Mail:

PO Box 41200

Olympia WA 98504-1200

## 2. PRE-FILING MEETING

After the *Application for Trust Powers* is received, a representative from the Division will contact the applicant to gather additional information and schedule a pre-filing meeting with the applicant to communicate expectations, assess initial feasibility of the business plan, answer any questions. Refer to WAC 208-528-020 for more information. Please note that the initial *Application for Trust Powers* will become part of the *Official Application*, but may be amended at a later date.

## 3. FILING THE OFFICIAL APPLICATION

After a pre-filing meeting is held, the *Official Application* should be submitted to the Division. Once the *Official Application* is received by the Division, it will be reviewed and processed. At a minimum, the *Official Application* should contain the following:

- *Notice of Intention to Organize* (form provided).
- A \$4,000 filing fee for processing the application and deposit toward investigation costs.<sup>3</sup>
- A revised *Application for Trust Powers* (if applicable) and evidence of the adoption of the *Statement of Trust Company Principles* (form provided).
- Proposed *Articles of Incorporation* and *Bylaws* (if applicable), bearing the original signatures of the proposed organizers and Board of Directors.<sup>4</sup>

<sup>3</sup> See WAC 208-528-040, WAC 208-544-030 & 045(1)(a).

<sup>4</sup> WAC 208-528-030(6).

- A list of the organizers, proposed directors, executive officers, and any individual or group of proposed shareholders acting in concert, that will own or control 25% or more of the institution's stock. Completed and signed *Biographical and Financial Reports* for any proposed directors, executive officers, or principal shareholders (interagency form provided).<sup>5</sup>
- A comprehensive *Business Plan* describing, at a minimum, the elements set forth in Section 4, below. Additional *Business Plan* considerations and requirements may be found at RCW 30B.08.030 and WAC 208-528-030.
- Pro forma projections for the first three years of operations as a WA state trust company. Projections should include a balance sheet, income statement, and projections for assets under management. The line items in the financial statements should be consistent with WA DFI's call report format so that projected items may be compared with actual performance.

The applicant will be notified if additional information is required to complete the review of the application. After it is determined that sufficient information has been filed with the Division to adequately review the proposed transaction, then the application will be officially accepted for review.<sup>6</sup>

#### **4. PROCESSING THE OFFICIAL APPLICATION**

Part of the application review includes a field investigation of the applicant, incorporators, or existing company or financial institution. The investigation will address the following topics and areas of concern:

- Financial condition and history;
- Adequacy of the capital structure;
- Future earnings prospects;
- General character of management;
- Information security;
- Convenience and needs of the community to be served; and,
- Consistency of corporate powers.

The investigation will include in-person interviews with each of the proposed officers and directors of the proposed trust company.

#### **5. FINAL DETERMINATION**

<sup>5</sup> RCW 30B.08.030, WAC 208-528-030(4). Please note that Division utilizes a federal interagency form to more efficiently conduct and process background checks.

<sup>6</sup> WAC 208-528-050.

Following the review of the application and completion of the investigation, the Director will decide whether to grant approval to organize a Washington State-chartered trust company. If an approval is granted, the Division will issue a *Certificate of Authority* authorizing the trust company to accept trusts and engage in trust business. A *Certificate of Authority* to establish a Washington trust company will not be issued until all steps required to organize a trust company are completed. The Division will file the finalized *Articles of Incorporation* with the Office of the Secretary of State on behalf of the newly formed institution. The organizers have six months from the date that *Certificate of Authority* is issued to commence business.

### **ADDITIONAL INFORMATION**

The Division examines trust companies at least every 18 months on a schedule that is based on the company's overall condition as well as the dollar amount of assets under management. Furthermore, the Division utilizes the Uniform Interagency Trust Rating System, also known as the MOECA ratings (Management, Operations, Earnings, Compliance, and Asset Management) to assess the overall trust company and produce a report of examination. These ratings are described in greater detail in the links below:

- <https://www.fdic.gov/regulations/examinations/trustmanual/index.html>
- <http://www.occ.gov/topics/capital-markets/asset-management/index-asset-management.html>

For additional information relating to the laws pertaining to the chartering and regulation of a Washington State-chartered trust company, please refer to the following:

- Title 11 RCW — Probate and Trust Law
- Title 30B RCW — Washington Trust Institutions Act
- Chapter 208-512 WAC – Banks and Trust Companies
- Chapter 208-528 WAC – New State Banks and Trust Companies
- Chapter 208-536 WAC – Administration of Trust Companies
- Chapter 208-544 WAC – Schedule of Costs

**~Thank you for your interest in forming a Washington State-chartered trust company~**