

The Director has concluded that the Bank, which is currently a state-chartered savings association pursuant to Title 33 RCW, may retain the word “Savings” in its name if the Bank converts to a commercial bank charter pursuant to Title 30 RCW.

This conclusion is based upon the following analysis and interpretation (see Section 3.0 below) and declaration and findings of the Director (see Section 4.0 below).

3.0 Analysis & Interpretation

3.1 Title 30 RCW Silent on Use of “Savings” in Bank’s Name. Absent the invocation of parity, Title 30 RCW is silent on the use of the word “Savings” in a bank’s name. Title 30 RCW does not directly authorize nor prohibit state-chartered commercial banks to use the word “savings” in their name.

3.2 Title 33 RCW Regulation of Use of “Savings” in Name. RCW 33.08.010, in relation to state-chartered savings associations, declares, in pertinent part, as follows:

Neither shall the words "saving", or "savings", be used in *any name* or advertising or to represent in any manner to indicate that the business is of the character or kind of business carried on or transacted by an association or which is calculated to lead any person to believe that the business is that of an association *unless authorized to do business under the laws of this state or of the United States relating to savings and loan associations, banks, or mutual savings banks.*

[Emphasis added.]

3.3 Inter-Charter Parity: Title 32 Powers for Title 30 Banks. However, RCW 30.04.217, an inter-charter parity provision, declares as follows:

Notwithstanding any other provisions of law, in addition to all powers, express or implied, that a bank or trust company has under the laws of this state, a bank or trust company shall have the powers and authorities conferred upon a mutual savings bank under Title 32 RCW, only if:

(1) The bank or trust company notifies the director at least thirty days prior to the exercise of such power or authority by the bank or trust company, unless the director waives or modifies this requirement for notice as to the exercise of a power, authority, or category of powers or authorities by the bank or trust company;

(2) The director finds that the exercise of such powers and authorities by the bank or by the trust company serves the convenience and advantage of depositors, borrowers, or the general public; and

(3) The director finds that the exercise of such powers and authorities by the bank or by the trust company maintains the fairness of

competition and parity between banks or trust companies and mutual savings banks.

As used in this section, "powers and authorities" include without limitation powers and authorities in corporate governance and operational matters.

The restrictions, limitations, and requirements applicable to specific powers or authorities of mutual savings banks shall apply to banks or trust companies exercising those powers or authorities permitted under this section but only insofar as the restrictions, limitations, and requirements relate to exercising the powers or authorities granted banks or trust companies solely under this section.

3.4 Permissibility of “Savings” in the Names of Title 32 Banks. In turn, Title 32 RCW grants mutual savings banks and stock savings banks the power to use the word “savings” in their name. RCW 32.04.020(1) declares:

The use of the term "*savings bank*" or "mutual savings bank" refers to savings banks organized under chapter 32.08 or 32.35 RCW or converted under chapter 32.32 or 33.44 RCW.*

[Emphasis added.]

3.5 The Bank May Apply for Retention of “Savings” in Name Pursuant to RCW 30.04.217. Based on the above, the Director has concluded that, if for the purpose of preserving its name, the Bank sought to invoke the power and authority to retain “Savings” in its name that is permitted for charters pursuant to Title 32 RCW, it could do so by making a “parity” application to the Director pursuant to RCW 30.04.217.

Pursuant to RCW 30.04.217 (cited above), the Director may waive the 30 day notice requirement and has the discretion to find that:

- Retention of “Savings” in the Bank’s name serves the convenience and advantage of depositors, borrowers, or the general public; and
- Retention of “Savings” by the Bank does not upset the maintenance of the fairness of competition and parity between banks or trust companies and mutual savings banks.

* Chapter 33.44 RCW refers specifically to a conversion of a Title 33 RCW savings association to a Title 32 RCW savings bank charter or Title 30 RCW commercial bank charter.

4.0 Declaration & Findings

For purposes of this Inquiry, the Director has elected to make an *anticipatory* declaration and finding as if the Bank had already applied for conversion from a savings association under Title 33 RCW to a commercial bank under Title 30 RCW. Moreover, because the Director has elected to treat your Inquiry as ancillary to and part of a proposed Charter Conversion Application, the Director has also elected to waive the 30 day notice requirement set forth in RCW 30.04.217 upon acceptance of a Charter Conversion Application.

The Director specifically declares and finds that, based upon the analysis and interpretation set forth above, the Director has the authority to permit the Bank to retain “Savings” in its name upon satisfactory completion of an application to convert from a savings association chartered under Title 33 RCW to a commercial bank chartered under Title 30 RCW.

The Director further declares and finds that the retention of “Savings” in the Bank’s name serves the convenience and advantage of depositors, borrowers, or the general public, because it will help to preserve the strong reputation that the Bank has by virtue of its existing whole name and its continued emphasis on community banking.

Finally, the Director declares and finds that, insofar as the Bank is presently the only Washington State financial institution chartered under the auspices of Title 33 RCW, the action taken by the Director would have little or no effect on either competition or parity between banks and mutual savings banks in this state. To this end, the Director specifically declares and finds that there is general fairness of competition and parity between banks and mutual savings banks in Washington State, and the retention of “Savings” in the Bank’s name would not upset the maintenance of such fairness of competition and parity.

5.0 Concluding Remarks

The statutory standards for making the determinations above are uniformly applicable for any other savings association, similarly situated, that may hereafter be chartered under Title 33 RCW, and that may seek to convert to a commercial bank charter (Title 30 RCW) pursuant to Chapter 33.44 RCW. However, persons other than Bank are advised that each applicant’s relevant facts and circumstances may be different; and such relevant facts, as applied to the governing law, may result in the Director reaching a conclusion different than the one set forth above.

In addition, this letter has addressed only the specific Inquiry set forth above and does not supersede or otherwise waive any other requirements or conditions of the Division of Banks with respect to a Charter Conversion Application, should the Bank actually make one.

Should you have any questions, please do not hesitate to call upon the Division of Banks at either (360) 902-8700 or (206) 956-3229.

Sincerely,

WASHINGTON STATE DEPARTMENT OF
FINANCIAL INSTITUTIONS

By:

David G. Kroeger
Director, Division of Banks

DGK:jmv