

## CHAPTER 83

[Engrossed Senate Bill No. 2467]

MUTUAL SAVINGS BANK—CONVERSION TO BUILDING  
AND LOAN OR SAVINGS OR LOAN ASSOCIATION

AN ACT Relating to savings and loan associations and mutual savings banks; and adding a new chapter to Title 33 RCW.

Be it enacted by the Legislature of the State of Washington:

**NEW SECTION.** Section 1. As used in this chapter, unless the context indicates otherwise:

- (1) "Association" means any building and loan or savings and loan association or society organized under the laws of this state or a savings and loan association organized under the laws of the United States of America;
- (2) "Director" means a member of the managing board of an association;
- (3) "Bank" means a mutual savings bank organized under the laws of this state; and
- (4) "Trustee" means a member of the managing board of a bank.

**NEW SECTION.** Sec. 2. Any going bank may, if its guaranty fund regularly accumulated amounts to five thousand dollars or more, be converted into an association in the following manner:

- (1) The trustees of such bank shall pass, by at least a two-thirds favorable vote of all trustees, a resolution declaring its intention to convert the bank into an association, specifying in such resolution the type of association and whether the association is to be organized under the laws of this state, or is to be organized under the laws of the United States of America. If the association is to be a state association the bank shall apply to the supervisor of savings and loan associations for authority to convert into an association;
- (2) A duplicate of the application made to the supervisor of savings and loan associations, or such application as may be filed with the federal home loan bank board or other federal agency, shall be filed with the supervisor of banking;
- (3) The supervisor of savings and loan associations shall, in the case of an application to convert into a state association, make the same investigation and determine the same questions as he would be required by law to make in determining the case of submission to him of articles of incorporation of a proposed new state association, and shall also determine, after conference with the supervisor of banking, whether the proposed conversion would serve the needs and conveniences of the depositors of such bank; and
- (4) The supervisor of savings and loan associations shall grant or deny the application within sixty days of its date of filing and shall immediately notify the secretary of such bank of his decision.

**NEW SECTION.** Sec. 3. If the application is granted to become a state association, the supervisor of savings and loan associations shall require the applicant to enter into an agreement or undertaking with him, as trustee for the shareholders of the association, to make such cash contributions to an expense fund of the association as in his judgment will be necessary then and from time to time thereafter to pay the operating expenses of the association if its earnings should not be sufficient to pay the same in addition to the payment of such dividends as may be declared and credited to shareholders from its earnings.

NEW SECTION. Sec. 4. If the application is denied by the supervisor of savings and loan associations, the bank, acting by a two-thirds majority of its trustees, may, within thirty days after receiving notice of such denial, appeal to the superior court of Thurston county pursuant to the provisions of the administrative procedure act, chapter 34.04 RCW.

NEW SECTION. Sec. 5. If the application is granted by the supervisor of savings and loan associations, or by the court, the trustees of such bank shall, within thirty days thereafter, subscribe, acknowledge, and file with the supervisor of savings and loan associations, in quadruplicate, a certificate of reincorporation stating:

(1) The name by which the association is to be known, which name shall include the words "building and loan" or "savings and loan", and "association" or "society";

(2) The place where the association is to be located and its business transacted, naming the city or town and the county, which city or town shall be the same as that where the principal place of business of the bank has theretofore been located;

(3) The name, occupation, residence, and post office address of each signer of the certificate;

(4) The amount of the assets of the association, the amount of its liabilities, and the amount of its guaranty fund as of the first day of the calendar month during which the certificate is filed; and

(5) A declaration that each signer will accept the responsibilities and faithfully discharge the duties of a director of the association, and is free from all the disqualifications specified in the laws applicable to savings and loan associations.

NEW SECTION. Sec. 6. Upon filing the certificate in quadruplicate as provided in section 5 of this act, the supervisor of savings and loan associations shall, within thirty days thereafter, if satisfied that all the provisions of this chapter have been complied with, issue in quadruplicate an authorization certificate stating that the association has complied with all of the requirements of law, and that it has authority to transact, at the place or places designated in its certificate, the business of an association. The supervisor of savings and loan associations shall retain one set of the quadruplicate originals of the certificate of reincorporation and of the certificate of authorization and shall transmit the other three sets to the association, which shall retain one set, file one set with the secretary of state, and file one set with the auditor of the county in which the home office of the association is located, paying the required fees. Upon such filings being made, the conversion of such bank to such association shall be deemed complete and consummated, and the association shall thereupon be a corporation having the powers and being subject to the duties and obligations prescribed by the laws of this state applicable to state associations, and the time of existence of such association shall be perpetual, unless sooner terminated.

NEW SECTION. Sec. 7. Upon the conversion of a bank into an association, every person who was a depositor of the bank at the time of the conversion shall become and be deemed to be a shareholder or depositor of the association in a sum equal to the withdrawal value of his deposits in the bank as of the day on

which the conversion was consummated, and every such shareholder shall share in the interest paid by the corporation to that day as though the conversion had not been effected: PROVIDED, That any person who was a depositor of the bank shall be entitled, at any time within sixty days after the conversion was consummated, to withdraw the value of his deposits as though no conversion had taken place.

NEW SECTION. Sec. 8. All mortgages, notes, and other securities of any bank that has been converted into an association shall, on request of the association, be delivered to it by the supervisor of banking or, under his direction, by any trust company or other depository having possession thereof. The guaranty fund of the bank shall become the contingent fund of the association. If the association is a state association it shall, as soon as practicable and within such time and by such methods as the supervisor of savings and loan associations may direct, cause its organization, its securities and investments, the character of its business, and its methods of transacting the same to conform to the laws applicable to state associations.

NEW SECTION. Sec. 9. Upon a conversion being consummated all assets, rights and properties of the bank shall vest in and be the property of the association and all liabilities, debts, and obligations of the bank shall be the liabilities, debts, and obligations of the association and any right can be enforced by or against the association the same as it could have been enforced by or against the bank if the conversion had not occurred.

NEW SECTION. Sec. 10. Within twelve months following consummation of the conversion, the directors of a state association shall call a meeting of the shareholders for the purpose of electing directors and conducting such other business of the association as is appropriate. Notice of such meeting shall be mailed not less than ten nor more than thirty days in advance of such meeting to the last known address of each shareholder. Such notice may also include a proxy form authorizing any one or more persons, who may be directors or officers of the association, selected by the directors, to vote on behalf of any shareholder executing such proxy.

NEW SECTION. Sec. 11. If the bank specifies in the resolution that it intends to become a federal association it shall proceed to make all filings and do all things which are required by federal laws and regulations to qualify as and become a federal association, and when all such things have been accomplished and a charter has been issued by the appropriate federal agency, the bank shall thereupon cease to be a mutual savings bank organized under the laws of this state.

NEW SECTION. Sec. 12. Sections 1 through 11 of this act shall constitute a new chapter in Title 33 RCW.

Passed the Senate April 22, 1975.

Passed the House May 16, 1975.

Approved by the Governor May 26, 1975.

Filed in Office of Secretary of State May 26, 1975.