

term of commitment has not expired, in either of the cases following:

(1) Upon any process issued on any final ^{Final} judgment of a court of competent jurisdiction except where it is alleged in the petition that rights guaranteed the petitioner by the Constitution of the State of Washington or of the United States have been violated. ^{Judgments.}

(2) For any contempt of any court, officer or ^{Contempts.} body having authority in the premises to commit; but an order of commitment, as for a contempt upon proceedings to enforce the remedy of a party, is not included in any of the foregoing specifications.

(3) Upon a warrant issued from the Superior ^{Warrants.} Court upon an indictment or information.

Passed the Senate March 9, 1947.

Passed the House March 9, 1947.

Approved by the Governor March 20, 1947.

CHAPTER 257.

[H. B. 352.]

SAVINGS AND LOAN ASSOCIATIONS.

AN ACT relating to Savings and Loan Associations and amending chapter 235, Laws of 1945 (Sections 3717-120 to 3717-239 Remington's 1945 Supplement; 1945 PPC 453-251 to 453-491).

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

SECTION 1. Section 14 of chapter 235, Laws of 1945 (Sec. 3717-133 Rem. 1945 Supp., 1945 PPC 453-277) is hereby amended to read as follows:

Section 14. The business and affairs of every ^{Board of} Association shall be managed and controlled by a ^{Directors.} Board of not less than seven (7) nor more than fifteen (15) directors, a majority of which shall not be officers or employees of the Association. The persons designated in the articles of incorporation shall be the first directors.

Vacancies.

Vacancies in the Board of Directors shall be filled by vote of the members at the annual meetings or at a special meeting called for the purpose. The Board of Directors may fill vacancies occurring on the Board, such appointees to serve until the next annual meeting of the members.

SEC. 2. Section 26 of chapter 235, Laws of 1945 (Sec. 3717-145 Rem. 1945 Supp., 1945 PPC 453-301) is hereby amended to read as follows:

Depositary.

Section 26. The Board of Directors shall designate the depositary or depositaries for funds of the Association.

SEC. 3. Section 35 of chapter 235, Laws of 1945 (Sec. 3717-154 Rem. 1945 Supp., 1945 PPC 453-319) is hereby amended to read as follows:

Dealings
with direc-
tors, officers
or employ-
ers.

Section 35. An Association shall not make any loan to or sell to or purchase any real property or securities from any director, officer, or employee of an Association or to or from any public officer or public employee whose duties have to do with the supervision, regulation, or insurance of the Association or its savings accounts or mortgages.

The foregoing provisions shall not apply to loans secured by the pledge or assignment of the savings account of the borrowing member, nor to loans made to directors, officers, or employees of the Association upon their property which is occupied principally by such director, officer or employee as a home, the amount of such loan to be based upon the appraised value of said property as established by two independent appraisers who are not officers, directors, employees or appraisers of said Association.

A loan to or a purchase or sale to or from a partnership or corporation of which such a director, officer, or employee is an owner or stockholder to the amount of fifteen per cent (15%) of the total ownership or stock, or in which he and other di-

rectors of the Association hold an ownership or stock to the amount of twenty-five per cent (25%) of the total ownership or stock, shall be deemed a loan to or a purchase or sale to or from such director within the meaning of this section except when the transaction shall have occurred without the knowledge or against the protest of such director, officer, or employee of the Association.

SEC. 4. Section 52 of chapter 235, Laws of 1945 (Sec. 3717-171 Rem. 1945 Supp., 1945 PPC 453-353) is hereby amended to read as follows:

Section 52. Any Federal insurance reserve fund of an Association may be incorporated into the contingent fund. Whenever the aggregate of the contingent fund, undivided profits account and other reserves except those allocated for losses, shall exceed ten per cent (10%) of the liability to savings members of the Association, such excess may, upon the written approval of the Supervisor, be distributed to the members as dividends.

Contingent fund.

Dividends.

SEC. 5. Section 58 of chapter 235, Laws of 1945 (Sec. 3717-177 Rem. 1945 Supp., 1945 PPC 453-365) is hereby amended to read as follows:

Section 58. An Association may invest its funds in the manners in this act provided and not otherwise.

Investments.

An Association shall not invest more than two and a half per cent (2½%) of its assets of five thousand dollars (\$5,000), whichever is the greater, in a loan or loans, or in the purchase of contracts as hereinafter provided, on the security of any one property.

Maximums.

One property.

An Association shall not loan to or purchase contracts payable by any one person in an amount in excess of two per cent (2%) of its assets, except with the prior written approval of the Supervisor. As to any such loan or contract purchase in excess of two per cent (2%) of its assets, the Association

One person.

Special
reserve.

shall set up a special reserve from current earnings equal to five per cent (5%) of such loan or contract purchase price. Such special reserve may be withdrawn whenever such loan or contract balance shall be reduced to an amount not exceeding two per cent (2%) of the assets of the Association.

SEC. 6. Section 59 of chapter 235, Laws of 1945 (Sec. 3717-178 Rem. 1945 Supp., 1945 PPC 453-367) is hereby amended to read as follows:

Obligations
of the United
States, Dis-
trict of
Columbia
or Dominion
of Canada.

Section 59. An Association may invest its funds in loans upon or purchases of the bonds or obligations of or bonds or obligations guaranteed by the United States of America, including bonds of the District of Columbia, of the Dominion of Canada, or those for which the faith of the United States or the Dominion of Canada is pledged to provide for the payment of interest and principal: *Provided*, That, in the case of bonds of the Dominion of Canada or those for which its faith is pledged, the interest and principal shall be payable in the United States or with exchange to a city in the United States and in lawful money of the United States or its equivalent.

SEC. 7. Section 68 of chapter 235, Laws of 1945 (Sec. 3717-187 Rem. 1945 Supp., 1945 PPC 453-385) is hereby amended to read as follows:

First
mortgage
liens.

Section 68. An Association may invest its funds in a loan secured by a first mortgage lien on real estate which is to be improved by a building or buildings to be constructed with the proceeds of such loan. Such loans shall be so arranged that the proceeds of the loan will be used for the payment of the costs of the improvements and that, when so used, the property will be improved to the extent that the appraised value, upon completion, will be as provided in this act.

Accessories
considered
in appraisals.

In determining the appraised valuation for the purpose of such loan, all accessories which are in-

stalled or to be installed as a part of said building, such as furnaces, oil burners, stokers, ranges, refrigerators, deep freeze units, linoleum, and blinds, which are acknowledged by the borrower to be a part of the improvements shall be considered as real estate and may be included in the appraised valuation.

SEC. 8. A new section is hereby added to chapter 235, Laws of 1945, to be known as section 74B, to read as follows:

Section 74B. Notwithstanding any provision of this act, an Association may invest its funds in any loan or purchase which is permitted to a Federal savings and loan association doing business in this state.

Any loans permitted to a Federal savings and loan association.

Passed the House March 7, 1947.

Passed the Senate March 6, 1947.

Approved by the Governor March 20, 1947.

CHAPTER 258.

[H. B. 148.]

STATE BOARD OF EDUCATION.

AN ACT relating to education; creating a State Board of Education; providing procedures therefor; and amending section 1, subchapter 3, title I, chapter 97, Laws of 1909, as amended by section 1, chapter 65, Laws of 1925, Extraordinary Session (section 4525, Remington's Revised Statutes, also Pierce's Perpetual Code 903-1).

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

SECTION 1. Section 1, subchapter 3, title I chapter 97, Laws of 1909 as amended by section 1, chapter 65, Laws of 1925, Extraordinary Session, is amended to read as follows:

Section 1. The State Board of Education shall consist of twelve (12) members elected at conventions of representatives of boards of directors of

State Board of Education.