

## CHAPTER 238.

[ H. B. 294. ]

## MUTUAL SAVINGS BANKS.

AN ACT relating to mutual savings banks, and amending chapter 32.20, sections 32.12.010, 32.12.070, 32.12.090, 32.20.050, 32.20.120 and 32.20.260, RCW.

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

Amendment:

SECTION 1. Section 32.12.010, RCW, as derived from section 17, chapter 175, Laws of 1915, as last amended by section 4, chapter 119, Laws of 1949, is amended to read as follows:

Limitation on amount of deposit.

When the aggregate amount of deposits and dividends to the credit of any depositor, including in such aggregate all deposits and dividends credited to the depositor as trustee or beneficiary of any voluntary and revocable trust and all deposits and dividends credited to the depositor and another, or others, in either joint or several form, is ten thousand dollars or more, such aggregate shall not be increased by the receipt from the depositor of any further deposit but may be increased by the crediting of dividends or by the consolidation of savings banks having common depositors. Additional accounts may, however, be maintained in the name of a parent as trustee for a dependent or minor child, or in the name of a child as trustee for a dependent parent, but not more than one thousand dollars shall be deposited to any such additional account during any six months period; and additional accounts may be maintained by a person, society, or corporation as administrator, executor, guardian, or trustee under a will: *Provided*, That notwithstanding anything contained in this section, mutual savings banks may accept deposits to the fullest extent that such deposits are insured by the United States government, or any agency thereof, including the federal deposit insurance corporation.

Every such bank may further limit the aggregate amount which an individual or any corporation or society may have to his or its credit to such sum as such bank may deem expedient to receive; and may in its discretion refuse to receive a deposit, or may at any time return all or any part of any deposits or require the withdrawal of any dividend.

Bank may limit deposit or require withdrawal.

SEC. 2. Section 32.12.070, RCW, as derived from section 23, chapter 175, Laws of 1915, as last amended by section 3, chapter 15, Laws of 1941, is amended to read as follows:

Amendment.

(1) Gross current operating earnings. Every savings bank shall close its books, for the purpose of computing its net earnings, at the end of any period for which a dividend is to be paid, and in no event less frequently than semiannually. To determine the amount of gross earnings of a savings bank during any dividend period the following items may be included:

Computation of earnings; banks to close books.

Gross earnings.

(a) All earnings actually received during such period, less interest accrued and uncollected included in the last previous calculation of earnings;

(b) Interest accrued and uncollected upon debts owing to it secured by authorized collateral, upon which there has been no default for more than one year, and upon corporate bonds, or other interest bearing obligations owned by it upon which there is no default;

(c) The sums added to the cost of securities purchased for less than par as a result of amortization;

(d) Any profits actually received during such period from the sale of securities, real estate or other property owned by it;

(e) Such other items as the supervisor, in his discretion and upon his written consent, may permit to be included.

## Net earnings.

(2) Net current earnings. To determine the amount of its net earnings for each dividend period the following items shall be deducted from gross earnings:

(a) All expenses paid or incurred, both ordinary and extraordinary, in the transaction of its business, the collection of its debts and the management of its affairs, less expenses incurred and interest accrued upon its debts deducted at the last previous calculation of net earnings for dividend purposes;

(b) Interest paid or accrued and unpaid upon debts owing by it;

(c) The amounts deducted through amortization from the cost of bonds or other interest bearing obligations purchased above par in order to bring them to par at maturity.

The balance thus obtained shall constitute the net earnings of the savings bank for such period.

## Amendment.

SEC. 3. Section 32.12.090, RCW, as derived from section 25, chapter 175, Laws of 1915, as last amended by section 4, chapter 156, Laws of 1921, is amended to read as follows:

Dividends;  
rate.

(1) Every savings bank shall regulate the rate of dividends not to exceed six percent per annum upon the amounts to the credit of depositors therewith, in such manner that depositors shall receive as nearly as may be all the earnings of the bank after transferring the amount required by section RCW 32.08.120 and such further amounts as its trustees may deem it expedient and for the security of the depositors to transfer to the guaranty fund, which to the amount of ten percent of the amount due its depositors the trustees shall gradually accumulate and hold. Such trustees may also deduct from its net earnings, and carry as reserves for losses, or other contingencies, or as undivided profits, such additional sums as they may deem wise.

(2) Every savings bank may classify its depositors according to the character, amount or duration of their dealings with the savings bank, and may regulate the dividends in such manner that each depositor shall receive the same ratable portion of dividends as all others of his class.

Classification of depositors.

(3) Unimpaired contributions to the initial guaranty fund and to the expense fund, made by the incorporators or trustees of a savings bank, shall be entitled to have dividends apportioned thereon, which may be credited and paid to such incorporators or trustees. Whenever the guaranty fund of any savings bank is sufficiently large to permit the return of such contributions, the contributors may receive dividends thereon not theretofore credited or paid at the same rate paid to depositors.

Unimpaired contributions of incorporators and trustees.

(4) A savings bank shall not:

Prohibitions.

(a) Declare, credit or pay any dividend except as authorized by a vote of a majority of the board of trustees duly entered upon its minutes, whereon shall be recorded the ayes and noes upon each vote;

(b) Pay any dividend other than the regular quarterly or semiannual dividend, or the extra dividend prescribed in subsection (5) of this section;

(c) Declare, credit or pay dividends on any amount to the credit of a depositor for a longer period than the same has been credited: *Provided*, That deposits made not later than the tenth business day of the month commencing any semiannual or quarterly dividend period, or the fifth business day of any month, or withdrawn upon one of the last three business days of the month ending any quarterly or semiannual dividend period, may have dividends declared upon them for the whole of the period or month when they were so deposited or withdrawn: *Provided further*, That, if the bylaws so provide, accounts closed between dividend periods may be credited with dividends at the rate of

the last dividend, computing from the first dividend period to the date when closed.

Extra dividends.

(5) The trustees of any savings bank whose undivided profits and guaranty fund, determined in the manner prescribed in RCW 32.12.070, amount to more than twenty-five percent of the amount due its depositors, shall at least once in three years divide equitably the accumulation beyond such twenty-five percent as an extra dividend to depositors in excess of the regular dividend authorized. A notice posted conspicuously in a savings bank of a change in the rate of dividends shall be equivalent to a personal notice.

Amendment.

SEC. 4. Section 32.20.050, RCW, as derived from section 4, chapter 74, Laws of 1929, is amended to read as follows:

Investment in bonds or interest bearing obligations of state or state agency.

A mutual savings bank may invest its funds in the bonds or interest bearing obligations of this state, or any agency thereof, issued pursuant to the authority of any law of this state, whether such bonds or interest bearing obligations are general or limited obligations of the state or such agency.

Amendment.

SEC. 5. Section 32.20.120, RCW, as derived from section 9, chapter 74, Laws of 1929, is amended to read as follows:

Investment in bonds or warrants of city or town L. I. D.'s; authorized.

A mutual savings bank may invest not to exceed fifteen percent of its funds in the bonds or warrants of any local improvement district of any city or town of this state (except bonds or warrants issued for an improvement consisting of grading only), unless the total indebtedness of the district after the completion of the improvement for which the bonds or warrants are issued, plus the amount of all other assessments of a local or special nature against the land assessed or liable to be assessed to pay the bonds, exceed fifty percent of the value of the benefited property, exclusive of improvements, at the time the bonds or warrants are purchased or taken by the

bank, according to the actual valuation last placed upon the property for general taxation.

Before any such bonds or warrants are purchased or taken as security the condition of the district's affairs shall be ascertained and the property of the district examined by at least two members of the board of investment who shall report in writing their findings and recommendations; and no bonds or warrants shall be taken unless such report is favorable, nor unless the executive committee of the board of trustees after careful investigation is satisfied of the validity of the bonds or warrants and of the validity and sufficiency of the assessment or other means provided for payment thereof: *Provided*, That, excepting bonds issued by local improvement districts in cities of the first or second class, for improvements ordered after June 7, 1927, no local improvement district bonds falling within the twenty-five percent in amount of any issue last callable for payment, shall be acquired or taken as security.

Investigation.

Bonds within 25% in amount of issue last callable for payment.

SEC. 6. Section 32.20.260, RCW, as derived from section 5, chapter 228, Laws of 1945, is amended to read as follows:

Amendment.

A mutual savings bank may invest not to exceed fifteen percent of its funds in contracts for the sale of real estate subject to the following restrictions:

Investment in real estate contracts.

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

(2) That the property subject to the contract is such as would be eligible, and that the balance owing thereon is no greater and is payable within the times prescribed under RCW 32.20.250 for a mortgage loan secured by the property;

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

The total amount which a mutual savings bank may invest in contracts for the sale of realty, mortgages upon real estate and participations therein, and

mortgages upon leasehold estates shall not exceed seventy percent of its funds.

New section.

SEC. 7. Chapter 32.20, RCW, as derived from chapter 74, Laws of 1929, as amended, is amended by adding thereto a new section to read as follows:

Investment in loans.

A mutual savings bank may invest in loans secured by first mortgages which are eligible for investment by such banks, the making or holding of which is participated in by others. The note, mortgage and insurance may run to the participants as their interests may appear and may be held by any one of the participants.

Passed the House February 17, 1953.

Passed the Senate March 10, 1953.

Approved by the Governor March 20, 1953.

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CHAPTER 239.

[ H. B. 295. ]

AUCTION SALES—JEWELRY—APPLIANCES.

AN ACT relating to sales of jewelry and appliances at auction; defining terms; providing for the issuance of licenses; prescribing fees therefor; and providing penalties.

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

Definitions.

SECTION 1. When used herein the following terms shall have the following meanings:

"Jewelry."

"Jewelry" includes gold, silver, plated ware, precious or semiprecious stones, mounted or unmounted, watches, clocks, and goods, wares and merchandise commonly classified as jewelry and commonly offered for sale in jewelry stores.

"Appliances."

"Appliances" means new, as distinguished from used, radios, television sets, washing machines, refrigerators, toasters, food mixers, waffle irons, and similar items commonly sold in retail jewelry stores.