

CHAPTER 246.

[S. B. 390.]

SAVINGS AND LOAN ASSOCIATIONS.

AN ACT relating to savings and loan associations; amending section 7, chapter 235, Laws of 1945, and RCW 33.08.060; amending section 29, chapter 235, Laws of 1945, and RCW 33.12.010; amending section 49, chapter 235, Laws of 1945, as amended by section 3, chapter 71, Laws of 1953, and RCW 33.12.090; amending section 51, chapter 235, Laws of 1945, as amended by section 2, chapter 222, Laws of 1961, and RCW 33.12.150; amending section 15, chapter 235, Laws of 1945, and RCW 33.16.020; amending section 46, chapter 235, Laws of 1945, and RCW 33.20.080; amending section 58, chapter 235, Laws of 1945, as last amended by section 6, chapter 71, Laws of 1953, and RCW 33.24.010; amending section 80, chapter 235, Laws of 1945, and RCW 33.32.010; amending section 4, chapter 122, Laws of 1955, and RCW 33.48.030.

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

SECTION 1. Section 7, chapter 235, Laws of 1945, and RCW 33.08.060 are each amended to read as follows:

RCW 33.08.060 amended.

Upon receipt of such articles of incorporation and bylaws, the supervisor shall proceed to determine, from all sources of information and by such investigation as he may deem necessary, whether the proposed articles and bylaws comply with all requirements of law, and whether the incorporators and directors possess the qualifications required by this title, and whether the incorporators have available for the operation of such business at the specified location sufficient cash assets, exclusive of the contingent fund, and whether the general fitness of the persons named in the articles of incorporation are such as to command confidence and warrant belief that the business of the proposed association will be honestly and efficiently conducted in accordance with the intent and purposes of this title, and whether the public convenience and advantage will

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be promoted by allowing such association to be incorporated and engage in business in the community indicated, and whether the population and industry of the neighborhood and the surrounding country afford reasonable promise of adequate support for the proposed association. For the purpose of this investigation and determination, the incorporators, when delivering the articles and bylaws to the supervisor, shall deliver to the supervisor the sum of three hundred dollars, by certified check payable to the state treasurer, to cover the expense of such investigation and determination.

RCW 33.12.010
amended.

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in general.

SEC. 2. Section 29, chapter 235, Laws of 1945, and RCW 33.12.010 are each amended to read as follows:

An association shall have the capacity to act possessed by natural persons, but shall have authority to perform only such acts as are necessary or proper to accomplish its purposes and which are not repugnant to law.

Subject to the restrictions and limitations of this title, every such association shall have authority;

- (1) To have a corporate seal and to alter the same at pleasure;
- (2) To continue as an association for the time limited in its articles of incorporation or, if no such time limit is specified, then perpetually;
- (3) To sue or be sued in its corporate name;
- (4) To acquire, hold, sell, dispose of, pledge, mortgage, or encumber property, as its interests and purposes may require;
- (5) To conduct business in this state and elsewhere as may be permitted by law and, to this end, to comply with any law, regulation, or other requirements incident thereto;
- (6) To receive savings and to repay or invest the same;
- (7) To declare and pay dividends;
- (8) To borrow money and to pledge, mortgage,

or hypothecate its properties and securities in connection therewith;

(9) To collect or protest promissory notes or bills of exchange owned or held as collateral by the association;

(10) To let vaults, safes, boxes, or other receptacles for the safekeeping or storage of personal property, subject to the laws and regulations applicable to and with the powers possessed by safe deposit companies; and to act as escrow holder;

(11) To act as fiscal agent for the United States of America; to purchase, own, vote, or sell stock in, or act as fiscal agent for any federal home loan bank, the federal housing administration, home owners' loan corporation, or other state or federal agency, organized under the authority of the United States or of the state of Washington and authorized to loan to or act as fiscal agent for savings and loan associations or to insure savings accounts or mortgages; and, in the exercise of these powers, to comply with any requirements of law or rules or regulations or orders promulgated by such federal or state agency and to execute any contracts and pay any charges in connection therewith;

(12) To procure insurance of its mortgages and of its savings accounts from any state or federal corporation or agency authorized to write such insurance and, in the exercise of these powers, to comply with any requirements of law or rules or regulations or orders promulgated and to execute any contracts and pay any premiums required in connection therewith;

(13) To loan money and to sell any of its notes or other evidences of indebtedness, together with the collateral securing the same;

(14) To make, adopt, and amend bylaws for the management of its property and the conduct of its business;

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(15) To deposit moneys and securities in any bank or other like depository;

(16) To dissolve and wind up its business;

(17) To collect or compromise debts due to it and, in so doing, to apply to the indebtedness the savings accounts of the member debtors, and to receive, as collateral or otherwise, other securities, property or property rights of any kind or nature;

(18) To exercise, by and through its board of directors and duly authorized officers and agents, all such incidental powers as may be necessary to carry on the business of the association.

RCW 33.12.090 amended.

SEC. 3. Section 49, chapter 235, Laws of 1945, as amended by section 3, chapter 71, Laws of 1953, and RCW 33.12.090 are each amended to read as follows:

Dividends.

An association shall not:

(1) Declare, credit, or pay a dividend except as authorized by a vote of the majority of the board entered upon its minutes; or

(2) Declare, credit, or pay dividends on any amount to the credit of a savings member for a longer period than it has been credited: *Provided*, That savings paid in not later than the tenth day of any month (unless the tenth day is not a business day, in which case it may be the next succeeding business day) or withdrawn during the last three business days of June or December may have dividends declared upon them for the whole of the month or period in which they were paid in.

Proviso.

RCW 33.12.150 amended.

SEC. 4. Section 51, chapter 235, Laws of 1945, as amended by section 2, chapter 222, Laws of 1961, and RCW 33.12.150 are each amended to read as follows:

Semi-annual credit to contingent fund.

The contingent fund shall constitute a reserve for the absorption of losses of an association.

Members shall not have, individually or collec-

tively, any right or claim to the contingent fund except upon dissolution of the association.

Every association, as of June 30th and December 31st in each year, shall determine its net semiannual earnings, and shall credit to the contingent fund an amount equal to two percent of the amount by which the aggregate of loans and real estate contracts outstanding at the end of said six months' period exceeds the amount of such loans and real estate contracts outstanding at the beginning of the period or one-twentieth of one percent of the total savings accounts in the association at the end of the period, whichever is the greater, such sum so credited from earnings into the contingent fund to be in no event less than five percent of the net earnings of the association for such period. The amount so credited need not exceed fifteen percent of the net earnings during the first three years after an association opens for business. The amount required herein shall not be greater than the amount of insurance reserve allocations required by the Federal Savings and Loan Insurance Corporation for associations whose savings accounts are insured by that corporation.

SEC. 5. Section 15, chapter 235, Laws of 1945, and RCW 33.16.020 are each amended to read as follows:

RCW 33.16.020
amended.

The directors shall be members of the association, and a director shall cease to be such when he ceases to be a member.

Directors—
Qualifications
—Eligibility.

The board of directors shall be chosen at the annual meeting, unless the bylaws of the association shall otherwise provide.

A person shall not be a director of an association if he:

- (1) Is not a resident of this state;
- (2) Has been adjudicated bankrupt or has taken the benefit of any assignment for the benefit of creditors or has suffered a judgment recovered against him for a sum of money to remain unsatis-

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fied of record or un superseded on appeal for a period of more than three months; or

(3) Is a director, officer, or employee of any other savings and loan association or a mutual savings bank. Existing associations shall comply with the restriction of this subsection within two years after approval of this title.

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 have savings or guaranty stock or a combination thereof in the sum or the aggregate sum of at least one thousand dollars. 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.

RCW 33.20.080 amended.

SEC. 6. Section 46, chapter 235, Laws of 1945, and RCW 33.20.080 are each amended to read as follows:

Account of deceased person.

If any person shall die having any savings account in an association amounting to not more than one thousand dollars, and the association has no knowledge that an executor or administrator has been appointed, such association may pay such account to the surviving spouse, next of kin, funeral director or other creditor who may appear entitled thereto. For any such payment, the association may require such proofs, waivers, indemnity and receipt and acquittance as it may deem proper. For any payment made hereunder, the association shall not be liable to the decedent's executor or administrator.

RCW 33.24.010 amended.

SEC. 7. Section 58, chapter 235, Laws of 1945, as last amended by section 6, chapter 71, Laws of 1953, and RCW 33.24.010 are each amended to read as follows:

An association may invest its funds only as provided in this chapter.

It shall not invest more than two and a half percent of its assets or twenty thousand dollars, whichever is the greater, in a loan or loans, or in the purchase of contracts on the security of any one property, except with the written approval of the supervisor.

Loans on one property or to one person or community—Limitations.

It shall not loan to or purchase contracts payable by any one person, or community consisting of husband and wife, in an amount in excess of two and a half percent of its assets, or twenty thousand dollars, whichever is the greater, except with written approval of the supervisor.

SEC. 8. Section 80, chapter 235, Laws of 1945, and RCW 33.32.010 are each amended to read as follows:

RCW 33.32.010 amended.

No foreign association or like corporation, not already authorized to conduct business in the state of Washington, shall be admitted or permitted to conduct business in this state, *nor shall any foreign corporation hereafter, directly or indirectly, control any savings and loan association organized under the laws of this state.*

New foreign associations barred.

Words in italics vetoed.

SEC. 9. Section 4, chapter 122, Laws of 1955, and RCW 33.48.030 are each amended to read as follows:

RCW 33.48.030 amended.

Associations chartered under this chapter shall be known as guaranty stock savings and loan associations, and shall have a permanent nonwithdrawable stock of the par value of not less than ten dollars per share. The minimum amount of such stock shall be twenty-five thousand dollars in the case of associations located outside of incorporated cities, or in cities of less than twenty-five thousand population. Associations located in cities of greater population shall have as a minimum, fifty thousand dollars of such stock. The board of such association is authorized and directed to issue and maintain the guaranty

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Proviso.

stock in the following percentages: Three percent upon the first five million dollars; two percent upon the next three million dollars, and one percent upon all additional withdrawable savings: *Provided*, That associations whose savings are insured by the Federal Savings and Loan Insurance Corporation shall not be required to maintain stock in excess of three hundred thousand dollars.

Passed the Senate February 26, 1963.

Passed the House March 12, 1963.

Approved by the Governor March 26, 1963, with the exception of a certain item in Section 8, which was vetoed.

Veto message, excerpt.

NOTE: Governor's explanation of partial veto is as follows:

"Senate Bill No. 390 contains numerous amendments pertaining to the Savings and Loan Division of the Departmental of General Administration. Section 8 contains the following amendment: '. . . nor shall any foreign corporation hereafter, directly or indirectly, control any savings and loan association organized under the laws of this state.'

"I am opposed to the amendment contained in Section 8 because it discriminates against foreign corporations. It is my considered judgment that the State of Washington should freely admit foreign corporations to do business in this state. The field of savings and loan associations does not present an exception. Further, it is my feeling that for the proper economic development of the State of Washington we should encourage investments from all entities, resident and non-resident. For this reason the item quoted above is vetoed. The remainder of Senate Bill No. 390 is approved."

ALBERT D. ROSELLINI,
Governor.