

lected in the manner provided for the levy and collection of such costs.

SEC. 15. This act is necessary for the immediate preservation of the public peace, health and safety and shall take effect immediately. Effective immediately.

Passed the Senate February 28, 1933.

Passed the House March 8, 1933.

Approved by the Governor March 20, 1933.

CHAPTER 183.

[S. B. 238.]

SAVINGS AND LOAN ASSOCIATIONS.

AN ACT relating to the organization, management and supervision of savings and loan associations; declaring specific actions to be crimes; providing penalties for violations; repealing sections 9, 12, 17, 21, 22, 25 and 26, of chapter 110, Laws of 1913, sections 1, 4, 5 and 7 to 15, inclusive, and 17 to 23 inclusive, of chapter 144, Laws of 1925 (being sections 3716 to 3748 inclusive, of chapter 1, Title XXI, of Remington's Compiled Statutes of Washington and Remington's 1927 Supplement thereto); and declaring that this act shall take effect immediately.

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

SECTION 1. This act shall be known as the "Savings and Loan Association Act." Savings and loan association act.

SEC. 2. Wherever used in this act, unless the context otherwise requires, words and terms shall have the meanings attributed to them herein. Definitions:

Capital: The contingent fund and other reserves, other than reserves for expenses and losses, of an association. Capital.

Debenture: A written instrument evidencing an indebtedness of an association, which is not secured by lien upon or pledge of any specific property, and constituting a charge upon the assets of the association prior to that of its members. Debenture.

- Dues.** Dues: Periodic payments made or to be made by a member on the purchase of installment shares.
- Escheat fund.** Escheat Fund: An account into which is credited the investment of members who shall have been missing for more than seven years.
- Matured notice.** Matured Notice: A notice for withdrawal which has been on file with the association for a period of six months and which remains unpaid, either wholly or in part.
- Member.** Member: A person who owns a share or shares or a fraction of a share in an association.
- Operation expenses.** Operation Expenses: Includes salaries, wages, office rent, operating expenses of quarters actually occupied, advertising, printing, stationery, postage, telephone, telegraph, donations, premiums, and other like expenses.
- Person.** Person: An individual, firm, association, or corporation.
- Selling agent.** Selling Agent: A person, firm or corporation representing an association in the soliciting of members.
- Share.** Share: A unit having a par value of one hundred dollars (\$100.00) evidencing a proportionate interest of a member in an association, a free share being one not pledged to the association, and a pledged share being one pledged to the association as collateral security.
- Who may form.** SEC. 3. Ten or more natural persons, citizens of the United States, of full age, and residents of the State of Washington, may form a savings and loan association under this act.
- Articles of association.** SEC. 4. Articles of the association shall be filed in quadruplicate originals by the organizers and acknowledged by at least ten of them, which articles shall state the name of such association which shall terminate in the words "saving and loan association," or "savings and loan society," or "building and loan association," or "building and loan

society," and which shall not include the words "bank," "banking," "banker," "trust," or any other word or phrase, the use of which is prohibited by statute; its purpose, which shall conform with the terms of this act; its duration; the location (including street and number, if any) of the principal place of business thereof, which must be within this state; classes of shares to be issued; the number of fully paid shares with which the association shall begin business, which shall not be less than ten thousand dollars (\$10,000.00) par value, and in cases where the principal place of business is in a city of over one hundred thousand inhabitants, as determined by the last federal census, said number of fully paid shares shall not be less than twenty thousand dollars (\$20,000.00), said fully paid shares to be paid for in cash; the number of its directors, which shall not be less than seven or more than fifteen; the names of the first directors thereof, and occupations, post office addresses, and their terms of office, which shall not be less than two months nor more than six months; the name, occupation, post office address of each of the organizers, and a statement of the number and class of shares in the association subscribed by each. Articles of association may contain any other provisions consistent with law, and may be amended as provided in this act: *Provided*, The provisions of this section shall not affect the right of any existing association to continue the use of its present name.

Existing
association.

SEC. 5. The organizers shall prepare by-laws in duplicate form which shall contain provisions for the conduct of the business of the association, naming the offices thereof and the duties and terms of office of the respective holders thereof, the classes of shares to be issued and the content and term of the issuance thereof, governing the making of loans, regulating withdrawals, and pertaining to

By-laws.

other matters deemed necessary or expedient, consistent with the articles of association and the laws of the state. The by-laws shall contain provision for an annual meeting of the members at the principal place of business of the association, and shall fix the date thereof. The by-laws shall contain provisions for the term of office of all directors which shall not exceed three years.

Approval of
articles and
by-laws :

SEC. 6. The organizers of the association shall deliver to the supervisor quadruplicate originals of the articles and duplicate copies of the proposed by-laws of the association for his approval, and shall pay to the supervisor the sum of one hundred dollars (\$100.00) to cover the expense of investigation, and upon receipt thereof, the supervisor shall determine if the articles and by-laws comply with all provisions of this act; and if the supervisor shall determine that the shares have been subscribed to and paid for in cash as provided in this act, and shall further determine that the organizers possess the qualifications by this section required, and shall further determine that the public necessity and/or convenience will be promoted by allowing such proposed association to engage in business, taking into consideration all surrounding facts and circumstances, the supervisor shall approve the proposed articles and by-laws and indorse his approval on each copy thereof and the date of such approval, and shall file one copy of each in his office and return the other copies to the organizers. Upon, and following, such approval the organizers shall file one original copy of such articles with the secretary of state (and pay the fees required by this act), one with the auditor of the county in which the principal place of business is located, and retain one original copy of such articles and one original copy of such by-laws in the files of the association, and upon such being done, the

Fee.

Filing.

supervisor shall issue to such association a certificate of authority to begin business.

SEC. 7. Should the supervisor find that either the articles or the by-laws contain any provision contrary to the requirements of this act, or any other law, or that the articles or by-laws do not contain provisions required by this act, or that any provision in the by-laws is detrimental to the interests of the members or against public policy, he shall, within a reasonable time, notify the organizers of his objections, and they shall then have thirty days within which to amend the same. If this should not be done, or if the supervisor should, from his investigation, determine that the organizers are not qualified according to the provisions of this act, or that the cash required to be paid on subscriptions has not been paid, or if he should determine that public necessity and/or convenience will not be served by allowing the association to engage in business, he shall indorse upon each copy of the articles of association and by-laws the word "refused" with the date of such indorsement, and shall forthwith return one original copy of the articles and by-laws to the proposed organizers from whom the same was received, and such refusal shall be conclusive unless the organizers, within thirty days of the date of such refusal, shall appeal to the superior court of Thurston county, which appeal shall be tried *de novo* in said court.

SEC. 8. Unless an association, to which a certificate of authority to do business has been granted, engage in business within one year from the date of issuance of such certificate, such certificate shall be deemed revoked and of no effect.

SEC. 9. The articles and/or by-laws may be amended at a special or general meeting of the shareholders, and not otherwise.

Objections.

Refusal.

Appeal.

Revocation of certificate.

Amending of articles and by-laws.

meeting shall be given by written notice, stating the provisions to be amended, and the amendments proposed, and the time and place of such meeting, such notice to be mailed to each shareholder at his address as shown by the records of the association, not more than thirty nor less than fifteen days prior to the date of such meeting.

Approval or
rejection of
amendments.

Appeal.

SEC. 10. The president and secretary of the association shall certify to the supervisor quadruplicate copies of all amendments adopted, who shall, upon receipt of the same, determine whether or not such amendments comply with the requirements of law, and if so found to conform, he shall approve the same, and if he shall determine they do not so conform, he shall reject the same. Such order of approval or rejection shall be final, subject only to the right of appeal within thirty days after the date thereof, to the superior court of Thurston county, Washington, which court shall try said appeal *de novo*. Upon the approval of such amendments to the articles, they shall be filed in the same manner and in the same places as the originals, and upon approval of amendments to the by-laws, original copy thereof shall be filed with the supervisor, and one filed in the records of the association, and from and after the completion of such filings, said amendments shall become effective.

Board of
directors.

Vacancy.

SEC. 11. The affairs of every association shall be managed and controlled by a board of not less than seven nor more than fifteen directors who shall be elected at an annual or special meeting of the members for terms as provided in the by-laws. The persons designated in the articles of association shall be the first directors: *Provided*, That, should a vacancy occur in the board, a majority of the board of directors at any meeting may appoint his successor, who shall serve until the next special or annual meeting of the members.

SEC. 12. To be eligible to hold the position of director of an association, a person must be a member of the association, of full age, and must be the owner of shares of par value of at least five hundred dollars (\$500.00) in an association, the paid up shares of which is less than one million dollars (\$1,000,000.00), and in an association, the paid up shares of which is more than one million dollars (\$1,000,000.00), and less than three million dollars (\$3,000,000.00), at least seven hundred and fifty dollars (\$750.00), and in an association the paid up shares of which is in excess of three million dollars (\$3,000,000.00), at least one thousand dollars (\$1,000.00). Such minimum amount shall not be reduced either by withdrawal or by pledge for a loan, or in any other manner so long as he remains a director of the association: *Provided*, That, as to existing associations, the directors thereof shall, in cases where a larger shareholding is required by this act, have two years from and after this act taking effect, to comply with the conditions hereof relative to the amount of shareholdings.

Directors :
ownership of
shares re-
quired.

Directors of
existing
corporations.

SEC. 13. Voting of shares may be by proxy, and, except as herein provided, such proxies shall continue in force until the same are revoked or superseded by proxies later in point of time: *Provided, however*, That not less than ten nor more than thirty days before each annual meeting a notice of such meeting shall be mailed to the last known address of each member enclosing form of proxy and requesting such member to appear in person or by proxy: *And further provided*, That at shareholders' meetings called for the purpose of amending the articles and/or by-laws of an association and/or for the purpose of merger, consolidation, voluntary liquidation and/or charge off of losses as in this act provided, proxies shall not be recognized, except proxies issued specially for the pur-

Voting.

Notice.

Proxies.

pose of the meeting, and which proxies, in such event, shall be given at a date subsequent in time to the calling of such meeting.

Directors :
eligibility.

SEC. 14. No person shall be a director of an association if he is not a resident of this state and a citizen of the United States, nor if he has been, within ten years prior to his election as such director: adjudicated bankrupt, or has taken the benefit of any insolvency law, or has made a general assignment for the benefit of creditors, or if he has suffered any judgment recovered against him to remain unpaid or unsuperseded on appeal for more than three months; or if he is a director, officer, clerk, or other employee of another association, except with the consent of the supervisor where associations occupy the same premises, or if he is engaged as owner, manager, officer, employee, and/or principal stockholder of any business, a substantial part of which is the doing of any of those things authorized by law to be done by associations: *Provided, however,* That a director or officer of a federal home loan bank, otherwise qualified, may be an officer and/or director of an association.

Director of
federal home
loan bank.

Oath.

SEC. 15. The directors shall, before entering upon their duties, take and subscribe to an oath that each will, so far as the duty devolves upon him, diligently and honestly administer the affairs of the association in conformity with law and the articles and by-laws of such association, and that he is familiar with the qualifications of law required of him as such director, and to the best of his knowledge and belief, he possesses the same. Such oaths to be in writing, and to be filed in the records of such association, and a copy thereof certified by the secretary, shall be forthwith filed with the supervisor.

SEC. 16. The directors of an association shall not receive either directly or indirectly any pay,

compensation, emolument, or reward for his services as such: *Provided, however,* That reasonable compensation may be paid to directors for attendance at meetings: *And provided,* That directors may receive reasonable compensation for services as officers of such association or as members of the executive committee or loan committee thereof.

Compensation.

Service as officer.

SEC. 17. Whenever two-thirds of the directors determine that a director has become ineligible for his office or that his conduct or habits are such as to reflect discredit upon the association or for other good cause, a director may be removed from his office at any regular meeting of the directors as provided for in the by-laws. The vote of the several directors upon the question of the removal of any director shall be entered in the minutes of such meeting and their decision shall be final. Any changes in the board of directors by death, resignation, removal or otherwise, shall be forthwith reported in writing to the supervisor by the secretary of the association.

Removal by directors.

SEC. 18. It shall be the duty of the supervisor to remove any director, officer, or employee of any association for dishonesty, inefficiency, inattention to the affairs of the association, conviction of a crime involving moral turpitude, and for such act or acts of like or similar nature which, in the judgment of the supervisor, will cause the further holding of office by such person to be detrimental to the welfare of the association. Such removal shall be accompanied by notice in writing of such removal to the person removed, and to the association. Any person so removed shall have the right of appeal from such order to the superior court of Thurston county within thirty days after receiving a written notice thereof, such appeal to be effected by filing written notice of appeal with the clerk of said court, serving a copy thereof upon the super-

Removal by supervisor.

visor, which cause shall be tried *de novo* by said court.

Board:
powers and
duties.

Executive
committee.

Loan
committee.

Depositaries.

Budget of
expenses.

SEC. 19. The board of directors shall elect a president (who shall be a member of the board), secretary and such other officers as they may deem necessary and advisable for the handling of the affairs of the association, and shall hold a regular meeting at least once each month, at a time designated by it, and may hold special meetings upon notice to each director as in the by-laws provided, and shall designate three or more members of the association, of which a majority shall be members of the board, to constitute an executive committee which shall have power to manage the affairs of the association, subject to the approval and ratification of the board; such executive committee to report its actions at each meeting of the board; and shall designate three or more members of the association, of which a majority shall be members of the board, to constitute a loan committee, which loan committee shall have the authority of the board of directors to approve or reject loans, subject to the ratification of the board. The board of directors shall designate such bank or banks as they may deem advisable as depositaries for the funds of the association, subject to the approval of the supervisor, and funds of an association shall not be kept, maintained, or deposited in any other depositary or in the hands of any other person, and shall have power to appoint an attorney in fact to vote any stock or security of the association having voting power, owned by such association, or in the absence of such designation, the president shall have such power. The board of directors shall, in January of each year, adopt a budget of expenses for the ensuing year, which said budget may be revised at any time by a two-thirds vote of the entire board at any meeting and the officers and

employees of the association shall maintain the expenses of the association within the budget as so adopted or as amended, and the board of directors shall cause the expenses of the association to be audited at least semi-annually.

SEC. 20. Any officer, agent, or employee may be removed by the board of directors at its pleasure and/or in such manner and/or by such authority as the by-laws may provide. The directors of every association shall require from each officer or agent having the custody of monies or securities of such association, to give bond to such association commensurate with his duty, conditioned for the effective and honest discharge of his duties, and for the faithful accounting for all monies, funds, and valuables which shall come into his possession, or under his control. Such bond or bonds shall be subject to the approval of the supervisor as to form and amount and shall be filed with the said supervisor. The premium thereon may be paid by the association. Said bond or bonds shall be approved by the attorney for the association as to form and legal sufficiency.

Officers,
agents.

Bond.

SEC. 21. No director, officer, or employee of an association shall carry on, or conduct, as director, trustee, owner, manager, employee and/or principal stockholder of any business in which, or similar to that in which, an association is authorized to engage under the terms of this act, or in which securities of any kind, except securities of the United States or of any federal fiscal agency, are offered for sale to the public, except with the permission of the supervisor, conditioned upon a regular examination by the supervisor, at the expense of such business: *Provided, however,* That nothing in this section shall be construed to prevent a director of a bank and/or trust company from also serving as a director of an association.

Director,
officer, etc.,
not to engage
in similar
business.

Bank or
trust busi-
ness.

Shares:
In series or
groups.

SEC. 22. An association may, pursuant to its by-laws, or upon order of the supervisor issue shares in series or groups, no shares to be issued in any group except the latest one. Where shares are so issued each group thereof shall be independent of all other groups, and rights, duties and liabilities, including notice and withdrawal rights of each group, shall be separate and apart from every other group and the association shall, on its books and records, keep separate account of the assets, liabilities and other property and property rights of each group so created and each group shall share its ratable proportion of the expenses of the association, determined from monthly balances of the number of shares therein.

SEC. 23. An association may, if provided in its by-laws, issue installment shares, juvenile shares, savings shares and fully paid certificate shares.

In install-
ments.

Installment shares are those upon which regular stipulated payments shall be made at stated periods until the sum of such payments and dividends credited thereon equal their par value. An association may, in its by-laws, provide for and may in such case pay a higher dividend rate than is concurrently paid on savings shares to the holders of such installment shares if such installment shares are carried to their maturity and may so provide that if such installment shares are not carried to their maturity and are withdrawn theretofore, if withdrawn prior to two years from being subscribed shall receive fifty per cent of the dividend earnings thereon, if withdrawn between two and three years after being subscribed shall receive sixty per cent of the dividend earnings thereon, if withdrawn between three and four years after being subscribed, seventy per cent of the dividend earnings thereon, if withdrawn between four and five years after being subscribed, eighty per cent of the divi-

dend earnings thereon, and if withdrawn after five years after being subscribed, ninety per cent of the dividend earnings thereon.

Savings shares are shares for which the purchaser shall pay the full par value at the time of issuance and such shares may be issued in units of one or more shares and/or a fractional part of a share.

Savings
shares.

SEC. 24. Juvenile shares may be issued to and in the name of any minor and not otherwise. Such shares and the dividends earned thereon, shall be the sole and exclusive property of the minor to whom the same are issued, and may be withdrawn by the minor and his receipt shall be a valid and sufficient release of the association. Such shares shall not be chargeable with losses of the association as to principal, and dividends thereon shall not be at a greater rate than distributed to savings shares. Not more than one such juvenile share shall be issued to one person.

Juvenile
shares.

This section shall not prevent a minor from purchasing either installment shares or savings shares.

In the event of receivership, or other liquidation of the association, juvenile shares shall be paid par value in full prior to any payment on other shares.

Liquidation.

SEC. 25. Fully paid certificate shares are shares for which full payment in cash is made at the time of issuance and for which a certificate is issued, which certificate shall provide that such shares may not be withdrawn prior to two years from date of issuance and thereafter only upon ninety days' prior notice for withdrawal and as to such shares, the rights of withdrawal shall be so limited.

Fully paid
certificate
shares.

An association may provide in its by-laws not to exceed one per cent higher dividend rate upon such fully paid certificate shares than is concurrently paid on its savings shares.

Debentures.

SEC. 26. An association may issue debentures in trust in the name of a trustee, for pupils of any school district whereby savings of pupils thereof may be loaned to such association, in which case the relation of debtor and creditor shall exist between such association and the trustee for such pupils, and a rate of interest paid thereon which shall not exceed the rate of five per cent per annum. Each child may add to or withdraw from his individual balance in such fund, subject to established rules.

Preferred shares.

SEC. 27. No association shall issue preferred shares or shares upon which a stipulated rate of dividend shall be guaranteed or paid before or regardless of the amount of dividends distributed to other shares, neither shall any shares be issued which shall be exempt from bearing their pro rata proportion of losses, except juvenile shares.

Member's certificate.

SEC. 28. Each association shall issue to each member a certificate showing his share holdings in the association, which certificate may be in pass book form, and as to all such pass books and/or certificates issued from and after the taking effect of this act, the same shall contain a summary of the provisions of the law and the by-laws of the association relating to withdrawals and the right thereto and such other information as may be deemed desirable, such summary to be approved by the supervisor of savings and loan; and in addition thereto, as to pass books hereafter issued, they shall contain a statement at the top of the first page of the pass book to be used for entries of members' balances: "Balances as shown herein are investments in shares of this association and under no circumstances can be considered as a deposit in a bank or withdrawable on demand."

SEC. 29. Shares shall not be withdrawn until after a lapse of three months from the time of issu-

ance of such shares, which provision may not be waived by the association, and a member thereafter wishing to withdraw his shares, or a portion thereof, shall give notice in writing of such desire, which provision may be waived by the association.

Withdrawal
of shares.

If upon presentation of notice for withdrawal, full withdrawal value thereof is not paid, it shall be the duty of the association to enter upon each notice for withdrawal presented its number in sequence and date of presentation and to file the same in the records of the association, and after filing such notice a member shall not be entitled to receive any dividends on his shares for which notice of withdrawal is given: *Provided*, A member having filed notice of withdrawal may cancel the same by notice thereof in writing filed with the association, upon the filing of which his right to dividends accruing thereafter on such shares shall be unimpaired.

Notice of.

Cancellation
of notice.

The withdrawal value of free shares shall be the par value thereof and in addition thereto dividends which have been theretofore declared and ordered paid by the association.

Withdrawal
value :
Free shares.

The withdrawal value of installment shares shall be the amount of the installment payments thereon together with accrued dividends declared thereon to be computed as to percentage of amount paid, in accordance with the terms of this act, and less any fees and fines legally chargeable against the same.

SEC. 30. From and after the filing of a notice for withdrawal and during such period of time as the same shall remain unpaid, in whole or in part, it shall be the duty of the association to make payment upon the same in the order of filing as funds are available, except as otherwise provided in this act, and if any such notice shall remain unpaid, in whole or in part, for six months from and after the date of its filing, the association shall apply in

Installment
shares.
Payment.

payment thereof three-fourths of the receipts thereafter from the principal of loans repaid and the principal received from the sale of other investments of the association, less the operating expenses thereof and sums paid on existing indebtedness and in protecting its investments: *Provided*, Any sums in excess of two hundred dollars (\$200.00) paid out for the protection of any single investment shall first be submitted to and approved by the supervisor before any such payment shall be made.

Sums in excess of \$200.

Payment of withdrawals: Assets required.

SEC. 31. Any association which has, as a part of its assets, over and above all indebtedness, cash on hand or in banks; bonds of the United States; general obligation bonds and warrants of the State of Washington or any other state of the United States of America; general obligation bonds and warrants of any county or city in any of said states having a population of over one hundred thousand inhabitants as determined by the last federal census which states, counties and/or cities have not defaulted in principal or interest of any general obligations within ten years last past; general obligation bonds and warrants of any city of the first or second classes and general obligation bonds and warrants of counties, cities of the first or second class, school districts within the State of Washington which have not defaulted in principal or interest of any general obligations within ten years last past; bonds of a federal home loan bank, the aggregate of which shall be ten per cent or more of its outstanding shares of all classes, may pay withdrawals to members upon presentation of notice of withdrawal: *Provided, however*, That such payments shall not be made unless all prior notices for withdrawal have been fully paid and/or cancelled.

Prior notices.

Notices unpaid.

SEC. 32. Any association which shall have on file notices of withdrawal unpaid in whole or in

part may allow withdrawals, regardless of the order of filing, not to exceed twenty-five dollars (\$25.00) per month to any one member and, if such withdrawals are so permitted, the association shall make monthly report to the supervisor showing payments made under this section and the reasons therefor.

SEC. 33. Any association may, when such action is ordered and directed by a majority in amount of those present and voting at an annual or special shareholders' meeting called for the purpose, and if such action shall be approved by the supervisor, disregard notices and rights of priority therein, and pay to all of the members their holdings on a ratable and proportionate basis, and the supervisor shall have power to cause such proportionate payment to be made by any association, and such method of payment may be discontinued by like action on the part of the shareholders and with the consent of the supervisor, and in the case where the supervisor has ordered such action he may cancel such order, and the supervisor shall have power to order ratable payment on such percentage basis as he may deem advisable to notice holders in the order of their filing, and to cancel such order.

Notices and rights of priority: disregarding of.

SEC. 34. No withdrawal fee shall be charged against any member. The transfer of shares and/or other evidence of membership shall be regulated by the by-laws and no transfer thereof shall be valid unless made in accordance with such by-laws.

Transfer of shares.

SEC. 35. Dividends which have been declared and/or payments on notices which have been called for payment and which remain uncalled for during a period of six months thereafter shall be invested in savings shares to the credit of the member entitled to the same, and, if there be more than one group, in the latest group.

Dividends, uncalled for.

SEC. 36. Whenever a contract for purchase of installment shares shall be in arrears for three

Installment
shares:
delinquency.

months, the association shall serve notice upon the member to make all delinquent payments, and upon failure of the member to make such payment within thirty days, the association may issue savings shares for the withdrawal value of payments made, pursuant to said contract, and if a member shall be delinquent for twelve months, the association shall issue savings shares in the amount of withdrawal value of payments upon such installment contract, and where dividends are declared on installment shares, fines may be charged for delinquency on the contract of purchase thereof, which fines, however, shall not exceed the earnings on the delinquent installments, and such fines shall be in accordance with a uniform system.

Free shares:
retirement of.

SEC. 37. An association may retire any free share of any class, and the member holding such share shall be paid the withdrawal value thereof, and personal notice, or notice by mail, of such retirement thereof shall be given to the member, and dividends thereon shall cease if the withdrawal value of such shares are not taken by such member within thirty days from and after the giving of such notice.

Cancellation
of shares.

SEC. 38. When a member's account has remained inactive for seven consecutive years, and such member shall have been absent and his whereabouts unknown by the association during said entire time, and he shall not have responded to notice mailed by the association to his last known address, the association may cancel his shares and transfer the withdrawal value thereof to the escheat fund, which escheat fund shall not participate in the earnings of the association. The member or his executor or administrator may claim the same at any time within eighteen months after the withdrawal value of such shares have been placed in the escheat fund, in which case the association, upon

satisfactory proof of identity, shall withdraw the withdrawal value of such shares from the escheat fund and pay the principal of the same to the member or his executor or administrator. In the event that no such claim is made thereafter, such credit shall belong to, and be paid to, the State of Washington.

SEC. 39. No member shall hold more than one per cent (1%) of the shares issued in any group by any association: *Provided, however,* That this limitation shall not prevent any person from holding fifty (50) shares in any group of any association. This limitation shall not affect existing shareholdings.

Limitation
of holding.

Existing
shareholders.

SEC. 40. All contracts and agreements entered into between a minor and an association, with respect to his membership and/or his shares shall be valid and enforceable: *Provided, however,* That no association shall exact or collect any membership fee from any minor.

Contracts
with minors.

SEC. 41. Two or more persons may jointly become members in an association and such persons shall enjoy the same rights as though the shares had been issued to an individual member and unless express written instructions to the contrary are given to the association relative to such account, and written receipt thereof acknowledged by such association, any of such persons may exercise the rights of ownership, transfer and withdrawal incidental to such ownership without the other joint holders joining therein, and in the event of death, the survivor or survivors may exercise all rights incidental to such stock: *And further, provided,* That in the event that any person shall die leaving in any such association shares of which the withdrawal value shall not exceed five hundred dollars (\$500.00), and no executor or administrator of his estate be appointed, such association may, at its

Joint
ownership

Decease of
shareholder.

Payment of
balance
under \$500.

discretion, pay the balance of his account to the widow, or if the deceased was a married woman, then to her husband, next of kin, funeral director or other creditor who may appear entitled thereto. As a condition of such payment such association may require proof by affidavit as to the parties in interest, the filing of proper waivers, the execution of a bond of indemnity, with surety or sureties, by the person to whom the payment should be made and/or withdrawal permitted and a proper receipt and acquittance therefor. For any such payment pursuant to this section such association shall not be liable to the decedent's executor or administrator thereafter to be appointed unless the payment made and/or withdrawal permitted is within six (6) months after the decedent's death, and an action to recover the amount shall have been commenced within six (6) months after the date of payment.

Married
women.

SEC. 42. Married women may become members of an association, and as between the association and such members, it shall be conclusively presumed that all payments made upon such shares were made with her separate funds and that such shares are her sole and separate property.

Free shares.

SEC. 43. A member shall have no liability to the association or its creditors upon free shares owned by him.

Borrowers.

SEC. 44. Borrowers shall pay the full amount of their indebtedness to the association, and shall not be entitled to set-off or counter-claim against such indebtedness the withdrawal value of shares owned by them: *Provided, however,* That in cases where an association requires the purchase of a stipulated amount of shares as a pre-requisite to obtaining a loan, or in the course of said loan, then and in that event and not otherwise, the borrower shall be entitled to offset the withdrawal value of

Purchase of
shares
required.

such shares against said loan in the completion of payment thereof.

SEC. 45. A membership fee of not over two dollars (\$2.00) per share, payable in cash, may be collected from any members except minors: *Provided*, That on all applications written in the State of Washington such fee shall be collected in one payment in cash and shall be receipted therefor on a separate receipt other than the certificate or pass book and shall in no case be more in amount than one half of the initial payment on such subscription.

Membership fee.

Receipt for.

SEC. 46. Any member shall have the right at reasonable times and for reasonable and proper purposes, to inspect the books and records, articles and by-laws of the association: *Provided, however*, That nothing in this section contained shall permit the giving to or obtaining by a member of the names of members in or borrowers from such association, or the individual amounts of such accounts.

Vetoed.

SEC. 47. Every association shall have power to purchase, own, vote, and sell stock in, or act as agent for, a federal home loan bank and to that end to comply with any requirements of law or rules and regulations promulgated by such bank.

SEC. 48. Every association shall issue shares and/or certificates in return for all monies received as investments from members and no association shall carry any demand, commercial or checking account. An association may borrow money in an amount not in excess of twenty-five per cent (25%) of the shares of all classes and groups issued by it as shown by its last preceding semi-annual statement. An association may borrow upon its debentures: *Provided*, That an association may borrow from any federal home loan bank or other similar federal agency and as security for such loan by said bank, may pledge, hypothecate, or otherwise

Money received as investments.

Indebtedness to Federal Home Loan Banks.

encumber any of the property and/or securities, real or personal, owned by such association, and in connection therewith, may comply with any requirements of law or rules or regulations relative to the conduct of such federal home loan bank or other similar federal agency. In all cases where money is borrowed by an association, the association shall forthwith furnish to the supervisor copies of all written instruments evidencing such indebtedness.

Mortgage
loans.

SEC. 49. An association may employ its funds in the making of first mortgage loans, substantially all of which shall be made to members. For every mortgage loan made the borrower shall execute a note stating the terms of the contract, and in every case such loan shall constitute a first lien upon a fee estate in improved real property, and shall not be in excess of forty per cent (40%) of the appraised value thereof in the case of a straight loan or in excess of fifty per cent (50%) in the case of a monthly installment loan. Such appraised value to be based upon the value of the land, together with the permanent improvements thereon. Appraisals of the value of property upon which loans are to be made shall be determined by two appraisers appointed by the board of directors and approved for such service by the supervisor, such appraisal to be made in writing stating the conservative value of the property, and that each appraiser has personally examined said property, and signed by the appraisers, to be filed with the association before any mortgage loan shall be made. Before any mortgage loan shall be made, the association shall require abstract of title as to the mortgaged property, duly certified by a responsible person or corporation maintaining a complete set of abstract indices to land in the county where such real estate is situated, to be accompanied by a written opinion of a competent attorney to the effect that the pro-

Terms and
conditions.

posed mortgage will constitute a first lien upon such property; or a policy of title insurance executed by a responsible title insurance corporation; or in the case of lands registered under the Torren's system, a duplicate certificate of ownership issued by a registrar of titles, and which loan shall provide that the mortgagor maintain fire insurance upon the buildings and improvements on the mortgaged premises, to be in a company authorized to transact the business of writing fire insurance in this state in such amount as shall be stipulated in the mortgage with mortgagee loss payable clause attached thereto in favor of the association, and that the said policies be deposited with and held by the association pending payment of the loan. No association shall make any real estate loans except on first mortgages, as in this act provided: *And provided*, That every association shall have at least eighty per cent (80%) in amount of its real estate mortgage loan investments in the form of monthly installment loans.

Monthly
installments.

SEC. 50. Any association shall have power to lend its funds upon its own debentures and upon the debentures of another association of this state, or to its members, or to loan upon the security of its own shares up to seventy-five per cent (75%) of the amount of the withdrawal value thereof.

Loans on
debentures
or shares.

SEC. 51. No association shall make any loan to an officer, director, agent and/or employee of the association or to any firm or corporation in which any officer, director, agent and/or employee of the association is a member or owner.

Loans to
officers,
directors,
agents,
employees.

It shall be unlawful for any officer or director of an association, either personally or through the medium of a partnership of which he is a member, or a corporation in which he is a stockholder or bond holder to the extent of ten per cent (10%) of the issue thereof, to borrow any money from the

association or to become indebted in any way to the association, or to sell or buy or otherwise dispose of or acquire to or from such association any real property or securities of any kind or nature, and it shall be unlawful for any officer, director, agent and/or employee of any association to knowingly loan or cause to be loaned any of the funds of such association or to knowingly sell or buy or otherwise dispose of any real or personal property of the association to any person who is a director, officer, agent and/or employee of such association or to any partnership of which such person is a member or to a corporation in which such person is a stockholder or a bond holder to the extent of ten per cent (10%) thereof.

Violation.

Every person who violates this section or who aids and abets any other person in such violation shall be guilty of a felony.

Limitation
of loan to
one person.

SEC. 52. No association shall lend more than two per cent (2%) of the total assets of the association on the security of one property or to one person: *Provided*, That this restriction shall not apply to a loan not exceeding five thousand dollars (\$5,000.00).

Loans to
supervisor,
examiner,
etc.

SEC. 53. It shall be unlawful for any association to make any loan to or purchase any property of any kind or nature from the supervisor or any deputy, attorney, examiner, accountant and/or employee of such persons and it shall be unlawful for the supervisor or any deputy, attorney, examiner, accountant, appraiser and/or employee of such persons to engage in any business transaction of any kind or nature, except as provided for in this act, with any association.

Violation.

Any person who violates this section or who aids or abets any other person in such violation, shall be guilty of a felony.

SEC. 54. An association upon making a mortgage loan on real estate or as additional security upon a loan already made, may take, in addition to the mortgage upon such real estate, such other security of any kind or nature as it may deem advisable.

Mortgages.

Other security.

SEC. 55. The directors of an association shall have power to compromise debts due the association by the taking of shares of the association and/or other associations of this state and/or such other securities, property and/or property rights of every kind and nature, as in their discretion, they deem to be to the best interests of the association: *Provided, however,* That the secretary of the association shall forthwith submit to the supervisor a written report of any compromise so made.

Compromise of debts.

Report of.

SEC. 56. Subject to the provisions of this act, an association may buy, sell, lease and deal in real property; furniture, fixtures and office equipment convenient and necessary for the carrying on of its business; bonds and treasury certificates of the United States; general obligation bonds and warrants of the State of Washington or any other state of the United States of America; general obligation bonds and warrants of any county in the United States and of any county or city in the United States having a population of over one hundred thousand (100,000) inhabitants as determined by the last federal census, which states, counties and/or cities have not defaulted in interest or principal of any general obligation within ten years last past; general obligation bonds and warrants of any county, or city of the first or second class or school districts within the State of Washington which have not defaulted in interest or principal of any general obligation within ten years last past; first mortgages on fee estate on improved real property in the State of Washington; its shares; the capital

Power to buy, sell, lease, etc.

Real estate bonds. stock or bonds of a federal home loan bank: *Provided, however,* That an association may not invest or deal in real estate bonds.

Real estate: SEC. 57. No association shall buy, sell, own, exchange, convey, lease and/or mortgage real property except such real estate or leasehold interest therein now owned or as may be reasonably required for the transaction of its business, which may include space for rental by the association to tenants, and the acquisition of real estate through foreclosure or otherwise realized upon security taken by it: *Provided,* That an association shall not expend or obligate itself for the purchase and improvement of real estate for its business location in an amount greater than five per cent (5%) of its then assets: *And further provided,* That this section shall not affect associations as to investments already made in real property for business locations.

business location, expenditure.

Investments previously made.

Deposit of notes and mortgages with supervisor. SEC. 58. Every association, either foreign or domestic, doing business in this state, shall upon taking any note and mortgage securing a loan on real estate, deposit the same forthwith after recording the mortgage, with the supervisor of savings and loan. Such notes and mortgages so deposited may be withdrawn with the consent of the supervisor for loaning or other purposes.

Depositing. SEC. 59. An association may deposit its funds in a federal home loan bank or any branch thereof and/or in such state or national bank, or other depository in this state, as may be annually approved by the board of directors; and an association may engage in the business of renting safe deposit boxes or other property of like nature, and may act as escrow holder.

Merger or consolidation. SEC. 60. Any two or more domestic associations may merge into one association or consoli-

date into a new association with or without a dissolution or division of the funds or the property of either of them among its members. In the event of a new association being formed in such manner, such new association shall take such steps and pay such fees as are required in this act for the formation of an original association.

Any domestic association may transfer its engagements, funds and property to any other domestic association: *Provided*, That any such proposed merger, consolidation and/or transfer and the terms thereof shall be approved by a two-thirds majority in amount of all of the shareholders present and voting of each association involved therein, at a meeting to be specially called for such purpose. Written notice thereof shall be mailed, postage prepaid, to each member at his last known address at least ten and not more than fifteen days prior to the date of such meeting, and such notice shall be published once each week for two successive weeks in a newspaper of general circulation in the county in which the associations are located, first publication of such notice to be within three weeks of the date of such meeting: *Provided*, That no such merger, consolidation or transfer shall become effective until the same has been approved in writing by the supervisor and certificate of authority therefor issued.

And be it further provided, That upon such merger or consolidation being completed, withdrawal notices on file in the associations so merged or consolidated shall be grouped together; priority thereon shall be assigned to such notices on the basis of the time of the original filing thereof.

SEC. 61. No association shall make an operating or management contract with any person fixing the costs of doing business, and any such existing

Transfer.

Approval:
of share-
holders,of super-
visor.Withdrawal
notices.Operating or
managing
contracts.

contract is declared to be void and against public policy.

Commissions.

SEC. 62. No association shall pay, or agree to pay, to any director, officer, agent and/or employee, directly or indirectly, any commissions upon the making of loans, nor shall any such person receive any commissions upon the making of loans by the association. Every person who violates this section or who aids or abets any other person in such violation shall be guilty of a felony: *Provided*, That this section shall not be construed to prevent the payment by an association of reasonable collection commissions on real estate mortgage loans where the mortgaged real property is all located outside the county in which the association has its place of business.

Violation.

Collection commissions.

Computation of profits.

SEC. 63. Every association shall compute and ascertain its profits and losses semi-annually as of June 30th and December 31st of each year and in determining the same such association shall compute its gross earnings and its expenses and determined losses, if any, for such period. From any net profits actually received during such period from any source, it shall pay into the contingent fund five per cent (5%) thereof and the balance so remaining, if any, may be retained in the association as an undivided profits account or may be distributed to the members ratably, as in this act provided, as dividends.

Contingent fund.

The contingent fund shall constitute a reserve for the absorption of losses of an association and no member shall have, individually or collectively, any right or claim to such contingent fund except upon the dissolution of the association and no dividend shall be paid except from net earnings actually collected during the six months' period next preceding the declaration thereof, which dividends shall be payable in cash at the option of the member. If

the contingent fund and undivided profits shall exceed fifteen per cent (15%) of the assets of the association, such surplus shall be at the end of the next semi-annual period, distributed to the members as dividends, and upon the dissolution of any association, any amount remaining to the credit of the said contingent fund after the payment of the expenses of dissolution, shall be distributed pro rata among the members.

SEC. 64. No association shall pay to its members a dividend in excess of at the rate of five per cent (5%) per annum until such time as the contingent fund shall equal five per cent (5%) of the total par value of all outstanding shares. No dividend shall be declared, in any case, except by a majority vote of the board of directors duly entered upon the minutes, and such vote shall be recorded by ayes and nays.

Dividends:
declaring of,

SEC. 65. Dividends shall not be computed on less than monthly balances and no dividends shall be paid on withdrawals during any dividend period. For dividend purposes, shares purchased on or before the 10th day of January or July, and on or before the 5th day of any other month, may be computed as if so invested as of the first day of said month.

computing
of.

SEC. 66. No association shall pay or obligate itself to pay, either directly or indirectly, in the course of any calendar year, for its operating expenses, any sum or sums, the aggregate of which shall exceed two per cent (2%) of the average amount of the assets of such association during such year: *Provided*, That associations having assets of less than five hundred thousand dollars (\$500,000.00) may lawfully incur operation expenses not to exceed two and one half per cent (2½%) of the average amount of such assets during such year: *And further provided*, That an association having

Operating
expenses.

Assets less
than
\$500,000.

Assets less
than
\$50,000.

such assets of less than fifty thousand dollars (\$50,000.00) may lawfully incur operating expenses not to exceed a total of one thousand dollars (\$1,000.00) per annum, and in the event such operating expenses exceed such sums the supervisor shall have power to make such changes as he deems advisable in the management of such association by removal of officers and directors thereof, which shall not be construed as a limitation upon other powers of the supervisor.

Losses :

SEC. 67. Losses which have been sustained by an association and which have been determined shall be charged: first, against the reserves of the association other than the contingent fund until the same are exhausted: second, against the contingent fund until the same is exhausted: and, third, against the earnings for the current period until the same are exhausted: and when such losses exceed such funds the association shall proceed as in this act provided.

Losses
exceeding
reserves.

SEC. 68. Upon it being determined that the losses of an association exceed its reserves, as in the next preceding section *Provided*, The association shall forthwith notify the supervisor of such condition and the supervisor shall forthwith examine into the affairs of such association and, in the exercise of his discretion, shall proceed to take over such association to liquidate the same unless he shall determine to call a special meeting of the shareholders thereof in accordance with, and in the manner in this act provided to submit to such shareholders the following question: Shall such excess losses be charged pro rata against all classes of outstanding shares, except juvenile shares, and such association thereafter continue in business? Shall such association proceed to voluntary liquidation under its own management? If a majority in amount of shares present and voting shall adopt

Supervisor.

Voluntary
liquidation.

either of such plans, and the supervisor shall approve, the supervisor shall order such action to be taken: *Provided, however,* That in the course of such plan of voluntary liquidation the supervisor shall in his discretion, have power to take over and complete such liquidation in the manner in this act provided.

SEC. 69. When an association shall have been taken over for liquidation by the supervisor for any of the causes provided for in this act, the supervisor shall proceed to the liquidation thereof by converting the assets into cash as soon as practicable and applying the same, first, to the payment of the necessary expenses of liquidation; second, to the payment in order of priority of the debts of such association; third, to the payment of juvenile shares; and fourth, to ratable distribution of the remainder thereof among all other classes of shareholders.

Vetoed.

SEC. 70. Upon the taking over of any association by the supervisor, he shall proceed to liquidate such association unless, in his discretion, he shall determine upon taking different action, as provided for in this act. In the event that he shall determine to liquidate such institution he shall cause the attorney general to present to the superior court of the county in which such association has its principal place of business, a written petition setting forth the date of taking possession, the reasons therefor and other material facts concerning the affairs of such association and, if the court shall determine that said association shall be liquidated, the court shall appoint the said supervisor, and no other person, as the liquidator of such association and shall fix bond to be given by such liquidator both as to form and amount and upon the furnishing of such bond and the taking of an oath to well and faithfully perform his duties as such liquidator, he shall enter in and upon his duties and under the direc-

Liquidation.

Attorney
General.Liquidator:
supervisor
to serve.

Bond of.

tion of the court, proceed to the liquidation of said association. The court shall appoint as such liquidator no other person than the supervisor. Such liquidator may only be removed for failure to perform his duties as such, and in the event that the liquidator shall be removed from his position as such, his office as supervisor shall become vacant, and his successor as such supervisor shall be appointed as his successor as such liquidator. In the event that the office of the supervisor should be abolished, it shall be the duty of the court to appoint as liquidator such official as may by operation of law succeed to the duties, or a substantial part thereof, of the said supervisor.

Such liquidator shall, upon qualifying, take over all of the books, records, papers and assets of every kind and description, and shall proceed under the direction of the court to convert said assets into cash and to apply the same to the payment of the expenses of liquidation, to the payment of the debts of the association and distribute the remainder of such fund among the shareholders, first, to the juvenile shares and second, to the shareholders pro rata in accordance with the amount of their holdings.

Right of
entry and
possession
by
supervisor.

SEC. 71. The foregoing section shall not limit the right of the supervisor to enter into and take possession of any association and it shall be his duty to enter into and take possession of an association and all its books, records and assets of every description, whenever the officers of an association have refused to submit its books, papers or records for examination or whenever any officer thereof has refused to submit to examination concerning the affairs of the association, or whenever any association is attempting to do business without a certificate of authority from him, or when in his discretion an association is in unsound condition and the

best interests of the members thereof would be served by his taking over the same, whether the same shall be in voluntary liquidation or otherwise.

SEC. 72. Upon taking possession of an association and upon determining to liquidate the same, the supervisor shall prepare a full and true statement of the affairs and conditions of such association, including a complete statement of its assets and liabilities, and shall file the same with the clerk of the court at the time of filing his petition for appointment as liquidator, and in preparing such statement the supervisor shall have power to administer oath and to examine any person under oath concerning the affairs of the association, and to that end to issue subpoenas and to require the attendance and testimony of any person for such purpose.

Statement
of affairs.

SEC. 73. The liquidator shall forthwith, after his appointment as such, publish once a week for four successive weeks notice in a newspaper of general circulation in the county in which the place of business of the association shall be located, which said notice shall notify all persons having claims as creditors against the association to present the same in writing, under oath of the claimant within three months after the first publication of such notice and within ten days after such first publication shall mail a copy of such notice to each creditor whose name appears upon the books of the association as such, and all claims not so presented within such period shall be barred. In the event that the liquidator shall reject any claim so presented he shall, within ten days from the date thereof, notify such claimant of his action, and the said claimant shall have thirty days thereafter in which to appeal to the superior court before which such proceeding is pending, and the same shall be tried in such liquidation proceedings, and if such appeal is

Notice to
creditors.

not taken within such period, the action of the supervisor shall be final.

Reports to
court.

SEC. 74. The said liquidator shall submit to the court within thirty days after his appointment as such liquidator, a schedule of all salaries and/or other expenses incurred or contemplated, and such items shall be subject to the approval and/or action of the court. The said liquidator shall report to the court his action upon all claims presented to him as such. He shall prepare and file with the court upon final distribution a full and final statement of the entire liquidation upon which, after due hearing and approval by the court, and the final distribution of the assets, the liquidation shall be deemed complete and the liquidator shall be discharged. Such liquidator shall in all steps and all proceedings in connection with the liquidation of the association, be subject to the general laws of the State of Washington and rules of the court relative to proceedings in equity for receiverships, except as otherwise expressly specified in this act.

Appointment
of receiver.

SEC. 75. No creditor or member of an association may apply to any court for the appointment of a receiver for an association, and the court shall be without jurisdiction to appoint a receiver and/or liquidator for any association save and except as provided for in this act.

Attorneys.

SEC. 76. In all liquidations and in all proceedings relating to such liquidations and leading up to the same, the director of efficiency shall select and employ an attorney or attorneys to represent the supervisor, and such attorneys shall be employed on a salary basis, such salaries to be fixed by the director of efficiency, subject to the approval of the administrative board.

Expenses.

SEC. 77. All expenses of liquidation, including attorneys' fees, as provided for herein shall be paid out of the funds thereof.

SEC. 78. At any time prior to the taking over of an association as in this act provided by the supervisor, such association may, when two-thirds majority in amount of the shareholders present and voting shall at a special meeting called as in this act provided, proceed to voluntary dissolution. In such event the assets of the association shall be converted into money and shall be applied, first, to the payment of the expenses and indebtedness of the association; second, to the payment of the juvenile shares, and third, to the pro rata payment of the shares of all other members of every class and kind: *Provided, however,* That nothing herein shall prevent the supervisor from taking over such association at any time during the progress of such voluntary liquidation, as in this act provided for the taking over of associations by such supervisor: *And further provided,* That nothing in this section shall limit the right of the supervisor to permit voluntary liquidation after he has taken over an association as provided in this act: *Further provided,* That where an association is in voluntary liquidation as in this act provided, it shall pay all fees which would be required by law were it not in such form of voluntary liquidation.

Voluntary dissolution.

Taking over by supervisor.

Voluntary liquidation.

Payment of fees.

SEC. 79. Every association shall prepare, certify, and file with the supervisor upon blanks to be furnished by him, such reports and statements at such times as he may require, and at least semi-annually shall cause the same to be published in a newspaper of general circulation in the place where the association is located and if any association shall fail to file or publish such report within twenty days after the same has been called for by said supervisor, the officers of such association responsible for such delay shall forfeit the sum of twenty-five dollars (\$25.00) per day for each day such report shall be delayed or withheld: *Provided,* The

Reports.

Penalty.

supervisor may waive such penalties upon sufficient cause shown, such penalties to be paid to the state treasurer to the credit of the general fund, and if not so paid, to be collected by the attorney general.

Official
communi-
cations.

SEC. 80. Every official communication by the supervisor to any association shall be read at the next regular meeting of the board of directors, and such communication shall be made a part of the minutes of such meeting.

Assets.

SEC. 81. No association shall directly or indirectly permit any part of its assets to be held or carried in the name and/or in the possession of any other person except that its funds may be deposited in depositories designated by the board of directors, except that an association may use its securities as collateral to secure appeal or supersedeas bonds or to secure loans from a federal home loan bank, and no securities of the association shall be entered on its books at more than the actual cost thereof, and where real estate is taken by an association upon which there is a prior mortgage, lien, or encumbrance, such prior mortgage, lien, or encumbrance shall be carried on the books as a liability, whether assumed by it or not, and where securities are purchased at a price above the par value thereof, they shall not be carried on the books of the association at any greater value than par for a longer period than one year from the purchase thereof. Every person who shall violate the provisions of this section, and every person who shall knowingly aid and abet in the violation thereof, shall be guilty of a gross misdemeanor.

Real estate
with prior
mortgage.

Violation.

License fees.

SEC. 82. Every savings and loan association organized under the laws of this state shall, upon receiving its certificate, and on or before the first day of August in each succeeding year, pay to the supervisor a license fee for the ensuing year as follows: Where the assets do not exceed one hun-

dred thousand dollars (\$100,000.00), a fee of twenty dollars (\$20.00); where the assets exceed one hundred thousand dollars (\$100,000.00) and do not exceed two hundred fifty thousand dollars (\$250,000.00), a fee of thirty dollars (\$30.00); where the assets exceed two hundred fifty thousand dollars (\$250,000.00) and do not exceed five hundred thousand dollars (\$500,000.00), a fee of forty dollars (\$40.00); where the assets exceed five hundred thousand dollars (\$500,000.00) and do not exceed one million dollars (\$1,000,000.00), a fee of sixty dollars (\$60.00); and where the assets are in excess of one million dollars (\$1,000,000.00), a fee of one hundred dollars (\$100.00), and in each case, in addition to such fee, shall be added a fee of thirty cents (30c) for each one thousand dollars (\$1,000.00) of assets. The fees herein provided for shall be in lieu of all other corporation fees, licenses, and/or excises for the privilege of doing business and for the purpose of computing such fees, the assets of the association shall be determined as of June 30th of the year in which the fee is payable: *Provided*, That if such payments be not made on or before August first next following, that a penalty of ten cents (10c) per thousand dollars (\$1,000.00) of assets shall be added thereto, and that the supervisor may take such association over at any time such fee so remains payable and unpaid.

Computa-
tion of.

Penalty.

SEC. 83. Each foreign savings and loan association doing business in this state shall, on or before the first day of August of each year, pay to the supervisor a license fee for the ensuing year for conducting business in this state as follows: The sum of three hundred dollars (\$300.00), and for conducting a loan business only in this state, a fee of one hundred dollars (\$100.00), and in each case in addition thereto, for each one thousand dollars (\$1,000.00) of assets held or shares issued and held

Foreign
associations:

License
fees of.

within this state, whichever may be the larger in amount, a further fee of thirty cents (30c) to be determined as of June 30th of such year.

Violation.

SEC. 84. It shall be unlawful for any person to organize as, carry on, or conduct the business of an association in the form of, or of a character similar to that authorized by this act without first organizing under this act, and every person violating the same shall be guilty of a gross misdemeanor.

Foreign associations.

SEC. 85. No foreign association not already lawfully engaged in the State of Washington in the business of a savings and loan association, or in the business in the form of, or of a character similar to that of an association organized under this act, shall be permitted to conduct such a business in this state.

Taxing of associations.

SEC. 86. Neither an association nor its members shall be taxed upon its shares as property. An association shall be taxable upon its real property and tangible personal property, and every association shall be termed a mutual institution for savings, and neither it nor its property shall be taxable under any law which shall exempt savings banks or institutions for savings from taxation. For all purposes of taxation, the assets represented by the contingent fund and other reserves, other than reserves for expenses and losses of an association, shall be deemed its only permanent capital and in computing any tax, whether property, income or excise, appropriate adjustment shall be made to give effect to the mutual nature of such association.

Foreign associations:

SEC. 87. Every foreign association authorized to do business in this state which, under the laws of the state of its organization is required to be examined and/or to make reports to the officers of the state of its organization, after such examination and on the making of such report, shall furnish to

reports and examination of,

the supervisor a copy of such examination or report certified to by the officer of such foreign state making such examination or directing the same, and the supervisor, whenever he may deem it advisable, may cause an independent examination of such foreign association to be made, and in such event the traveling expenses, including subsistence, and/or necessary expenses in connection with such examination, shall be charged to and paid by such association. No foreign association shall transact business in this state unless it shall comply with the provisions of this act, and all requirements of the supervisor applicable to domestic associations, and shall conduct its business in this state in accordance with the laws of this state governing domestic associations, and all contracts made by any foreign association doing business in this state with any resident of this state shall be deemed and construed to be an association contract, and no foreign association shall do business in this state unless it shall keep filed with the supervisor a written irrevocable power of attorney providing that service upon the supervisor of any process in any court issued against it shall constitute valid service upon such foreign association. Such service shall be had by serving upon the supervisor two copies of such summons or process, together with the sum of two dollars (\$2.00), and upon receipt of any such summons or process, the supervisor shall forthwith, by registered mail, transmit one copy thereof to the home office of such association.

require-
ments of,

power of
attorney,

service.

SEC. 88. No foreign association shall be permitted to do business in this state on more favorable terms and conditions than associations organized under the laws of this state are permitted to do business in the state in which such foreign association is organized.

Reciprocal
rights.

Cancellation
of certificate.

SEC. 89. Any foreign association doing business in this state which shall remove any action that shall be commenced against it in a court of this state to a United States court, or that shall fail to pay any judgment rendered against it upon a suit in any court in this state within sixty days after the rendition of final judgment in such case, or that shall fail to make reports to the supervisor as provided in this act, or to do any other act to be done or performed as required by law, and after the continued failure to do such act for twenty days after notice in writing from the supervisor of such failure, shall have no right or authority to do or transact any further business within this state, and the supervisor shall cancel the certificate of authority to do business in this state, and shall notify such association, and shall communicate the facts to the attorney general of this state, who shall take such proceedings as may be warranted by law.

Conducting
of other
business on
premises.

SEC. 90. No person shall carry on or conduct on the premises of, or upon premises directly connected with those occupied by an association, any business in which an association is authorized to engage under the terms of this act: *Provided*, That this section shall not prevent two or more associations from occupying the same or connecting premises.

Exemption
from attach-
ment.

SEC. 91. The shares of an association to an amount not exceeding two hundred and fifty dollars (\$250.00), shall be exempt from attachment, garnishment and execution, except as to any indebtedness to such association.

Supervisor:
appoint-
ment of.

SEC. 92. The director of efficiency shall appoint the supervisor of savings and loan associations, who shall hold office during the pleasure of such director and shall have power to appoint and employ such inspectors, auditors, accountants, and such other

clerical assistants as may be necessary for the general administration of the division of savings and loan. No person shall be eligible to be appointed as, or hold the office of supervisor of savings and loan associations unless he has, for at least two years prior to his appointment, been a citizen of the United States and a resident of this state, and has had at least two years practical experience in savings and loan employment, examination, or supervision.

Eligibility
of.

SEC. 93. The supervisor when appointed shall execute a surety bond to the State of Washington in an amount not less than ten thousand dollars (\$10,000.00), conditioned upon the faithful discharge of the duties of such office, and each examiner shall execute a surety bond to the State of Washington in an amount not less than five thousand dollars (\$5,000.00) with like conditions, to be approved as to the surety by the insurance commissioner; as to form by the attorney general; and as to sufficiency by the administrative board. All salaries shall be fixed by the administrative board and all salaries and expenses of the division shall be paid by the State of Washington from funds appropriated therefor.

Bond of.

Approved by
Attorney
General.

Salaries.

SEC. 94. The supervisor of savings and loan shall devote his full time to service; shall be charged with the administration and enforcement of this act, and shall have and may exercise all powers necessary or convenient thereunto; shall furnish all associations who have paid their annual license fees, certificates of authority authorizing them to transact business; shall require of each association such reports and statements at such times as he may deem necessary on forms to be furnished by him; and shall require each association to conduct its business in accordance with the provisions of this act. He shall have the power to perform all duties

Powers and
duties of.

imposed on him by this act. He, or his authorized examiners, shall visit and examine each association at least once in each year without previous notice, and shall have full access to all books, papers, records of every kind and nature for the purpose of examination; shall have power to administer oaths to and to examine any person under oath concerning the affairs of any association; shall have power to issue subpoenas and require the attendance and testimony of any person at such place within this state as he or they may deem advisable and may require such witness to appear and answer such pertinent questions as may be put to them, and may require such witnesses to produce any books, papers, documents or any other things under their control material thereto. In the event any person shall refuse to answer said subpoena or shall refuse to testify as herein provided, the superior court of the state shall have jurisdiction to compel such attendance and testimony, and failure of any person to obey the lawful orders of the court therein, shall constitute contempt of such court.

Revaluation
of property.

Appeal.

SEC. 95. The supervisor may appraise and re-value any property, property holdings and/or investments of any association and/or any property constituting security for any loan made and/or held by any association: *Provided, however,* That any association whose assets have been so re-valued and/or re-appraised shall have the right of appeal within thirty (30) days from and after receiving notice of such re-appraisalment and/or re-valuation, to the superior court of Thurston county and shall perfect such appeal by filing written notice of appeal with the clerk of the court and by serving a copy thereof either personally or by mail upon the supervisor, and upon the filing of notice of appeal by such association, the clerk of said court shall

docket the same as a cause pending therein and the supervisor shall forthwith certify to the court a copy of such re-valuation and/or appraisal and all records and files in his office pertaining to the same, and that thereafter the court shall docket said cause for hearing and shall hear the matter de novo and thereafter enter an order either affirming or cancelling such re-appraisal and/or re-valuation in whole or in part, as to the court may seem just and equitable in the premises: *And further provided,* That either party shall have the right to have said matter reviewed by the supreme court of the State of Washington.

Review
by U. S.
Sup. Ct.

SEC. 96. The supervisor upon written request of any association, may permit a federal home loan bank to have access to and to examine all the records and files in the division of savings and loan associations concerning such association, and every association shall have the right, notwithstanding anything in this act contained, to allow complete examination of its affairs to be made by any federal home loan bank.

Examination
by Federal
Home Loan
Bank.

SEC. 97. The supervisor shall have power to cause the attorney general of the State of Washington to commence and prosecute all actions and proceedings necessary or convenient for the enforcement of this act, and all litigation necessary and convenient in connection therewith.

Enforcement
of Act:
Attorney
General.

SEC. 98. The supervisor shall issue a selling agent's license to such applicants therefor as he shall deem satisfactory and proper persons to engage in the sale of the shares of an association. He shall require such information relative to such applicants as may be necessary and adopt rules and regulations relative thereto and may revoke the license of any selling agent for misrepresentation of any material fact relative to the shares sold or

Selling
agent's
license.

offered to be sold by such selling agent, pursuant to such license, or when such person has been convicted in any court for violation of the criminal laws of any state, or when satisfied that such selling agent is not a fit and proper person to be engaged as such. Before issuing such license he shall require the payment of a fee of two dollars (\$2.00) per annum and shall, on or before the first day of August of each succeeding year, require an additional like payment to cover license for the ensuing year; and any person who shall sell or offer for sale, as selling agent, any shares of any association without having first obtained such license, shall be guilty of a gross misdemeanor.

Fee.

Disposition
of fines,
fees, etc.

SEC. 99. The supervisor shall remit to the state treasurer forthwith all fees, fines and other moneys collected by him as such supervisor, pursuant to this act.

Scope of act.

SEC. 100. The powers, rights, duties, privileges and obligations of every association heretofore organized and now doing business in this state as a savings and loan association, shall be governed, controlled, construed, extended, limited and determined by the provisions of this act to the same extent and effect as if such association had been incorporated hereunder. The articles of association, by-laws and rules of every association are hereby modified, altered and amended to conform to the provisions of this act; existing contracts and obligations and renewals thereof are not impaired hereby and may be enforced to the same extent and in the same manner as if this act had not been enacted; all acts of an existing association heretofore performed, which are permitted under this act, are hereby ratified.

SEC. 101. It shall be unlawful for any director, officer, agent, attorney, selling agent and/or employee of an association to discount or purchase, di-

rectly or indirectly, any share or shares of such association except by payment therefor of the withdrawal value thereof; and it shall be unlawful for any association and/or any officer, director, agent, or employee thereof to knowingly, directly or indirectly, by any means cause to be made, disseminated, circulated or placed before the public in any manner any advertisement or publicity of any kind or nature regarding or relating to such association which contains any assertion, representation or statement of fact which is untrue, deceptive, or misleading.

Discount, purchase of shares without payment of withdrawal value.

Misrepresentation.

Every person who shall violate this section shall be guilty of a gross misdemeanor.

Violation.

SEC. 102. It shall be unlawful for any officer, agent or employee of an association to knowingly make or participate in the making of, or to knowingly consent to any loan or investment contrary to the provisions of this act. Every such person who violates this section, or who knowingly aids or abets any other person in such violation, shall be guilty of a gross misdemeanor.

Loans, investments contrary to act.

Violation.

SEC. 103. It shall be unlawful for any officer, director, member of any committee, agent or employee of an association to embezzle, abstract or misapply any of the moneys, funds, credits, real or personal property of such association or to issue or put into circulation any debenture or other obligation of the association, without proper authority, or to assign, transfer, cancel or deliver up any real or personal property of any association, without proper authority, with intent to deceive, injure or defraud such association or any member thereof, or to deceive any person authorized by law to examine into the affairs of such association. Every such person who violates this section, or who aids or abets any other person in such violation, shall be guilty of a felony and upon conviction thereof

Vetoed.

shall be confined in the state penitentiary for a period of not less than two years.

SEC. 104. In the prosecution of a person for the violation of the provisions of the next preceding section, possession, custody or control of such property and the appropriation thereof by such person shall be *prima facie* evidence of the intent to deprive an association thereof.

Vetoed. } SEC. 105. It shall be unlawful for any person whomsoever to knowingly subscribe to or to make or cause to be made any false statement or false entry, or to fail to make or cause to be made proper entries in the books, papers or other records of an association; or to knowingly subscribe to or exhibit any false or fictitious security, instrument or paper with the intent to deceive any person, or to knowingly make, state or publish any false statement of the amount of the assets and liabilities or the condition of any association.

Every person who violates this section, or who aids or abets any other person in such violation, shall be guilty of a felony, and upon conviction thereof shall be confined in the state penitentiary for a period of not less than two years.

Destruction,
secretion of
books.

SEC. 106. It shall be unlawful for any person, for the purpose of concealing any material fact or suppressing any evidence against himself or against any other person, to abstract, remove, mutilate, destroy or secrete any book, papers or record of an association or the records of the supervisor.

Violation.

Any person who violates this section, or who knowingly aids or abets any other person in such violation, shall be guilty of a felony.

Vetoed. } SEC. 107. It shall be unlawful for the supervisor or any of his employees to be directly or indirectly financially interested in the sale or disposal or the offering for sale of any security or securities of any nature from or to any association.

Every person who violates this section, or who aids or abets any other person in such violation, shall be guilty of a felony.

SEC. 108. Any person who being examined under oath by or under the direction of the supervisor, wilfully answers falsely as to any material matter touching the affairs of any association, shall be guilty of perjury in the first degree.

Vetoed.

SEC. 109. It shall be unlawful for any person to disclose to any other person not a director, officer or employee of the association, or a duly authorized examiner, the membership or share holdings of any person in such association, except upon request of the owner thereof.

Disclosing memberships or shareholdings.

Any person violating the provisions of this section shall be guilty of a gross misdemeanor.

Violation.

SEC. 110. It shall be unlawful for any person to knowingly make, circulate or transmit to another, or others, any false statement concerning the moral or financial condition, or affecting the solvency or financial standing of an association doing business in this state, or to wilfully counsel, aid, procure or induce another to start, transmit or circulate any such statement or rumor.

False statements of moral or financial condition.

Every person who violates this section, or who aids or abets any other person in such violation, shall be guilty of a gross misdemeanor.

Violation.

SEC. 111. Any officer, employee, clerk or salesman of any association who knowingly shall sell or issue or cause to be sold or issued any shares of such association while such association does not have its notes and mortgages on deposit, as in this act provided, or while such association shall not have the certificate of the supervisor authorizing it to do business as in this act provided, shall be guilty of a gross misdemeanor.

Illegal issue or sale of shares.

Partial
invalidity.

SEC. 112. If any section, provision or part of this act shall be adjudged to be invalid or unconstitutional, such adjudication shall not affect the validity of the act as a whole, or of any section, provision or part thereof not adjudged to be invalid or unconstitutional.

Repeals §§ 9,
12, 17, 21, 22,
25, 26, Ch.
110, Laws of
1913; §§ 1, 4,
5, 7-15, 17,
23, Ch. 169,
Laws of
1919; Ch.
144, Ex.
Laws of
1925.

Sections 9, 12, 17, 21, 22, 25 and 26 of chapter 110, Laws of Washington, approved March 19, 1913; sections 1, 4, 5, 7, 8, 9, 10, 11, 12, 13, 14, 15, 17, 18, 19, 20, 21, 22 and 23, of chapter 169, Laws of Washington, approved March 19, 1919, and all of chapter 144, Laws of Washington, Extraordinary Session, approved January 15, 1926, (being sections 3716 to 3748 inclusive, of chapter 1, title XXI, of Remington's Compiled Statutes of Washington and Remington's 1927 Supplement to Remington's Compiled Statutes of Washington), be and they are hereby repealed.

Existing
rights.

Such repeal shall not be construed to affect any existing rights acquired or any liability, either civil or criminal, incurred or the validity of any act done or proceeding had under the provisions of said acts or actions.

All things required by said acts or sections to be done within any specified time, which time has begun to run at the time of the taking effect of this act, shall be done within such specified time.

Such repeal shall not operate to revive any acts or sections repealed thereby.

Effective
immediately.

This act is necessary for the immediate support of the state government and its existing public institutions and shall take effect immediately.

Passed the Senate February 21, 1933.

Passed the House March 6, 1933.

Approved by the Governor March 20, 1933, with the exception of sections 46, 69, 103, 104, 105, 107 and 108, which are vetoed.