

branch under substantially the same terms and conditions as set forth in this title.

1.2 Representations. In your Inquiry, you have represented that Bank is a Tennessee bank chartered under the auspices of Title 45 of the Tennessee Code (Title 45 TCA).

2.0 Summary Interpretation

Based upon the analysis and interpretation set forth in Section 3.0 below, and subject to the assumptions and representations set forth in Section 1.0 above and the conditions and limitations set forth in Subsection 3.3 below, the Division of Banks has concluded that Bank may create and maintain a branch in Washington State.

3.0 Analysis & Interpretation

3.1 Washington Legislature Enacts De Novo Branching Reciprocity. On April 23, 2005, the Washington State Legislature enacted ESSB 5997 (see Exhibit A attached), which was signed into law by Governor Christine O. Gregoire on Monday, May 9, 2005, whereupon it took effect immediately. The effect of ESSB 5997 is to permit true *de novo* branching reciprocity.

3.2 Tennessee and Washington Reciprocity Statutes Are Substantially the Same. New Section 3 of ESSB 5997 (which is added to Chapter 30.38 RCW) declares:

“NEW SECTION. Sec. 3 A new section is added to chapter 30.38 RCW to read as follows:

(1) An out-of-state bank that does not have a branch in Washington may, under this chapter, establish and maintain:

- (a) *A de novo branch¹ in this state;* or
- (b) *A branch in this state through the acquisition of a branch.*

(2) An out-of-state bank desiring to establish and maintain a *de novo* branch or to acquire a branch in this state shall provide written application of the proposed transaction to the director, accompanied by the fee prescribed by the director, not later than three days after the date of filing with the responsible federal bank supervisory agency for approval to establish or acquire the branch.

(3) *The director may not approve an application under subsection (2) of this section unless it is found that:*

¹ Section 1 of ESSB 5997 (amending RCW 30.38.005) defines “branch” and “de novo branch,” as follows:

(15) "Branch" means an office of a bank through which it receives deposits, other than its principal office. Any of the functions or services authorized to be engaged in by a bank may be carried out in an authorized branch office.

(16) "De novo branch" means a branch of a bank located in a host state which:

- (a) Is originally established by the bank as a branch; and
- (b) Does not become a branch of the bank as a result of:
 - (i) The acquisition of another bank or a branch of another bank; or
 - (ii) A merger, consolidation, or conversion involving any such bank or branch.

(a) In the case of a de novo branch, the laws of the home state of the out-of-state bank permit Washington banks to establish and maintain de novo branches in that state under substantially the same, or at least as favorable, terms and conditions as set forth in this chapter; or

(b) In the case of a branch established through the acquisition of a branch, the laws of the home state of the out-of-state bank permit Washington banks to establish and maintain branches in that state through the acquisition of branches under terms and conditions that are substantially the same, or at least as favorable, as set forth in this chapter.”

[Emphasis added.]

Subsection (8) of Section 4 of ESSB 5997 [RCW 32.04.030(8)] declares:

“Notwithstanding any provision of this title to the contrary, an out-of-state depository institution may not branch in the state of Washington, unless a Washington state bank, bank holding company, savings bank, savings bank holding company, savings and loan association, or savings and loan holding company is permitted to branch in the state in which that out-of-state depository institution is chartered or in which its principal office is located, *under terms and conditions that are substantially the same as, or at least as favorable to entry as, the terms and conditions for branching of savings banks under this title.* As used in this subsection, "out-of-state depository institution" means a bank or bank holding company, or a converted mutual savings bank or the holding company of a mutual savings bank, which is chartered in or whose principal office is located in another state, or a savings and loan association or the holding company of a savings and loan association, which is chartered in another state.”

[Emphasis added.]

Juxtaposing the Tennessee reciprocity law (TCA 45-2-1412), as set forth in Subsection 1.1 above, with the new Section 3 of ESSB 5997 (amending Chapter 30.38 RCW) and new RCW 32.04.030(8), as set forth immediately above, we conclude that the Tennessee statute and the afore-stated provisions of both Title 30 RCW (applicable to state commercial banks) and Title 32 RCW (applicable to state savings banks) permit *de novo* branching reciprocity upon terms and conditions that appear to be substantially the same.

3.3 Conditions and Limitations of Interpretation. There are, however, conditions and limitations we must prudently impose upon this interpretation. Before we can permit Bank to branch in Washington, the Bank must not only meet the same technical requirements for a domestic savings bank opening a branch in Washington; it must first demonstrate to the Division

of Banks that the technical requirements of branching in Tennessee under Title 45 TCA are substantially the same, or at least as favorable as, those branching requirements applicable to Washington domestic commercial banks and domestic savings banks.

3.3.1 Commercial Bank Branch Applications. The branching requirement for Washington domestic commercial banks is set forth in RCW 30.04.285, as follows:

“The director's approval of a branch within the United States or any territory of the United States or in any foreign country shall be conditioned on a finding by the director that the bank has a satisfactory record of compliance with applicable laws and has a satisfactory financial condition. A bank chartered under this title may exercise any powers and authorities at any branch outside Washington that are permissible for a bank operating in that state where the branch is located, except to the extent those activities are expressly prohibited by the laws of this state or by any rule or order of the director applicable to the state bank. However, the director may waive any limitation in writing with respect to powers and authorities that the director determines do not threaten the safety or soundness of the state bank.”

These requirements, as set forth above, are straightforward and reasonable.

3.3.2 Savings Bank Branch Applications. The branching requirement for Washington domestic savings banks is set forth in RCW 32.04.030, which declares, in pertinent part, as follows:

“A savings bank may not, without the written approval of the director, establish and operate branches in any place.

“A savings bank headquartered in this state desiring to establish a branch shall file a written application with the director, who shall approve or disapprove the application.

“The director's approval shall be conditioned on a finding that the savings bank has a satisfactory record of compliance with applicable laws and has a satisfactory financial condition. In making such findings, the director may rely on an application in the form filed with the federal deposit insurance corporation pursuant to 12 U.S.C. Sec. 1828(d). . . .”

These requirements, as set forth above, are also fairly straightforward and reasonable.

3.3.3 Director's Requirement of Satisfactory Legal Opinion. However, before Bank may avail itself of any one of these reasonable branching requirements, it must demonstrate to the satisfaction of the Division of Banks that the technical branching requirements for Tennessee

banks under Title 45 TCA are substantially similar to, or at least as favorable as, the branching requirements for a Washington commercial bank under Title 30 RCW or a domestic savings bank under Title 32 RCW, whichever may be applicable.

Bank may proffer such a demonstration by means of a written opinion of its legal counsel addressed to the Director of the Division of Banks.

4.0 Concluding Remarks

For all of the reasons set forth above, we conclude that, subject to (1) a satisfactory opinion of legal counsel as set forth in Subsection 3.3.3 above, and (2) meeting all other requirements for branching of a Washington domestic commercial bank or domestic savings bank, as applicable and as set forth in Subsections 3.3.1 and 3.3.2 above, Bank may branch in Washington State. The statutory standards for making this determination are uniformly applicable for any other Tennessee bank or Tennessee savings bank, similarly situated. However, persons other than Bank are advised that each bank's relevant facts and circumstances may be different; and such relevant facts, as applied to the governing law, may result in the Director of the Division of Banks reaching a conclusion different than the one set forth above. Moreover, we take this opportunity to put other out-of-state banks on notice that, even if their "home" states are reputed to permit *de novo* branching reciprocity, as do Tennessee and Washington, the Division of Banks will, unless otherwise waived, require from an out-of-state bank applicant a satisfactory written opinion of its counsel that the technical branching requirements applicable under the "home" state of his/her client are substantially similar to, or at least as favorable as, the branching requirements for a Washington domestic commercial bank under Title 30 RCW or and domestic savings bank under Title 32 RCW, whichever is applicable.

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

Sincerely,

WASHINGTON STATE DEPARTMENT OF
FINANCIAL INSTITUTIONS

By:

David G. Kroeger
Director, Division of Banks

EXHIBIT A

**Secretary of State
State of Washington**

ENGROSSED SUBSTITUTE SENATE BILL 5997

AS AMENDED BY THE HOUSE

Passed Legislature - 2005 Regular Session

State of Washington

59th Legislature

2005 Regular Session

By Senate Committee on Financial Institutions, Housing & Consumer Protection (originally sponsored by Senators Spanel and Benton)

READ FIRST TIME 03/02/05.

AN ACT Relating to banks, savings banks, and mutual savings banks branches; amending RCW 30.38.005, 30.38.010, 32.04.030, and 32.32.228; adding a new section to chapter 30.38 RCW; creating a new section; and declaring an emergency.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

Sec. 1 RCW 30.38.005 and 1996 c 2 s 10 are each amended to read as follows:

As used in this chapter, unless a different meaning is required by the context, the following words and phrases have the following meanings:

(1) "Bank" means any national bank, state bank, and district bank, as those terms are defined in 12 U.S.C. Sec. 1813(a), and any savings association, as defined in 12 U.S.C. Sec. 1813(b).

(2) "Bank holding company" has the meaning set forth in 12 U.S.C. Sec. 1841(a)(1), and also means a savings and loan holding company, as defined in 12 U.S.C. Sec. 1467a.

(3) "Bank supervisory agency" means:

(a) Any agency of another state with primary responsibility for chartering and supervising banks; and

(b) The office of the comptroller of the currency, the federal deposit insurance corporation, the board of governors of the federal reserve system, and any successor to these agencies.

(4) "Control" shall be construed consistently with the provisions of 12 U.S.C. Sec. 1841(a)(2).

(5) "Home state" means with respect to a:

(a) State bank, the state by which the bank is chartered; or

(b) ~~(National)~~ Federally chartered bank, the state in which the main office of the bank is located under federal law.

(6) "Home state regulator" means, with respect to an out-of-state state bank, the bank supervisory agency of the state in which the bank is chartered.

(7) "Host state" means a state, other than the home state of a bank, in which the bank maintains, or seeks to establish and maintain a branch.

(8) "Interstate combination" means the:

(a) Merger or consolidation of banks with different home states, and the conversion of branches of any bank involved in the merger or consolidation into branches of the resulting bank; or

(b) Purchase of all or substantially all of the assets, including all or substantially all of the branches, of a bank whose home state is different from the home state of the acquiring bank.

(9) "Out-of-state bank" means a bank whose home state is a state other than Washington.

(10) "Out-of-state state bank" means a bank chartered under the laws of any state other than Washington.

(11) "Resulting bank" means a bank that has resulted from an interstate combination under this chapter.

(12) "State" means any state of the United States, the District of Columbia, any territory of the United States, Puerto Rico, Guam, American Samoa, the Trust Territory of the Pacific Islands, the Virgin Islands, and the Northern Mariana Islands.

(13) "Washington bank" means a bank whose home state is Washington.

(14) "Washington state bank" means a bank organized under Washington banking law.

(15) "Branch" means an office of a bank through which it receives deposits, other than its principal office. Any of the functions or services authorized to be engaged in by a bank may be carried out in an authorized branch office.

(16) "De novo branch" means a branch of a bank located in a host state which:

(a) Is originally established by the bank as a branch; and

(b) Does not become a branch of the bank as a result of:

(i) The acquisition of another bank or a branch of another bank; or

(ii) A merger, consolidation, or conversion involving any such bank or branch.

Sec. 2 RCW 30.38.010 and 1996 c 2 s 11 are each amended to read as follows:

(1) An out-of-state bank may engage in banking in this state without violating RCW 30.04.280 only if the conditions and filing requirements of this chapter are met and the bank was lawfully engaged in banking in this state on June 6, 1996, or the bank's in-state banking activities:

(a) Resulted from an interstate combination pursuant to RCW 30.49.125 or 32.32.500(~~(, or)~~);

(b) Resulted from a relocation of a head office of a state bank pursuant to 12 U.S.C. Sec. 30 and RCW 30.04.215(3)(~~, or~~);

(c) Resulted from a relocation of a main office of a national bank pursuant to 12 U.S.C. Sec. 30(~~, or~~);

(d) Resulted from the establishment of a branch of a savings bank in compliance with RCW 32.04.030(2); or

(e) Resulted from interstate branching under section 3 of this act.

Nothing in this section affects the authorities of alien banks as defined by RCW 30.42.020 to engage in banking within this state.

(2) The director, consistent with 12 U.S.C. Sec. 1831u(b)(2)(D), may approve an interstate combination if the standard on which the approval is based does not discriminate against out-of-

state banks, out-of-state bank holding companies, or subsidiaries of those banks or holding companies.

NEW SECTION. Sec. 3 A new section is added to chapter 30.38 RCW to read as follows:

(1) An out-of-state bank that does not have a branch in Washington may, under this chapter, establish and maintain:

- (a) A de novo branch in this state; or
- (b) A branch in this state through the acquisition of a branch.

(2) An out-of-state bank desiring to establish and maintain a de novo branch or to acquire a branch in this state shall provide written application of the proposed transaction to the director, accompanied by the fee prescribed by the director, not later than three days after the date of filing with the responsible federal bank supervisory agency for approval to establish or acquire the branch.

(3) The director may not approve an application under subsection (2) of this section unless it is found that:

(a) In the case of a de novo branch, the laws of the home state of the out-of-state bank permit Washington banks to establish and maintain de novo branches in that state under substantially the same, or at least as favorable, terms and conditions as set forth in this chapter; or

(b) In the case of a branch established through the acquisition of a branch, the laws of the home state of the out-of-state bank permit Washington banks to establish and maintain branches in that state through the acquisition of branches under terms and conditions that are substantially the same, or at least as favorable, as set forth in this chapter.

Sec. 4 RCW 32.04.030 and 1996 c 2 s 21 are each amended to read as follows:

(1) A savings bank may not, without the written approval of the director, establish and operate branches in any place.

(2) A savings bank headquartered in this state desiring to establish a branch shall file a written application with the director, who shall approve or disapprove the application.

(3) The director's approval shall be conditioned on a finding that the savings bank has a satisfactory record of compliance with applicable laws and has a satisfactory financial condition. In making such findings, the director may rely on an application in the form filed with the federal deposit insurance corporation pursuant to 12 U.S.C. Sec. 1828(d). If the application for a branch is not approved, the savings bank shall have the right to appeal in the same manner and within the same time as provided by RCW 32.08.050 and 32.08.060. The savings bank when delivering the application to the director shall transmit to the director a check in an amount established by rule to cover the expense of the investigation. A savings bank headquartered in this state shall not move its headquarters or any branch more than two miles from its existing location without prior approval of the director. On or before the date on which it opens any office at which it will transact business in any state, territory, province, or other jurisdiction, a savings bank shall give written notice to the director of the location of this office. No such notice shall become effective until it has been delivered to the director.

(4) The board of trustees of a savings bank, after notice to the director, may discontinue the operation of a branch. The savings bank shall keep the director informed in the matter and shall notify the director of the date operation of the branch is discontinued.

~~((1))~~ (5) A savings bank that is headquartered in this state and is operating branches in another state, territory, province, or other jurisdiction may provide copies of state examination

reports and reports of condition of the savings bank to the regulator having oversight responsibility with regard to its operations in that other jurisdiction, including the regulator of savings associations in the event such a savings bank is transacting savings and loan business pursuant to RCW 32.08.142 in that other jurisdiction.

~~((2))~~ (6) No savings bank headquartered in another state may establish, or acquire pursuant to RCW 32.32.500, and operate branches as a savings bank in any place within the state unless:

(a) The savings bank has filed with the director an agreement to comply with the requirements of RCW 30.38.040 for periodic reports by the savings bank or by the appropriate state superintendent or equivalent regulator of the savings bank under the laws of the state in which the savings bank is incorporated, unless the laws expressly require the provision of all the reports to the director;

(b) The savings bank has filed with the director (i) a duly executed instrument in writing, by its terms of indefinite duration and irrevocable, appointing the director and his or her successors its true and lawful attorney, upon whom all process in any action or proceeding against it in a cause of action arising out of business transacted by such savings bank in this state, may be served with the same force and effect as if it were a domestic corporation and had been lawfully served with process within the state, and (ii) a written certificate of designation, which may be changed from time to time by the filing of a new certificate of designation, specifying the name and address of the officer, agent, or other person to whom such process shall be forwarded by the director; ~~((and))~~

(c) The savings bank has supplied the director with such information as he or she shall require by rule, not to exceed the information on which the director may rely in approving a branch application pursuant to this section by a savings bank headquartered in this state; and

(d) The laws of the state in which the out-of-state savings bank is chartered permit savings banks chartered under this title to establish or acquire, and maintain branches in that state, under terms and conditions that are substantially the same as, or at least as favorable to, the terms and conditions for the chartering of savings banks under this title.

~~(7)~~ A savings bank headquartered in another state may not establish and operate branches as a foreign savings association in any place within the state except upon compliance with chapter 33.32 RCW.

(8) Notwithstanding any provision of this title to the contrary, an out-of-state depository institution may not branch in the state of Washington, unless a Washington state bank, bank holding company, savings bank, savings bank holding company, savings and loan association, or savings and loan holding company is permitted to branch in the state in which that out-of-state depository institution is chartered or in which its principal office is located, under terms and conditions that are substantially the same as, or at least as favorable to entry as, the terms and conditions for branching of savings banks under this title. As used in this subsection, "out-of-state depository institution" means a bank or bank holding company, or a converted mutual savings bank or the holding company of a mutual savings bank, which is chartered in or whose principal office is located in another state, or a savings and loan association or the holding company of a savings and loan association, which is chartered in another state.

Sec. 5 RCW 32.32.228 and 1994 c 92 s 366 are each amended to read as follows:

(1) As used in this section, the following definitions apply:

(a) "Control" means directly or indirectly alone or in concert with others to own, control, or hold the power to vote twenty-five percent or more of the outstanding stock or voting power of

the controlled entity;

(b) "Acquiring depository institution" means a bank or bank holding company, or a converted mutual savings bank or the holding company of a mutual savings bank, or a savings and loan association or the holding company of a savings and loan association, which is chartered in or whose principal office is located in another state, and which seeks to acquire control of a Washington savings bank;

(c) "Acquiring party" means the person acquiring control of a bank through the purchase of stock;

((e)) (d) "Person" means any individual, corporation, partnership, group acting in concert, association, business trust, or other organization.

(2)(a) It is unlawful for any person to acquire control of a converted savings bank until thirty days after filing with the director a completed application. The application shall be under oath or affirmation, and shall contain substantially all of the following information plus any additional information that the director may prescribe as necessary or appropriate in the particular instance for the protection of bank depositors, borrowers, or shareholders and the public interest:

(i) The identity and banking and business experience of each person by whom or on whose behalf acquisition is to be made;

(ii) The financial and managerial resources and future prospects of each person involved in the acquisition;

(iii) The terms and conditions of any proposed acquisition and the manner in which the acquisition is to be made;

(iv) The source and amount of the funds or other consideration used or to be used in making the acquisition, and a description of the transaction and the names of the parties if any part of these funds or other consideration has been or is to be borrowed or otherwise obtained for the purpose of making the acquisition;

(v) Any plan or proposal which any person making the acquisition may have to liquidate the bank, to sell its assets, to merge it with any other bank, or to make any other major change in its business or corporate structure or management;

(vi) The identification of any person employed, retained, or to be compensated by the acquiring party, or by any person on its behalf, who makes solicitations or recommendations to shareholders for the purpose of assisting in the acquisition and a brief description of the terms of the employment, retainer, or arrangement for compensation;

(vii) Copies of all invitations for tenders or advertisements making a tender offer to shareholders for the purchase of their stock to be used in connection with the proposed acquisition; and

(viii) Such additional information as shall be necessary to satisfy the director, in the exercise of the director's discretion, that each such person and associate meets the standards of character, responsibility, and general fitness established for incorporators of a savings bank under RCW 32.08.040.

(b)(i) Notwithstanding any other provision of this section, ~~((a bank or bank holding company which has been in operation for at least three consecutive years or a converted mutual savings bank or the holding company of a mutual savings bank need only notify))~~ and subject to (b)(ii) of this subsection, an acquiring depository institution must apply to the director and notify the savings bank to be acquired of an intent to acquire control and the date of the proposed acquisition of control at least thirty days before the date of the acquisition of control.

(ii) Except to the extent of any conflict with applicable federal law, (b)(i) of this subsection

does not apply to an acquiring depository institution that is seeking to acquire control of a Washington savings bank unless the home state of the acquiring depository institution permits a Washington converted mutual savings bank, or the Washington-chartered holding company of a mutual savings bank, to acquire control of a controlled entity that is chartered in or whose principal office is located in that home state, unless under terms and conditions that are substantially the same as, or at least as favorable to entry as, those provided under (b)(i) of this subsection.

(c) When a person, other than an individual or corporation, is required to file an application under this section, the director may require that the information required by (a)(i), (ii), (vi), and (viii) of this subsection be given with respect to each person, as defined in subsection (1)((~~e~~)) (d) of this section, who has an interest in or controls a person filing an application under this subsection.

(d) When a corporation is required to file an application under this section, the director may require that information required by (a)(i), (ii), (vi), and (viii) of this subsection be given for the corporation, each officer and director of the corporation, and each person who is directly or indirectly the beneficial owner of twenty-five percent or more of the outstanding voting securities of the corporation.

(e) If any tender offer, request, or invitation for tenders or other agreements to acquire control is proposed to be made by means of a registration statement under the securities act of 1933 (48 Stat. 74, 15 U.S.C. Sec. 77(a)), as amended, or in circumstances requiring the disclosure of similar information under the securities exchange act of 1934 (48 Stat. 881, 15 U.S.C. Sec. 78(a)), as amended, the registration statement or application may be filed with the director in lieu of the requirements of this section.

(f) Any acquiring party shall also deliver a copy of any notice or application required by this section to the savings bank proposed to be acquired within two days after such notice or application is filed with the director.

(g) Any acquisition of control in violation of this section shall be ineffective and void.

(h) Any person who willfully or intentionally violates this section or any rule adopted under this section is guilty of a gross misdemeanor pursuant to chapter 9A.20 RCW. Each day's violation shall be considered a separate violation, and any person shall upon conviction be fined not more than one thousand dollars for each day the violation continues.

(3) The director may disapprove the acquisition of a savings bank within thirty days after the filing of a complete application pursuant to subsections (1) and (2) of this section or an extended period not exceeding an additional fifteen days if:

(a) The poor financial condition of any acquiring party might jeopardize the financial stability of the savings bank or might prejudice the interest of depositors, borrowers, or shareholders;

(b) The plan or proposal of the acquiring party to liquidate the savings bank, to sell its assets, to merge it with any person, or to make any other major change in its business or corporate structure or management is not fair and reasonable to its depositors, borrowers, or stockholders or is not in public interest;

(c) The banking and business experience and integrity of any acquiring party who would control the operation of the savings bank indicates that approval would not be in the interest of the savings bank's depositors, borrowers, or shareholders;

(d) The information provided by the application is insufficient for the director to make a determination or there has been insufficient time to verify the information provided and conduct an examination of the qualification of the acquiring party; or

(e) The acquisition would not be in the public interest.

An acquisition may be made prior to expiration of the disapproval period if the director issues written notice of intent not to disapprove the action.

The director shall set forth the basis for disapproval of any proposed acquisition in writing and shall provide a copy of such findings and order to the applicants and to the bank involved. Such findings and order shall not be disclosed to any other party and shall not be subject to public disclosure under chapter 42.17 RCW unless the findings and/or order are appealed pursuant to chapter 34.05 RCW.

Whenever such a change in control occurs, each party to the transaction shall report promptly to the director any changes or replacement of its chief executive officer or of any director occurring in the next twelve-month period, including in its report a statement of the past and current business and professional affiliations of the new chief executive officer or directors.

(4)(a) For a period of ten years following the acquisition of control by any person, neither such acquiring party nor any associate shall receive any loan or the use of any of the funds of, nor purchase, lease, or otherwise receive any property from, nor receive any consideration from the sale, lease, or any other conveyance of property to, any savings bank in which the acquiring party has control except as provided in (b) of this subsection.

(b) Upon application by any acquiring party or associate subject to (a) of this subsection, the director may approve a transaction between a converted savings bank and such acquiring party, person, or associate, upon finding that the terms and conditions of the transaction are at least as advantageous to the savings bank as the savings bank would obtain in a comparable transaction with an unaffiliated person.

(5) Except with the consent of the director, no converted savings bank shall, for the purpose of enabling any person to purchase any or all shares of its capital stock, pledge or otherwise transfer any of its assets as security for a loan to such person or to any associate, or pay any dividend to any such person or associate. Nothing in this section shall prohibit a dividend of stock among shareholders in proportion to their shareholdings. In the event any clause of this section is declared to be unconstitutional or otherwise invalid, all remaining dependent and independent clauses of this section shall remain in full force and effect.

NEW SECTION. Sec. 6 This act does not prohibit any merger of a domestic stock savings bank, organized under Title 32 RCW, with any out-of-state national bank having total assets of less than two hundred million dollars that is directly, or indirectly through a registered bank holding company, controlled, through ownership of the majority of voting stock or otherwise, by residents of the state of Washington, if an application for approval by the department of financial institutions of the proposed merger has been submitted on or prior to the effective date of this act.

NEW SECTION. Sec. 7 This act is necessary for the immediate preservation of the public peace, health, or safety, or support of the state government and its existing public institutions, and takes effect immediately.

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