

DOB OPINION 98-001

Date: November 2, 1998

From: John L. Bley, Director, Department of Financial Institutions

Subject:

Rules of Entry to a Savings Bank and the Definition of a Savings Bank

The purpose of this letter is to clarify and confirm certain information from our recent communications regarding the regulatory applications filed by _____ (“Bancorp”) to charter _____ Savings Bank, a Title 32 Washington savings bank (“__SB”), and to merge __SB with and into _____ (“Other Bank”). We have communicated about two separate issues involving the chartering of __SB and the merger of __SB with Other Bank: (1) whether the establishment of __SB by Bancorp is subject to the rules of entry in Title 30 of the Washington statutes; and (2) whether our office regulates Title 32 savings banks as “banks” within the meaning of the Bank Holding Company Act of 1956, as amended (the “BHCA”).

It is my office’s interpretation that the establishment of a Title 32 savings bank is not subject to the rules of entry in Title 30, which rules govern the establishment of and the merger with a Title 30 commercial bank. The rule of entry provisions in Sections 30.40.232 and 30.49.125(7) of the Washington statutes only apply to state banks which are chartered under Title 30. A state-chartered savings institution organized under a different title (i.e. Title 32 or 33) is therefore not subject to the rules of entry set forth in Title 30 of the Washington statutes.

A separate issue is whether our office considers a Title 32 savings bank to be a “bank” within Section 3 of the BHCA, to which inquiry the answer is “yes.” The definition of a “state bank” in Section 3 of the Federal Deposit Insurance Act (12 U.S.C. §1813(a)(2)) specifically includes a state-chartered savings bank. My understanding is that such an FDIC-insured state savings bank is appropriately considered to be a “bank” within the definition set forth in Section 2 of the BHCA rather than Section 4(c)(8) non-bank company.

If you have any questions or comments about the above analysis, please do not hesitate to contact me.