

CHAPTER 100.

[H. B. 244.]

INVESTMENT OF TRUST FUNDS BY FIDUCIARIES.

AN ACT relating to and regulating investments of trust funds by fiduciaries, amending sections 11, 13, 16, and 17, chapter 41, Laws of 1941 (secs. 3255-11, -13, -16, and -17, Rem. Rev. Stat.; secs. 313-21, -25, -31, and -33, PPC), and repealing sections 1, 2 (as amended by section 1, chapter 114, Laws of 1943), 3, 4, 5, 6, 7, 8, 9, 10, 12, 14, 15, and 18, chapter 41, Laws of 1941, and section 2, chapter 114, Laws of 1943 (secs. 3255-1, -2, -3, -4, -5, -6, -7, -7a, -8, -9, -10, -12, -14, -15, and -18, Rem. Rev. Stat.; secs. 313-1, -3, -5, -7, -9, -11, -13, -14, -15, -17, -19, -23, -27, -29, and -35, PPC).

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

SECTION 1. Any corporation, association, or person handling or investing trust funds as a fiduciary shall be governed in the handling and investment of such funds as in this act specified.

This act governs.

SEC. 2. In acquiring, investing, reinvesting, exchanging, selling and managing property for the benefit of another, a fiduciary shall exercise the judgment and care under the circumstances then prevailing, which men of prudence, discretion and intelligence exercise in the management of their own affairs, not in regard to speculation but in regard to the permanent disposition of their funds, considering the probable income as well as the probable safety of their capital. Within the limitations of the foregoing standard, and subject to any express provisions or limitations contained in any particular trust instrument, a fiduciary is authorized to acquire and retain every kind of property, real, personal or mixed, and every kind of investment, specifically including but not by way of limitation, debentures and other corporate obligations, and stocks, preferred or common, which men of prudence, discretion and intelligence acquire for their own account.

"Prudent man" rule.

Insured savings accounts.

SEC. 3. A corporation doing a trust business may invest trust funds in savings accounts with itself to the extent that such deposits are insured by the Federal Deposit Insurance Corporation.

Power of courts to allow deviation not restricted.

SEC. 4. Nothing contained in this act shall be construed as restricting the power of a court of proper jurisdiction to permit a fiduciary to deviate from the terms of any will, agreement, or other instrument relating to the acquisition, investment, reinvestment, exchange, retention, sale or management of fiduciary property.

Act governs fiduciaries already acting.

SEC. 5. The provisions of this act shall govern fiduciaries acting under wills, agreements, court orders and other instruments now or hereafter in force.

SEC. 6. Section 11, chapter 41, Laws of 1941 (sec. 3255-11, Rem. Rev. Stat.; sec. 313-21, PPC) is amended to read as follows:

Original securities may be held.

Section 11. In the absence of express provisions to the contrary in the trust instrument, any fiduciary may hold during the life of the trust all securities or other property, real or personal, received into or acquired by the trust from any source, excepting such as are purchased by the fiduciary in administering the trust, even though such securities or other property are not qualified investments under the provisions of this act: *Provided*, That any investment of trust funds made under this act or any prior act, which was a qualified investment at the time the same was made shall remain a qualified investment.

SEC. 7. Section 13, chapter 41, Laws of 1941 (sec. 3255-13, Rem. Rev. Stat.; sec. 313-25, PPC) is amended to read as follows:

Investment.

Section 13. Any fiduciary may invest funds held in trust under an instrument creating such trust, in any manner and/or in any investment and/or in

any class of investments authorized by such instrument, whether or not the same be otherwise qualified for the investment of trust funds. The terms "legal investment" or "authorized investment" or words of similar import, as used in any such instrument, shall be taken to mean any investment which is permitted by the terms of section 2 hereof.

Definition of terms used in instrument.

SEC. 8. Section 16, chapter 41, Laws of 1941 (sec. 3255-16, Rem. Rev. Stat.; sec. 313-31, PPC) is amended to read as follows:

Section 16. Nothing in this act contained shall be construed as authorizing any fiduciary to invest funds held in trust, in any bonds, mortgages, notes or other securities, during any default in payment of either principal or interest thereof.

Investment limited on default.

SEC. 9. Section 17, chapter 41, Laws of 1941 (sec. 3255-17, Rem. Rev. Stat.; sec. 313-33, PPC) is amended to read as follows:

Section 17. Unless the instrument creating the trust expressly provides to the contrary, any fiduciary in carrying out the obligations of the trust, may not buy or sell investments from or to himself or itself or any affiliated or subsidiary company or association.

Fiduciary not to deal personally in or with trust estate.

SEC. 10. Sections 1, 2 (as amended by section 1, chapter 114, Laws of 1943) 3, 4, 5, 6, 7, 8, 9, 10, 12, 14, 15, and 18, chapter 41, Laws of 1941, and section 2, chapter 114, Laws of 1943 (secs. 3255-1, -2, -3, -4, -5, -6, -7, -7a, -8, -9, -10, -12, -14, -15, and -18, Rem. Rev. Stat.; secs. 313-1, -3, -5, -7, -9, -11, -13, -14, -15, -17, -19, -23, -27, -29, and -35, PPC) are hereby repealed.

Repeals.

Passed the House February 27, 1947.

Passed the Senate March 5, 1947.

Approved by the Governor March 11, 1947.