

CHAPTER 228.

[H. B. 25.]

MUTUAL SAVINGS BANKS.

AN ACT relating to mutual savings banks and amending sections 3a, 18, 19 and 20 of, and adding section 20a to, chapter 74, Laws of 1929 and amending section 18, chapter 175, Laws of 1915.

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

SECTION 1. That section 3a, chapter 74, Laws of 1929, added thereto by section 1, chapter 10, Laws of 1935, and as amended by section 6, chapter 15, Laws of 1941 (section 3381-3a, Remington's Revised Statutes, also Pierce's Perpetual Code 312-7), be amended to read as follows: Amendment.

Section 3a. A mutual savings bank may invest its funds: Investments of mutual savings banks.

(a) In such loans and advances of credit and purchases of obligations representing loans and advances of credit as are eligible for insurance by the Federal Housing Administrator, and may obtain such insurance.

(b) In such loans secured by mortgage on real property as the Federal Housing Administrator insures or makes a commitment to insure, and may obtain such insurance.

(c) In such other loans as are insured or guaranteed in whole or in part by the United States or through any corporation, administrator, agency or instrumentality which is or hereafter may be created by the United States, and may obtain such insurance or guarantee.

(d) In capital stock, notes, bonds, debentures or other such obligations of any National Mortgage Association.

(e) In such loans as are secured by contracts of the United States or any agency or department thereof assigned under the "Assignment of Claims

Act of 1940," approved October 9, 1940, and acts amendatory thereof or supplementary thereto, and may participate with others in such loans.

(f) In notes or bonds secured by mortgages issued under sections 500 to 505, inclusive, of Title III of the Servicemen's Readjustment Act of 1944 (Public Law 346, 78th Congress), and any amendments thereto, and the regulations, orders or rulings promulgated thereunder.

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No law of this state prescribing the nature, amount or form of security or requiring security upon which loans or advances of credit may be made or prescribing or limiting interest rates upon loans or advances of credit, or prescribing or limiting the period for which loans or advances of credit may be made shall be deemed to apply to loans, advances of credit or purchases made pursuant to the foregoing paragraphs (a), (b), (c), (d), (e), and (f).

SEC. 2. That section 18, chapter 74, Laws of 1929 (section 3381-18, Remington's Revised Statutes, also Pierce's Perpetual Code 312-41), be amended to read as follows:

Section 18. A mutual savings bank may invest its funds in promissory notes payable to the order of the savings bank, secured by the pledge or assignment of any bonds, warrants, or interest bearing obligations lawfully purchasable by a savings bank, or secured by pledge or assignment of one or more real estate mortgages of the class described in sections 20 and 21 of this act, but no such loan shall exceed ninety per centum of the cash market value of such securities so pledged. Should any of the securities so held in pledge depreciate in value after the making of such loan, the savings bank shall require an immediate payment of such loan, or of a part thereof, or additional security therefor, so that the amount loaned thereon shall at no time exceed ninety per cent of the market value of the securities so pledged for such loan.

SEC. 3. That section 19, chapter 74, Laws of 1929 (section 3381-19, Remington's Revised Statutes, also Pierce's Perpetual Code 312-43), be amended to read as follows:

Section 19. A mutual savings bank may invest its funds in promissory notes made payable to the order of the savings bank, secured by the pledge and assignment of the passbook of the mutual savings bank as collateral security for the payment thereof. No such loan shall exceed the balance due the holder of such passbook as shown therein.

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SEC. 4. That section 20, chapter 74, Laws of 1929, as amended by section 13, chapter 95, Laws of 1937 (section 3381-20, Remington's Revised Statutes, also Pierce's Perpetual Code 312-45), be amended to read as follows:

Section 20. A mutual savings bank may invest not to exceed seventy per cent of its funds in loans secured by first mortgages on real estate subject to the following restrictions:

In all cases of loans upon real property, a note secured by a mortgage on the real estate upon which the loan is made shall be taken by the savings bank from the borrower;

The savings bank shall also be furnished by the borrower, either

(a) A complete abstract of title of the mortgaged property, which abstract shall be signed by the person or corporation furnishing the abstract of title, and which abstract shall be examined by a competent attorney and shall be accompanied by his opinion approving the title and showing that the mortgage is a first lien; or

(b) A policy of title insurance; or

(c) A duplicate certificate of ownership issued by a registrar of titles.

The real estate subject to such first mortgage must be improved to such extent that the net annual income thereof or reasonable annual rental value

thereof in the condition existing at the time of making the loan is sufficient to pay the annual interest accruing on such loan in addition to taxes and insurance and all accruing charges and expenses.

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No loan on real estate shall be for an amount greater than sixty per cent of the value of such real estate, including improvements, except that in the case of property improved with a single family occupancy detached dwelling not more than fifteen years old, such loan may be for an amount not greater than two-thirds of the value of such real estate, including improvements, or if such dwelling is not more than two years old and is occupied by the owner, such loan may be for an amount not greater than eighty per cent of the first ten thousand dollars of value and fifty per cent of the remainder of the value of such real estate, including improvements; and in the event such savings bank obtains, as additional collateral, an assignment of a policy or policies of life insurance issued by a company authorized to do business in this state, such loan may exceed the limits herein specified, but such excess shall not be more than eighty per cent of the cash surrender value of such assigned life insurance.

No mortgage loan shall be made in excess of fifty per cent of the value of the security unless its terms require the payment of principal and interest in annual, semi-annual, quarterly or monthly payments, at a rate which if continued would repay the loan in full in not more than twenty years, beginning within one year and continuing until the loan is reduced to fifty per cent or less of the value of the security.

The mortgage shall contain provisions requiring the mortgagor to maintain insurance on the buildings on the mortgaged premises to such reasonable amount as shall be stipulated in the mortgage, the policy to be deposited with the savings bank and to be payable to it in event of loss: *Provided, however,*

That the savings bank may, at its option, forego insurance in either of the following cases:

- (a) A loan upon agricultural land, or
- (b) A loan upon a feehold interest in urban property subject to an outstanding lease.

A loan may be made on real estate which is to be improved by a building or buildings to be constructed with the proceeds of such loan, if it is arranged that such proceeds will be used for that purpose and that when so used the property will be improved to the extent required by this section.

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No mortgage loan, or renewal or extension thereof for a period of more than one year, shall be made except upon written application showing the date, name of the applicant, the amount of loan requested, and the security offered, nor except upon the written report of at least two members of the board of investment of the bank certifying on such application according to their best judgment the value of the property to be mortgaged; and the application and written report thereon shall be filed and preserved with the savings bank records.

Every mortgage and assignment of a mortgage taken or held by a savings bank shall be taken and held in its own name, and shall immediately be recorded in the office of the County Auditor of the county in which the mortgaged property is located.

A mortgage on real estate shall be deemed a first mortgage and lien within the meaning of this section even though

(1) There is outstanding upon the real estate a lease to which the mortgage is subject, and two members of the board of investment of the bank deem the lease advantageous to the owner of the mortgaged property, and the mortgagee in case of foreclosure of the mortgage can compel the application upon the mortgage debt of substantially all of the rents thereafter to accrue; and/or

(2) There are outstanding non-delinquent taxes or special assessments or both, and the sum of the assessments and the amount of the loan does not exceed the limits herein specified.

Amendments.

SEC. 5. That chapter 74, Laws of 1929, be amended by adding thereto a new section to be known as section 20a (section 3381-20a of Remington's Revised Statutes, also Pierce's Perpetual Code 312-46), to read as follows:

Contracts for the sale of real estate.

Section 20a. A mutual savings bank may invest not to exceed fifteen per cent of its funds in contracts for the sale of real estate subject to the following restrictions:

(a) That it acquire the title in fee to the property covered by such contract;

(b) That the property subject to the contract be such as would be eligible, and that the balance owing thereon be no greater and be payable within the times prescribed, under section 20 for a mortgage loan secured by the property;

(c) That the purchaser shall not be in default in any of the terms of the contract.

SEC. 6. That section 18, chapter 175, Laws of 1915, as amended by section 3, chapter 156, Laws of 1921 (section 3347, Remington's Revised Statutes, also Pierce's Perpetual Code 316-43), be amended to read as follows:

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Section 18. The sums deposited with any such bank, together with any dividends credited thereto, shall be repaid to the depositors thereof respectively, or to their legal representatives, after demand in such manner, and at such times, and under such regulations, as the board of trustees shall prescribe, subject to the provisions of this and the next following section. Such regulations shall be posted in a conspicuous place in the room where the business of such savings bank shall be transacted, and shall be available to depositors upon request. All such

rules and regulations, and all amendments thereto, from time to time in effect, shall be binding upon all depositors.

(1) Such bank may at any time by a resolution of its board of trustees require a notice of not more than six months before repaying deposits, in which event no deposit shall be due or payable until the required notice of intention to withdraw the same shall have been personally given by the depositor: *Provided*, That such bank at its option may pay any deposit or deposits before the expiration of such notice. But no bank shall agree with its depositors or any of them in advance to waive the requirement of notice as herein provided.

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(2) Except as provided in subdivision (3) of this section the savings bank shall not pay any dividend, or deposit, or portion thereof, or any cheque drawn upon it by a depositor unless the passbook of the depositor be produced, and the proper entry be made therein at the time of the payment.

(3) The board of trustees of any such bank may by its by-laws provide for making payments in cases of loss of passbook, or other exceptional cases where the passbooks cannot be produced without loss or serious inconvenience to depositors, the right to make such payments to cease when so directed by the State Examiner upon his being satisfied that such right is being improperly exercised by any such bank; but payments may be made at any time upon the judgment or order of a court.

(4) If any person shall die leaving in any such bank an account on which the balance due him shall not exceed \$500.00 and no executor or administrator of his estate shall be appointed, such bank may in its discretion pay the balance of his account to his widow (or if the decedent was a married woman, then to her husband), next of kin, funeral director or other creditor who may appear to be entitled thereto. As a condition of such payment such bank 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 is to be made, and a proper receipt and acquittance for such payment. For any such payment pursuant to this section such bank shall not be liable to the decedent's executor or administrator thereafter appointed, unless the payment shall have been made within six months after the decedent's death, and an action to recover the amount shall have been commenced within six months after the date of payment.

Passed the House March 5, 1945.

Passed the Senate March 5, 1945.

Approved by the Governor March 16, 1945.

CHAPTER 229.

[H. B. 56.]

BOUNTIES ON SEALS AND SEA LIONS.

AN ACT relating to fisheries; appropriating one hundred thousand dollars (\$100,000) for payment of bounties for killing seals and sea lions in the waters of the State of Washington; and defining crimes.

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

SECTION 1. There is hereby appropriated from the General Fund of the State of Washington, not otherwise appropriated, the sum of one hundred thousand dollars (\$100,000) to be expended by the Director of Fisheries in paying bounties for killing or causing to be killed, common seals and sea lions caught in the waters of the State of Washington pursuant to the provisions of section 8, chapter 180, Laws of 1921.

SEC. 2. Any person who shall knowingly receive, or attempt to receive, any bounty for the killing of

Appropriation for bounties on sea lions and seals.