Chapter 32.16 RCW
OFFICERS AND EMPLOYEES

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RCW 32.16.010  Board of trustees—Number—Qualifications.  (1)
There shall be a board of trustees who shall have the entire management and control of the affairs of the savings bank. The persons named in the certificate of authorization shall be the first trustees. The board shall consist of not less than nine nor more than thirty members.
(2) A person shall not be a trustee of a savings bank, if he or she:
(a) Is not a resident of a state of the United States;
(b) Has been adjudicated a bankrupt or has taken the benefit of any insolvency law, or has made a general assignment for the benefit of creditors;
(c) Has suffered a judgment recovered against him or her for a sum of money to remain unsatisfied of record or unsecured on appeal for a period of more than three months;
(d) Is a trustee, officer, clerk, or other employee of any other savings bank.
(3) Nor shall a person be a trustee of a savings bank solely by reason of his or her holding public office.  [2011 c 336 § 752; 1985 c 56 § 8; 1955 c 13 § 32.16.010. Prior: 1915 c 175 § 28; RRS § 3357.]
RCW 32.16.012  Age requirements. The bylaws of a savings bank may prescribe a maximum age beyond which no person shall be eligible for election to the board of trustees and may prescribe a mandatory retirement age of seventy-five years or less for trustees subject to the following limitations:

(1) No person shall be eligible for initial election as a trustee after December 31, 1969, who is seventy years of age or more; and

(2) No person shall continue to serve as a trustee after December 31, 1973, who is seventy-five years of age or more and the office of any such trustee shall become vacant on the last day of the month in which the trustee reaches his or her seventy-fifth birthday or December 31, 1973, whichever is the latest.

If a savings bank does not adopt a bylaw prescribing a mandatory retirement age for trustees prior to January 1, 1970, or does not maintain thereafter a bylaw prescribing a mandatory retirement age, the office of a trustee of such savings bank shall become vacant on the last day of the month in which such trustee reaches his or her seventieth birthday or on December 31, 1969, whichever is the latest. [2011 c 336 § 753; 1969 c 55 § 14.]

RCW 32.16.020  Oath of trustees—Declaration of incumbency—Not applicable to directors of stock savings banks. (1) Each trustee, whether named in the certificate of authorization or elected to fill a vacancy, shall, when such certificate of authorization has been issued, or when notified of such election, take an oath that he or she will, so far as it devolves on him or her, diligently and honestly administer the affairs of the savings bank, and will not knowingly violate, or willingly permit to be violated, any of the provisions of law applicable to such savings bank. Such oath shall be subscribed by the trustee making it and certified by the officer before whom it is taken, and shall be immediately transmitted to the director and filed and preserved in his or her office.

(2) Prior to the first day of March in each year, every trustee of every savings bank shall subscribe a declaration to the effect that he or she is, at the date thereof, a trustee of the savings bank, and that he or she has not resigned, become ineligible, or in any other manner vacated his or her office as such trustee. Such declaration shall be acknowledged in like manner as a deed to be entitled to record and shall be transmitted to the director and filed in his or her office prior to the tenth day of March in each year.

(3) This section does not apply to the directors of stock savings banks. [1994 c 256 § 102; 1994 c 92 § 328; 1955 c 13 § 32.16.020. Prior: 1915 c 175 § 29; RRS § 3358.]

Reviser's note: This section was amended by 1994 c 92 § 328 and by 1994 c 256 § 102, each without reference to the other. Both amendments are incorporated in the publication of this section pursuant to RCW 1.12.025(2). For rule of construction, see RCW 1.12.025(1).

Findings—Construction—1994 c 256: See RCW 43.320.007.

RCW 32.16.030  Vacancies, when to be filled. A vacancy in the board of trustees shall be filled by the board as soon as practicable,
RCW 32.16.040 Quorum—Meetings. A quorum at any regular or special or adjourned meeting of the board of trustees shall consist of not less than five of whom the chief executive officer shall be one, except when he or she is prevented from attending by sickness or other unavoidable detention, when he or she may be represented in forming a quorum by such other officer as the board may designate; but less than a quorum shall have power to adjourn from time to time until the next regular meeting. However, a savings bank may adopt procedures which provide that, in the event of a national emergency, any trustee may act on behalf of the board to continue the operations of the savings bank. For purposes of this subsection, a national emergency is an emergency declared by the president of the United States or the person performing the president's functions, or a war, or natural disaster.

Regular meetings of the board of trustees shall be held as established from time to time by the board, not less than six times during each year. [1999 c 14 § 22; 1985 c 56 § 9; 1969 c 55 § 4; 1955 c 13 § 32.16.040. Prior: 1915 c 175 § 31; RRS § 3360.]

RCW 32.16.050 Compensation of trustees. (1) A trustee of a savings bank shall not directly or indirectly receive any pay or emolument for services as trustee, except as provided in this section.

(2) A trustee may receive, by affirmative vote of a majority of all the trustees, reasonable compensation for (a) attendance at meetings of the board of trustees; (b) service as an officer of the savings bank, provided his or her duties as officer require and receive his or her regular and faithful attendance at the savings bank; (c) service in appraising real property for the savings bank; and (d) service as a member of a committee of the board of trustees: PROVIDED, That a trustee receiving compensation for service as an officer pursuant to (b) shall not receive any additional compensation for service under (a), (c), or (d).

(3) An attorney for a savings bank, although he or she is a trustee thereof, may receive a reasonable compensation for his or her professional services, including examinations and certificates of title to real property on which mortgage loans are made by the savings bank; or if the bank requires the borrowers to pay all expenses of searches, examinations, and certificates of title, including the drawing, perfecting, and recording of papers, such attorney may collect of the borrower and retain for his or her own use the usual fees for such services, excepting any commissions as broker or on account of placing or accepting such mortgage loans.

(4) All incentive compensation, bonus, or supplemental compensation plans for officers and employees of a savings bank shall be approved by a majority of nonofficer trustees of the savings bank or approved by a committee of not less than three trustees, none of whom shall be officers of the savings bank. No such plan shall permit any officer or employee of a savings bank who has or exercises final authority with regard to any loan or investment to receive any commission on such loan or investment.

(5) If an officer or attorney of a savings bank receives, on any loan made by the bank, any commission which he or she is not
authorized by this section to retain for his or her own use, he or she shall immediately pay the same over to the savings bank. [1999 c 14 § 23; 1985 c 56 § 10; 1957 c 80 § 6; 1955 c 13 § 32.16.050. Prior: 1915 c 175 § 32; RRS § 3361.]

**RCW 32.16.060** Change in number of trustees. The board of trustees of every savings bank may, by resolution incorporated in its bylaws, increase or reduce the number of trustees named in the original charter or certificate of authorization.

(1) The number may be increased to a number designated in the resolution not exceeding thirty: PROVIDED, That reasons therefor are shown to the satisfaction of the director and his or her written consent thereto is first obtained.

(2) The number may be reduced to a number designated in the resolution but not less than nine. The reduction shall be effected by omissions to fill vacancies occurring in the board. [1994 c 92 § 329; 1955 c 13 § 32.16.060. Prior: 1915 c 175 § 33; RRS § 3362.]

**RCW 32.16.070** Restrictions on trustees. (1) A trustee of a savings bank shall not, except to the extent permitted for a director of a federal mutual savings bank:

(a) Have any interest, direct or indirect, in the gains or profits of the savings bank, except to receive dividends (i) upon the amounts contributed by him or her to the guaranty fund and the expense fund of the savings bank as provided in RCW 32.08.090 and 32.08.100, and (ii) upon any deposit he or she may have in the bank, the same as any other depositor and under the same regulations and conditions.

(b) Become a member of the board of directors of a bank, trust company, or national banking association of which board enough other trustees of the savings bank are members to constitute with him a majority of the board of trustees.

(2) Neither a trustee nor an officer of a savings bank shall, except to the extent permitted for a director or officer of a federal mutual savings bank:

(a) For himself or herself or as agent or partner of another, directly or indirectly use any of the funds or deposits held by the savings bank, except to make such current and necessary payments as are authorized by the board of trustees.

(b) Receive directly or indirectly and retain for his or her own use any commission on or benefit from any loan made by the savings bank, or any pay or emolument for services rendered to any borrower from the savings bank in connection with such loan, except as authorized by RCW 32.16.050.

(c) Become an indorser, surety, or guarantor, or in any manner an obligor, for any loan made by the savings bank.

(d) For himself or herself or as agent or partner of another, directly or indirectly borrow any of the funds or deposits held by the savings bank, or become the owner of real property upon which the savings bank holds a mortgage. A loan to or a purchase by a corporation in which he or she is a stockholder to the amount of fifteen percent of the total outstanding stock, or in which he or she and other trustees of the savings bank hold stock to the amount of twenty-five percent of the total outstanding stock, shall be deemed a loan to or a purchase by such trustee within the meaning of this section, except when the loan to or purchase by such corporation
occurred without his or her knowledge or against his or her protest. A deposit in a bank shall not be deemed a loan within the meaning of this section. [1994 c 256 § 103; 1955 c 13 § 32.16.070. Prior: 1925 ex.s. c 86 § 12; 1915 c 175 § 34; RRS § 3363.]

Findings—Construction—1994 c 256: See RCW 43.320.007.

RCW 32.16.080 Removal of trustees—Vacancies—Eligibility to reelection. (1) Whenever, in the judgment of three-fourths of the trustees, the conduct and habits of a trustee of any savings bank are of such character as to be injurious to such bank, or he or she has been guilty of acts that are detrimental or hostile to the interests of the bank, he or she may be removed from office, at any regular meeting of the trustees, by the affirmative vote of three-fourths of the total number thereof: PROVIDED, That a written copy of the charges made against him or her has been served upon him or her personally at least two weeks before such meeting, that the vote of such trustees by ayes and noes is entered in the record of the minutes of such meeting, and that such removal receives the written approval of the director which shall be attached to the minutes of such meeting and form a part of the record.

(2) The office of a trustee of a savings bank shall immediately become vacant whenever he or she:

(a) Fails to comply with any of the provisions of RCW 32.16.020 relating to his or her official oath and declaration;
(b) Becomes disqualified for any of the reasons specified in RCW 32.16.010(2);
(c) Has failed to attend the regular meetings of the board of trustees, or to perform any of his or her duties as trustee, for a period of six successive months, unless excused by the board for such failure;
(d) Violates any of the provisions of RCW 32.16.070 imposing restrictions upon trustees and officers, except subsection (2)(c) thereof.

(3) A trustee who has forfeited or vacated his or her office shall not be eligible to reelection, except when the forfeiture or vacancy occurred solely by reason of his or her:

(a) Failure to comply with the provisions of RCW 32.16.020, relating to his or her official oath and declaration; or
(b) Neglect of his or her official duties as prescribed in subsection (2)(c) of this section; or
(c) Disqualification through becoming a nonresident, or becoming a trustee, officer, clerk or other employee of another savings bank, or becoming a director of a bank, trust company, or national banking association under the circumstances specified in RCW 32.16.070(1)(b) and such disqualification has been removed. [1994 c 92 § 330; 1955 c 13 § 32.16.080. Prior: 1915 c 175 § 35; RRS § 3364.]

RCW 32.16.090 Removal of a board director, officer, or employee—Prohibition from participation in conduct of affairs—Grounds—Notice. The director may issue and serve a board director, officer, or employee of a savings bank with written notice of intent to remove the person from office or employment or to prohibit the person from participating in the conduct of the affairs of the savings bank or any
other depository institution, trust company, bank holding company,
thrift holding company, or financial holding company doing business in
this state whenever, in the opinion of the director:

(1)(a) Reasonable cause exists to believe the person has
committed a material violation of law, an unsafe and unsound practice,
or a violation or practice involving a breach of fiduciary duty,
personal dishonesty, recklessness, or incompetence; and
(b) The bank, trust company, or holding company has suffered or
is likely to suffer substantial financial loss or other damage; or
(c) The interests of depositors or trust beneficiaries could be
seriously prejudiced by reason of the violation or practice.

(2) The director may issue and serve a board director, officer,
or employee of a holding company of a savings bank with written notice
of intent to remove the person from office or employment or to
prohibit the person from participating in the conduct of the affairs
of the holding company, its subsidiary bank, or any other depository
institution, trust company, bank holding company, thrift holding
company, or financial holding company doing business in this state
whenever, in the opinion of the director:

(a) Reasonable cause exists to believe the person has committed a
material violation of law, an unsafe and unsound practice, or a
violation or practice involving a breach of fiduciary duty, personal
dishonesty, recklessness, or incompetence; and
(b) The subsidiary savings bank has suffered or is likely to
suffer substantial financial loss or other damage; or
(c) The interests of depositors or trust beneficiaries of the
subsidiary savings bank could be seriously prejudiced by reason of the
violation or practice. [2010 c 88 § 51; 1994 c 92 § 331; 1979 c 46 §
7; 1955 c 13 § 32.16.090. Prior: 1931 c 132 § 2; RRS § 3364a.]

Effective date—2010 c 88: See RCW 32.50.900.

Severability—1979 c 46: See note following RCW 32.04.250.

RCW 32.16.0901 Written notice of charges under RCW 32.16.090.
The director may serve written notice of charges under RCW 32.16.090
to suspend a person from further participation in any manner in the
conduct of the affairs of a savings bank or holding company, if the
director determines that such an action is necessary for the
protection of the savings bank or holding company, or the interests of
the depositors. Any suspension notice issued by the director is
effective upon service, and unless the superior court of the county of
its principal place of business issues a stay of the order, remains in
effect and enforceable until:

(1) The director dismisses the charges contained in the notice
served to the person; or
(2) The effective date of a final order for removal of the person
under RCW 32.16.093. [2010 c 88 § 52.]

Effective date—2010 c 88: See RCW 32.50.900.

RCW 32.16.093 Notice of intention to remove or prohibit
participation in conduct of affairs—Hearing—Order of removal and/or
prohibition. (1) A notice of an intention to remove a board trustee
or director, officer, or employee from office or to prohibit his or her participation in the conduct of the affairs of a savings bank or holding company shall contain a statement of the facts which constitute grounds therefor and shall fix a time and place at which a hearing will be held. The hearing shall be set not earlier than ten days or later than thirty days after the date of service of the notice unless an earlier or later date is set by the director at the request of the board trustee or director, officer, or employee for good cause shown or at the request of the attorney general of the state.

(2) Unless the board trustee or director, officer, or employee appears at the hearing personally or by a duly authorized representative, the person shall be deemed to have consented to the issuance of an order of removal or prohibition or both. In the event of such consent or if upon the record made at the hearing the director finds that any of the grounds specified in the notice have been established, the director may issue such orders of removal from office or prohibition from participation in the conduct of the affairs of the savings bank or holding company as the director may consider appropriate.

(3) Any order under this section shall become effective at the expiration of ten days after service upon the savings bank or holding company and the trustee, director, officer, or employee concerned except that an order issued upon consent shall become effective at the time specified in the order.

An order shall remain effective except to the extent it is stayed, modified, terminated, or set aside by the director or a reviewing court.  [2010 c 88 § 53; 1994 c 92 § 332; 1979 c 46 § 8.]

Effective date—2010 c 88: See RCW 32.50.900.

Severability—1979 c 46: See note following RCW 32.04.250.

Administrative hearings, procedure, orders, and judicial review: RCW 32.04.290.

Jurisdiction of courts as to orders to remove trustee, officer, or employee: RCW 32.04.300.

RCW 32.16.095 Removal of one or more trustees or directors—Lack of quorum—Temporary trustees. If at any time because of the removal of one or more trustees or directors under this chapter there shall be on the board of trustees or board of directors of a savings bank less than a quorum of trustees or directors, all powers and functions vested in, or exercisable by the board shall vest in, and be exercisable by the trustee or trustees or director or directors remaining, until such time as there is a quorum on the board of trustees or board of directors. If all of the trustees or directors of a savings bank are removed under this chapter, the director shall appoint persons to serve temporarily as trustees or directors until such time as their respective successors take office. [2010 c 88 § 54; 1994 c 92 § 333; 1979 c 46 § 9.]

Effective date—2010 c 88: See RCW 32.50.900.

Severability—1979 c 46: See note following RCW 32.04.250.
RCW 32.16.097 Penalty for violation of order issued under RCW 32.16.093. Any present or former trustee, board director, officer, or employee of a savings bank or holding company or any other person against whom there is outstanding an effective final order issued under RCW 32.16.093, which order has been served upon the person, and who, in violation of the order, (1) participates in any manner in the conduct of the affairs of the savings bank or holding company involved; or (2) directly or indirectly solicits or procures, transfers or attempts to transfer, or votes or attempts to vote any proxies, consents, or authorizations with respect to any voting rights in the savings bank or holding company; or (3) without the prior approval of the director, votes for a board trustee or director or serves or acts as a trustee, director, officer, employee, or agent of any savings bank or holding company, shall be guilty of a gross misdemeanor, and, upon conviction, shall be punishable as prescribed under chapter 9A.20 RCW. [2010 c 88 § 55; 1994 c 92 § 334; 1979 c 46 § 10.]

Effective date—2010 c 88: See RCW 32.50.900.

Severability—1979 c 46: See note following RCW 32.04.250.

RCW 32.16.100 Examination by trustees' committee—Report. The trustees of every savings bank, by a committee of not less than three of their number, shall at least annually fully examine the records and affairs of such savings bank for the purpose of determining its financial condition. The trustees may employ such assistants as they deem necessary in making the examination. A report of each such examination shall be presented to the board of trustees at a regular meeting within thirty days after the completion of the same, and shall be filed in the records of the savings bank. [1994 c 256 § 104; 1955 c 13 § 32.16.100. Prior: 1941 c 15 § 5; 1915 c 175 § 38; Rem. Supp. 1941 § 3367.]

Findings—Construction—1994 c 256: See RCW 43.320.007.

RCW 32.16.110 Officers. The board of trustees shall elect from their number, or otherwise, a president and two vice presidents and such other officers as they may deem fit. [1955 c 13 § 32.16.110. Prior: 1915 c 175 § 30; RRS § 3359.]

RCW 32.16.120 Fidelity bonds. The trustees of every savings bank shall have power to require from the officers, clerks, and agents thereof such security for their fidelity and the faithful performance of their duties as the trustees deem necessary. Such security may be accepted from any company authorized to furnish fidelity bonds and doing business under the laws of this state, and the premiums therefor may be paid as a necessary expense of the savings bank. [1955 c 13 § 32.16.120. Prior: 1915 c 175 § 37; RRS § 3366.]

RCW 32.16.130 Conversion of savings and loan association to mutual savings bank—Director may serve as trustee. In the event a
savings and loan association is converted to a mutual savings bank, any person, who at the time of such conversion was a director of the savings and loan association, may serve as a trustee of the mutual savings bank until he or she reaches the age of seventy-five years or until one year following the date of conversion of such savings and loan association, whichever is later. The bylaws of any mutual savings bank may modify this provision by requiring earlier retirement of any trustee affected hereby. [2011 c 336 § 754; 1971 ex.s. c 222 § 2.]

Severability—1971 ex.s. c 222: See note following RCW 32.04.085.

RCW 32.16.140 Violations—Trustees' or directors' liability. If the trustees or directors of any savings bank or holding company shall knowingly violate, or knowingly permit any of the officers, agents, or employees of the savings bank or holding company to violate any of the provisions of this title or any lawful regulation or directive of the director, and if the trustees or directors are aware that such facts and circumstances constitute such violations, then each trustee or director who participated in or assented to the violation is personally and individually liable for all damages which the state or any insurer of the deposits of the savings bank sustains due to the violation. [2010 c 88 § 56; 1994 c 92 § 335; 1989 c 180 § 9.]

Effective date—2010 c 88: See RCW 32.50.900.