



State of Washington

**DEPARTMENT OF FINANCIAL INSTITUTIONS
DIVISION OF BANKS**

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ISGC – 2008 – 008 – DOB-R

December 3, 2008



RE: Shortened (Ten Day) Notice of Shareholder Meetings Contained in Bylaws

XXXXXXXXXXXXX:

This letter confirms an informal opinion we gave to you on or about November 20, 2008. You have made an emergency inquiry [for purposes of the speed with which capital purchase transactions under the Troubled Asset Relief Program (TARP) between Treasury and affected banks must be consummated] whether RCW 30.08.090 supersedes RCW 23B.07.050 to the extent of any inconsistencies between the two statutes.

The answer to that question is "yes." Washington State-chartered banks are a species of corporation, the governance of which is controlled, first, by Title 30 RCW, and only then by Title 23B RCW where Title 30 RCW is silent. RCW 30.08.090 declares:

"Unless the articles of incorporation provide otherwise, the board of directors of a bank or trust company may, by majority vote, amend the bank or trust company's articles of incorporation without shareholder action as follows:

- (1) If the bank or trust company has only one class of shares outstanding, to provide, change, or eliminate any provision with respect to the par value of any class of shares;
- (2) To delete the name and address of the initial directors;
- (3) If the bank or trust company has only one class of shares outstanding, solely to change the number of authorized shares to effectuate a split of, or stock dividend in, the bank or trust company's own shares, or solely to do so and to

change the number of authorized shares in proportion thereto;
(4) To change the bank or trust company's name; or
(5) To make any other change expressly permitted by this title to be made without shareholder action.

Other amendments to a bank or trust company's articles of incorporation, in a manner not inconsistent with the provisions of this title, require the affirmative vote of the stockholders representing two-thirds of each class of shares entitled to vote under the terms of the shares at a regular meeting, ***or special meeting duly called for that purpose in the manner prescribed by the bank or trust company's bylaws.*** No amendment shall be made whereby a bank becomes a trust company unless such bank first receives permission from the director."

[Emphasis added.]

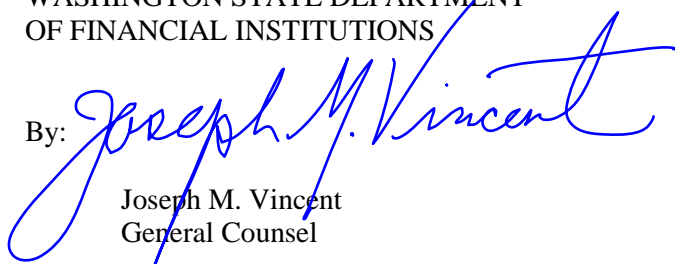
The second to the last sentence of RCW 30.08.090 permits amendments to articles of incorporation in a manner prescribed by the bank's by-laws, which are not inconsistent with Title 30 RCW. It is the interpretation of the Division of Banks that this clause in RCW 30.08.090 would permit 10-day notice of shareholder meeting, provided that a bank in question had such a provision in its by-laws. If one of your client banks has such a duly authorized provision in its by-laws, it may conduct a shareholder meeting for purposes of authorizing articles of amendment to permit preferred stock as required by the Capital Purchase Program under TARP, provided it furnishes notice of shareholder meeting of only ten (10) days – rather than the 20 days called for by RCW 23B.07.050.

If you have any further questions, please do not hesitate to call upon the Division of Banks at (360) 902-8704.

Sincerely,

WASHINGTON STATE DEPARTMENT
OF FINANCIAL INSTITUTIONS

By:



Joseph M. Vincent
General Counsel

For Division of Banks