

RCW 30A.04.120 Loans on own stock prohibited—Shares of other corporations. The shares of stock of every bank shall be deemed personal property. No such corporation shall hereafter make any loan or discount on the security of its own capital stock, nor be the purchaser or holder of any such shares, unless such security or purchase shall be necessary to prevent loss upon a debt previously contracted in good faith; in which case the stocks so purchased or acquired shall be sold at public or private sale, or otherwise disposed of, within six months from the time of its purchase or acquisition. Except as hereinafter provided or otherwise permitted by law, nothing herein contained shall authorize the purchase by any such bank for its own account of any shares of stock of any corporation, except a federal reserve bank of which such corporation shall become a member, and then only to the extent required by such federal reserve bank: PROVIDED, That any bank may purchase, acquire and hold shares of stock in any other corporation which shares have been previously pledged as security to any loan or discount made in good faith and such purchase shall be necessary to prevent loss upon a debt previously contracted in good faith and stock so purchased or acquired shall be sold at public or private sale or otherwise disposed of within two years from the time of its purchase or acquisition. Any time limit imposed in this section may be extended by the director upon cause shown. Banks are authorized to make loans on the security of the capital stock of a bank other than the lending corporation. [2014 c 37 s 111; 1994 c 92 s 13; 1986 c 279 s 4; 1973 1st ex.s. c 104 s 1; 1955 c 33 s 30.04.120. Prior: 1943 c 187 s 1; 1933 c 42 s 9; 1929 c 73 s 5; 1917 c 80 s 36; Rem. Supp. 1943 s 3243. Formerly RCW 30.04.120.]