

WAC 208-512-010 Definitions. (1) **"Bank"** means a commercial bank chartered and regulated under Title 30A RCW, a mutual or stock savings bank chartered and regulated under Title 32 RCW, or a savings association chartered under the provisions of Title 33 RCW.

(2) **"Community Reinvestment Act"** as defined in this chapter shall be identical to the corresponding definitions set forth in the Community Reinvestment Act of 1977, 12 U.S.C. 2901, et seq. and regulations promulgated under the Federal Reserve Board's Regulation BB, 12 C.F.R. Part 228; provided, these definitions are not inconsistent with the context used, or otherwise defined, in this regulation or in chapter 30A.60 RCW.

(3) **"Director"** means the director of the division of banks of the department of financial institutions.

(4) **"Division"** means the division of banks of the department of financial institutions.

(5) **"Financial subsidiary,"** in relation to a bank, has the same meaning that it does in relation to a national bank pursuant to the Gramm-Leach-Bliley Act of 1999, 12 U.S.C. 93a, et seq. and regulations promulgated under the Office of the Comptroller of the Currency, 12 C.F.R., Section 5.39 (d) (6).

(6) **"Investment grade"** means the issuer of a security has an adequate capacity to meet financial commitments under the security for the projected life of the asset or exposure. An issuer has an adequate capacity to meet financial commitments if the risk of default by the obligor is low and the full and timely repayment of principal and interest is expected.

(7) **"Investment security"** or **"investment securities"** means a marketable debt obligation that is investment grade and not predominantly speculative in nature. Such obligations may be represented by an indebtedness of any person, copartnership, association, or corporation; an indebtedness of the government of the United States or any agency thereof; an indebtedness of any state, or political subdivision thereof; or an indebtedness of any publicly owned entity that is an instrumentality of a state or municipal corporation in the form of bonds, notes, and/or debentures.

(8) **"Marketable"** means that the security:

(a) Is registered under the Securities Act of 1933, 15 U.S.C. 77a et seq.;

(b) Is a municipal revenue bond exempt from registration under the Securities Act of 1933, 15 U.S.C. 77c (a) (2);

(c) Is offered and sold pursuant to Securities and Exchange Commission Rule 144A, 17 C.F.R., Sec. 230.144A, and investment grade; or

(d) Can be sold with reasonable promptness at a price that corresponds reasonably to its fair value.

(9) **"Qualifying community investment"** means any direct or indirect investment or extension of credit made by a bank in projects or programs designed to develop or redevelop areas in which persons with low-incomes or moderate-incomes reside, designed to meet the credit needs of such low-income or moderate-income areas, or that primarily benefits low-income and moderate-income residents of such areas.

(a) This term includes, but is not limited to, any of the following investments within the state of Washington:

(i) Investments in governmentally insured, guaranteed, subsidized, or otherwise sponsored programs for housing, small farms, or businesses that address the needs of the low-income and moderate-income areas.

(ii) Investments in residential mortgage loans, home improvement loans, housing rehabilitation loans, and small business or small farm loans originated in low-income and moderate-income areas, or the purchase of such loans originated in low-income and moderate-income areas.

(iii) Investments for the preservation or revitalization of urban or rural communities in low-income and moderate-income areas.

(b) The term does not include personal installment loans, or loans made for the purchase of, or secured by, an automobile.

(10) **"Type I security"** means:

(a) Obligations of the United States;

(b) Obligations issued, insured, or guaranteed by a department or agency of the United States, including obligations of such departments or agencies representing an interest in a loan or pool of loans;

(c) General obligations of a state or political subdivision including, but not limited to, obligations of a county, city, town, municipal corporation, or any publicly owned entity that is an instrumentality of a state or municipal corporation;

(d) Obligations of any state or political subdivision of a state if a state or political subdivision of a state having general powers of taxation has unconditionally promised to make sufficient funds available for full repayment of the obligation; and

(e) Revenue bonds issued by public improvement agencies.

(11) **"Type II security"** means:

(a) Obligations issued by any state or political subdivision, or any agency of a state or political subdivision for housing, university or dormitory purposes.

(b) Obligations issued by any state or a political subdivision for the purpose of financing the construction or improvement of facilities at or used by a university or a degree-granting college-level institution, or financing loans for studies at such institutions; and

(c) Obligations which finance the construction or improvement of facilities used by a hospital, provided that the hospital is a department or a division of a university, or otherwise provides a sufficient nexus with university purposes.

(12) **"Type III security"** means an investment security that does not qualify as a Type I, II, IV, or V security. Examples of Type III securities include corporate bonds and municipal bonds that do not satisfy the definition of a Type I security or a Type II security.

(13) **"Type IV security"** means:

(a) A small business-related security as defined in section 3 (a)(53)(A) of the Securities Exchange Act of 1934, 15 U.S.C. 78c (a)(53)(A), that is fully secured by interests in a pool of loans to numerous obligors.

(b) A commercial mortgage-related security that is offered or sold pursuant to Section 4(5) of the Securities Act of 1933, 15 U.S.C. 77d(5), that is investment grade, or a commercial mortgage-related security as described in Section 3 (a)(41) of the Securities Exchange Act of 1934, 15 U.S.C. 78c (a)(41), that represents ownership of a promissory note or certificate of interest or participation that is directly secured by a first lien on one or more parcels of real estate upon which one or more commercial structures are located and that is fully secured by interests in a pool of loans to numerous obligors.

(c) A residential mortgage-related security that is offered and sold pursuant to Section 4(5) of the Securities Act of 1933, 15 U.S.C. 77d(5), that is investment grade, or a residential mortgage-related security as described in Section 3 (a)(41) of the Securities Exchange

Act of 1934, 15 U.S.C. 78c (a)(41) that does not otherwise qualify as a Type I security.

(14) "**Type V security**" means a security that is:

(a) Investment grade;

(b) Marketable;

(c) Not a Type IV security; and

(d) Fully secured by interests in a pool of loans to numerous obligors and in which a bank could invest directly.

[Statutory Authority: RCW 43.320.040, 43.320.050, 30A.04.030, 30A.12.060, 30A.04.140, 30A.04.210, 30A.04.212, 30A.60.010 - [30A.60.]901, 30A.08.140, 30A.08.150, 30A.04.125 and section 939A of the Dodd-Frank Act. WSR 17-24-053, § 208-512-010, filed 12/1/17, effective 1/1/18.]