

Lot 9, Block 81, Olympia Tide Land.....	842 88
Lot 3, Block 82, Olympia Tide Land.....	608 26
Lot 8, Block 82, Olympia Tide Land.....	897 03
Lot 9, Block 82, Olympia Tide Land.....	807 36
Lot 10, Block 82, Olympia Tide Land.....	747 30
Lot 12, Block 82, Olympia Tide Land.....	901 90
Lot 11, Block 82, Olympia Tide Land.....	774 63
Lot 5, Block 83, Olympia Tide Land.....	585 45
Lot 6, Block 83, Olympia Tide Land.....	596 00
Block 84, Olympia Tide Land.....	745 30
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Total.....	\$26,190 11

Passed the House January 1, 1926.

Passed the Senate January 5, 1926.

Approved by the Governor January 12, 1926.

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## CHAPTER 124.

[H. B. 180.]

### DISSOLUTION OF IRRIGATION DISTRICTS.

AN ACT relating to the dissolution of irrigation districts, the determination and discharge of their indebtedness, and the distribution of their property, and declaring that this act shall take effect immediately.

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

SECTION 1. In all instances where fifty per cent of the acreage within an irrigation district has been sold to the district on account of delinquent district assessments, and more than two years have elapsed since the sale of said property to the district without redemption by the owners thereof, and the district is unable to raise sufficient revenue to meet its obligations when the same become due and payable, such district shall be deemed insolvent and the district board shall have authority to call an election in the district to determine whether the district shall discontinue operation and dissolve: *Provided* That in case there are bonds of the district outstanding,

When district deemed insolvent.

Election to determine dissolution.

Notice of election to director of conservation.

written consent of the holders of at least fifty-one per cent (51%) in amount of such outstanding bonds shall be obtained by the district board before calling said election: *Provided further* That if any portion of such outstanding bonds are owned by the state of Washington the board of directors of such district shall give written notice to the director of conservation and development of the intention of the board of directors to call such election, and unless the director of conservation and development shall sign written objection to the calling of such election within ten (10) days after the giving of such notice the state shall be deemed as consenting thereto.

Objection to election.

Election law governing.

Said election shall be called, shall be conducted and the results canvassed in the same manner substantially provided by law for a bond election in the district.

Court action for dissolution.

SEC. 2. If a majority of the votes cast at said election is in favor of dissolution of the district, the district board shall institute an action in the superior court of the county in which the office of the board is located to determine the indebtedness of the district and to adopt a plan of appropriating the available resources of the district to the satisfaction of such indebtedness as in this act provided.

Payment of indebtedness.

Jurisdiction of superior court.

SEC. 3. The superior court in the exercise of its jurisdiction in matters of this kind shall have full authority to determine the indebtedness of the district and to determine the status and priorities thereof in accordance with the laws of the state relating to irrigation districts, shall have power to apportion the obligation of such indebtedness against the district and the several lands included therein; the court may award process and cause to come before it all persons whom it may deem necessary to examine and have and cause to be issued all such writs as may be proper or necessary, and do all

Apportionment of indebtedness.

things proper or incidental to the exercise of such jurisdiction.

SEC. 4. Such action shall be one in rem and personal service of process shall not be required to be made on any interested person: *Provided* That the court shall be authorized in proper instances to order issuance and personal service of process specifying such time for appearance as the court shall require, *And Provided further*, That any owner of land within the district or any creditor of the district or their respective attorneys may file with the receiver provided for in this act, a written request that his name and address be placed on the receiver's mailing list and thereafter the receiver shall mail to such person at his given address at least ten days' written notice of all subsequent hearings before the court. Personal service of said notice may be made in any instance in lieu of mailing at the option of the receiver.

Action in rem.  
Personal service not required.

Written notice of hearings; when.

SEC. 5. The complaint in said action shall recite the holding of the election and the result thereof and shall give in general terms a summary of the district assets and the amount and character of its obligations and the maturities thereof; shall state that the district desires to discontinue operation and dissolve its corporate existence and shall pray that the court take the necessary steps to effect such an object.

Contents of complaint.

SEC. 6. The court shall thereupon fix a time and place for a hearing of said complaint and notice of said hearing shall be published for two successive weeks (three weekly issues) in a newspaper of general circulation published in each county in which any lands in the district are located.

Time and place of hearing.

Publication.

SEC. 7. At the time and place fixed in said notice the court shall hear the objections of interested persons and shall determine whether the district is in-

Hearing to determine dissolution.

Dismissal  
of action.

Dissolution  
ordered.

Receiver  
appointed.

Receiver :  
qualifications,  
compensa-  
tion, powers,  
duties.

Receiver's  
certificates  
first lien.

Publication  
of notice to  
creditors.

solvent within the provisions of this act and whether the district shall be dissolved. If the court concludes that the district shall not dissolve, he shall so find and dismiss the action. If the court concludes that the district should be dissolved, he shall appoint a receiver with bond conditioned for faithful performance of his duties in such sum as the court shall determine, to take charge of the district assets and to perform such other duties as may be required by the court.

SEC. 8. The person appointed by the court as receiver shall not be financially interested in the affairs of the district and shall receive such compensation for his services as the court shall fix. The receiver, upon qualifying, shall under the direction of the court, have authority to maintain and operate the district irrigation system during the period of liquidation, to make all necessary contracts for and in behalf of the district, to sue and be sued in his official capacity, and shall upon written consent of any creditor, have full authority to represent said creditor and shall have power to hire such assistance as the court shall direct. Said receiver shall have authority upon order of the court and upon such notice as the court shall fix to issue receiver's certificates which shall constitute a first lien upon the property of the district, and said receiver shall have full authority to execute all necessary instruments of conveyance and do all things necessary and expedient for the carrying out of this act.

SEC. 9. The receiver immediately after his appointment or within such further time as the court shall fix, shall cause to be published in some newspaper of general circulation printed in the county where the dissolution proceedings are pending, if there be one, if not, then in such newspaper as may be designated by the court, notice to creditors of the

district for two (2) successive weeks (three weekly issues).

SEC. 10. The notice shall contain the caption of the dissolution proceedings, shall state that proceedings to dissolve the ..... district, (naming it) have been instituted in the above entitled action, that the undersigned has been appointed as receiver of the district in such action, and has qualified as such officer; that all creditors of the district are required within a period of ninety (90) days from the date of the first publication of said notice (specifying the date) to serve a statement of their claim of indebtedness against the district on the undersigned receiver at his office address below stated and file the same with proof of such service with the clerk of the above entitled court, or the same will be forever barred, and proof by affidavit of the publisher of the publication of such notice shall be filed with the court.

Contents of notice.

Statement of creditors: time allowed.

SEC. 11. If a statement of claim, except that involving a bond lien on district property, be not filed within the time specified in the notice to creditors, said claim shall be barred and no action shall be commenced or permitted thereon. Any holder or owner of a bond lien on district property who fails to file a statement of his claim with the clerk of the court within the time specified in the notice to creditors, as in this act provided, shall be limited in the enforcement of his lien against the district to the district property to which his lien attaches, and shall not be entitled to the benefits of any judgment of the court, if any, in the dissolution proceedings authorizing additional levies of assessments against the lands in the district for the payment of district obligations remaining unpaid after the exhaustion of district property.

Filing claim. Time limitation.

Bond lien: failure to file within time. Remedy.

SEC. 12. The owner or holder of a claim of indebtedness against the district not yet due or ma-

Filing claim of immature indebtedness.

Accelerates maturity.	tured shall be entitled to serve upon the receiver and file a statement of his claim with the clerk of the court, as in the case of due and matured indebtedness, and the filing of such claim shall constitute an election on the part of the claimant authorizing the court in its discretion to accelerate the maturity of said indebtedness to such date as the court shall determine upon.
Depository of funds.	SEC. 13. All district funds collected or received by the receiver shall be paid into the county treasurer's office of the county in which the action is pending and shall be disbursed by that office on order of the court, <i>Provided</i> , That no claim of indebtedness against the district shall be paid by the county treasurer unless and until the original evidence of indebtedness upon which it is based has been surrendered by the claimant.
Disbursements by county treasurer.	SEC. 14. The receiver within four (4) months after the date of the first publication of notice to creditors or within such other time as the court shall fix, shall file a report with the court setting forth a detailed list of the district property and its itemized value according to his best judgment, also a list of the indebtedness of the district specifying the character, amount and maturities of the indebtedness. In addition, the report shall give a description of the lands within the operation of the district remaining in private ownership, listed according to separate ownerships together with an estimated value of designated improvements on each ownership and of the value of the land and the amount of delinquent taxes, if any, against the land. The report also shall recommend in general terms a plan of liquidating the assets of the district and of appropriating them to the payment of the district indebtedness.
Report of receiver; when.	SEC. 15. The court thereupon shall fix a time and place for hearing the receiver's report, notice of
Contents.	
Recommendation of plan of liquidation.	
Time and place for hearing report.	

such hearing shall be published in a newspaper of general circulation published in each county in which lands within the district are situated, and such other newspapers as the court shall determine for a period of two successive weeks (three weekly issues) and a copy of said notice shall be posted in the office of the board of directors of the district.

Publication  
of notice.

SEC. 16. Said notice shall state in general terms the purpose of the hearing, shall outline briefly the plan of liquidation, shall mention the time and place of the hearing and shall be signed by the receiver and shall give the receiver's office address.

What notice  
shall contain.

SEC. 17. Any interested person shall have the right to file with the clerk of the court and serve upon the receiver at least two days before the time of the hearing, written objections to the report of the receiver, specifying the interest of the objector in the proceedings, the nature of the objection made and the name and address of the objector or his attorney.

Filing  
objections  
to report.

SEC. 18. The clerk of the superior court shall be entitled to a fee of \$1.00 for each objector represented in the written objections filed in his office, and no other fee shall be required of the objectors by said office.

Objectors to  
pay filing  
fee.

SEC. 19. At the time and place stated in the notice of the hearing on the receiver's report, the court shall consider the objections, if any, made to the receiver's report; shall receive such material evidence as shall be offered for or against said report, shall have power to approve, modify or disapprove the same, to correct any errors therein, to order a further or additional report and to adopt the plan submitted or any other plan of liquidation, which under the evidence received may seem proper. The court may continue or adjourn the hearing for further evidence or for any other substantial reason.

Hearing on  
report.

Court's  
powers.

Determina-  
tion by  
court.

SEC. 20. Upon full consideration of all the evidence submitted for or against the report of the receiver, or any modification thereof, the court shall determine the indebtedness of the district, its several classes and portions and the status and priority thereof and shall adopt a plan of liquidation. Said plan shall be fully outlined in writing by the receiver and included in the decree of the court determining the matter.

Adoption of  
liquidation  
plan and  
inclusion in  
decree.

Liquidation.

SEC. 21. In the execution of a plan of liquidation, the court shall have authority to order the sale of any or all of the district property or the exchange of any of the district property for any evidence of district indebtedness in accordance with the rights of the district and of all the creditors concerned, and if upon the exhaustion of the district property in the payment of the district indebtedness including the costs of dissolution and receivership proceedings, any district indebtedness remain undischarged, the court shall have authority to order district assessments against the lands included within the operation of the district to continue to be made in accordance with the rights of the persons interested in the manner provided by law to pay the remaining indebtedness until sufficient revenue has been raised to pay fully all the obligations of the district.

Sale or  
exchange of  
property.

Exhaustion  
of assets.

Assessments  
to be  
ordered.

Owners and  
holders of  
bond liens  
may stipu-  
late judg-  
ment against  
lands.

SEC. 22. Upon stipulation of the owners of lands within the district, and holders of bond liens against said lands, and the district creditors concerned, the court shall have authority in such proceedings in lieu of the plan of liquidation set forth in the preceding section, to determine the amount of the district indebtedness remaining after the exhaustion of the district property and the proportion thereof which each ownership of land within the district shall be obligated to pay, and judgment may be rendered in favor of the respective creditors against the several lands concerned. Said judgment may in



the discretion of the court provide that the payment thereof shall be made by the land owners in one or more annual installments not to exceed ten in all with annual interest on all unpaid installments at such rate as the court shall fix not in excess of the rate to which the respective creditors may be entitled in their original evidences of indebtedness.

SEC. 23. The judgment shall also name a trustee to be nominated by the creditors representing a majority of the indebtedness who shall give bond conditioned for the faithful performance of his duties and the strict accounting of all funds received by him in such amount as the court shall determine, and who shall have authority to receive payment on account of said judgment and to satisfy said judgment against the several lands at the time payment thereon is made by the land owners in proportion to the amount of said payment. When any land owner shall make full payment of the amount of the judgment apportioned against his land, he shall be entitled to full satisfaction thereof of record.

SEC. 24. In case any landowner fails to pay the judgment against his land or any installment thereof, when the same shall become due and payable, said judgment may be enforced by the trustee named in the decree in the manner provided by law for the enforcement of judgments in the superior court, and the costs of execution and sale shall be charged to the defaulting land.

SEC. 25. The trustee named in the decree shall make distribution of all funds collected on account of said decree in such manner as the creditors shall agree upon, or in case of disagreement, then in such manner as the court shall direct, and jurisdiction of the court in the dissolution proceedings shall continue until full disbursement of funds collected on account of said judgment has been made to the judgment creditors.

Payment of judgment in installments.

Trustee to be named in judgment.

Bond.

Authority.

Satisfaction of judgment.

Failure to pay judgment.

Trustee may enforce.

Distribution by trustee of funds.

Disagreement.

Court's jurisdiction continuing.

Compensation of trustee.

SEC. 26. The trustee named in the decree shall receive such compensation for his services as the court shall determine to be paid at such times as the court shall fix from funds collected on account of said judgment.

Stipulated judgment.

Evidences of indebtedness filed.

SEC. 27. Before the court shall enter judgment upon stipulation of the parties as in this act provided, the creditors concerned shall file all evidences of district indebtedness held by them into the registry of the court to be held subject to the order of the court.

When judgment final evidences of indebtedness cancelled by county treasurer.

SEC. 28. If the judgment rendered by the court, upon stipulation, be not appealed from as in this act provided and the time for appeal has expired, or having been appealed from has been finally determined upon appeal, the court shall upon application of the receiver, order all evidences of indebtedness filed in the registry of the court under the provisions relating to judgment upon stipulation to be delivered to the office of the county treasurer, who shall have authority and it shall be his duty to cancel the same, and said evidences of indebtedness shall thereafter cease to be obligations of the district, and the district thereafter shall be discharged of said indebtedness.

Review by supreme court.

SEC. 29. Any interested person feeling aggrieved at the judgment of the superior court dismissing the proceedings or determining the indebtedness of the district and the status and priority thereof and determining the plan of liquidation, may appeal from such judgment to the supreme court in the same manner as in other cases in equity, except that notice of appeal must be both served and filed within sixty days from the entry thereof.

Time of appeal.

SEC. 30. When all district indebtedness has been discharged as in this act provided, and all expenses of the dissolution proceedings have been paid, the

receiver shall report such fact to the court with a full account of all assets and moneys received and disbursed. The court shall examine said report and if found satisfactory shall approve the same; shall order any funds remaining after the payment of all indebtedness apportioned to the several owners of land within the district in accordance with the ratio of the last assessment roll of the district, and shall enter a decree dissolving and annulling the district, which shall thereafter cease to exist as a corporate entity.

Final report of receiver.

Apportionment of assets.

Decree of dissolution.

SEC. 31. A copy of said decree shall be filed for record forthwith by the receiver in the office of the county auditor and in the office of the county assessor, of the counties in which any of the lands within the district are situated, and said decree shall be recorded by each of said offices without charge of fee.

Where copy of decree shall be filed.

No filing fee.

SEC. 32. This act is designed to provide an alternative method for the dissolution of irrigation districts and shall not be deemed to repeal any other statute or statutes.

Purpose of act.

No statute repealed.

SEC. 33. Nothing in this act contained shall be construed to enlarge, abridge, modify or otherwise affect the rights, privileges or obligations of solvent districts, the lands therein or creditors thereof.

Solvent districts not affected.

SEC. 34. This act is necessary for the immediate preservation of the public peace, health and safety and for the support of the state government and its existing institutions, and shall take effect immediately.

Emergency.

Passed the House January 1, 1926.

Passed the Senate January 4, 1926.

Approved by the Governor January 14, 1926.