

CHAPTER 145.

[Senate Bill No. 178.]

MUTUAL SAVINGS BANKS.

AN ACT relating to mutual savings banks; amending section 32.12.010, chapter 13, Laws of 1955 as last amended by section 1, chapter 80, Laws of 1961 and RCW 32.12.010; amending section 32.12.020, chapter 13, Laws of 1955 as last amended by section 3, chapter 176, Laws of 1963 and RCW 32.12.020; amending section 10, chapter 80, Laws of 1957 and RCW 32.20.045; amending section 32.20.240, chapter 13, Laws of 1955 and RCW 32.20.240; amending section 32.20.250, chapter 13, Laws of 1955 as last amended by section 7, chapter 176, Laws of 1963 and RCW 32.20.250; amending section 32.20.270, chapter 13, Laws of 1955 as last amended by section 9, chapter 176, Laws of 1963 and RCW 32.20.270; amending section 32.20.290, chapter 13, Laws of 1955 and RCW 32.20.290; amending section 6, chapter 41, Laws of 1959 and RCW 32.20.370; amending section 18, chapter 176, Laws of 1963 and RCW 32.20.400; adding a new section to chapter 13, Laws of 1955 and to chapter 32.12 RCW and adding a new section to chapter 13, Laws of 1955 and to chapter 32.20 RCW.

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

Section 1. Section 32.12.010, chapter 13, Laws of 1955 as last amended by section 1, chapter 80, Laws of 1961, and RCW 32.12.010 are each amended to read as follows:

RCW 32.12.010 amended.

Deposits which a savings bank may establish include but are not limited to the following:

Mutual savings banks. Limitation of deposits.

(1) Deposits in the name of the depositor and another or others in joint form with right of survivorship.

(2) Deposits in the name of the depositor as trustee for another under a voluntary and revocable trust.

(3) Deposits in the name of the depositor and another in joint form with right of survivorship as trustee for another under a voluntary and revocable trust.

Mutual savings banks. Limitation of deposits.

(4) Deposits in the name of, or on behalf of, a partnership or other form of multiple ownership enterprise.

(5) Deposits in the name of a corporation, society, or unincorporated association.

(6) Deposits maintained by a person, society, or corporation as administrator, executor, guardian, or trustee under a will or trust agreement.

(7) Deposits designated as community property of a marital community, whether in the name of either or both of the members of the community.

(8) Deposits designated as separate property of the depositor.

Every such bank may 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 dividends or interest. Any account in excess of one hundred thousand dollars may only be accepted or held in accordance with such regulations as the supervisor may establish.

RCW 32.12.020 amended.

Sec. 2. Section 32.12.020, chapter 13, Laws of 1955 as last amended by section 3, chapter 176, Laws of 1963 and RCW 32.12.020 are each amended to read as follows:

Mutual savings banks—Repayment of deposits and dividends.

The sums deposited with any savings bank, together with any dividends or interest 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 section and RCW 32.12.030. 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.

(2) Except as provided in subdivisions (3), (4), and (5) of this section the savings bank shall not pay any dividend, or interest, or deposit, or portion thereof, or any check drawn upon it by a depositor unless the passbook of the depositor is produced, and the proper entry is made therein at the time of the payment.

(3) The board of trustees of any such bank may by its bylaws 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 supervisor 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) The board of trustees of any such bank may by its bylaws provide for making payments to depositors at their request, of dividends or interest payable on any deposit, without requiring the production of the passbook of the depositor, and any

Mutual savings banks—Repayment of deposits and dividends.

payment made in accordance with any such request and the receipt or acquittance of the one to whom such payment is made shall be a valid and sufficient release and discharge to such savings bank for all payments made on account of such request prior to receipt by such savings bank of notice in writing not to pay such sums in accordance with the terms of such request.

(5) The issuance of a passbook may be omitted for any account if a ledger record thereof is maintained in lieu of a passbook on which shall be entered deposits, withdrawals, and interest credited: *Provided*, That in any event a passbook shall be issued upon the request of any depositor.

(6) If any person dies leaving in any such bank an account on which the balance due him does not exceed one thousand dollars and no executor or administrator of his estate has been 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 was made within six months after the decedent's death, and an action to recover the amount is commenced within six months after the date of payment.

New section designated RCW 32.12.025.

Sec. 3. There is added to chapter 13, Laws of 1955 and to chapter 32.12 RCW a new section, to be known as section 32.12.025, to read as follows:

Subject to the provisions of RCW 32.12.020 (1), a savings bank may, on instructions from a depositor, effect withdrawals from a savings account by the savings bank's drafts payable to parties and on terms as so instructed; to the extent of the subjection of accounts to such withdrawal instruction, such accounts may be specifically classified under RCW 32.12.090 (2) and ineligible to receive interest or eligible only for limited interest.

Repayment of deposits on bank drafts.

Sec. 4. Section 10, chapter 80, Laws of 1957 and RCW 32.20.045 are each amended to read as follows:

RCW 32.20.045 amended.

A mutual savings bank may invest its funds in capital stock, notes, bonds, debentures, or other such obligations of any corporation which is or hereafter may be created by the United States as a governmental agency or instrumentality: *Provided*, That the total amount a mutual savings bank may invest pursuant to this section shall not exceed fifteen percent of the funds of such savings bank: *Provided further*, That the amounts heretofore or hereafter invested by a mutual savings bank pursuant to any law of this state other than this section, even if such investment might also be authorized under this section, shall not be limited by the provisions of this section and amounts so invested pursuant to any such other law of this state shall not be included in computing the maximum amount which may be invested pursuant to this section.

Obligations of corporations created as federal agency or instrumentality.

Sec. 5. Section 32.20.240, chapter 13, Laws of 1955 and RCW 32.20.240 are each amended to read as follows:

RCW 32.20.240 amended.

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

Investments—Notes secured by pledge of passbook.

RCW 32.20.250  
amended.

Sec. 6. Section 32.20.250, chapter 13, Laws of 1955 as last amended by section 7, chapter 176, Laws of 1963, and RCW 32.20.250 are each amended to read as follows:

Mutual savings  
banks—Invest-  
ments—Real  
estate mort-  
gages.

A mutual savings bank may invest 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

(1) 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

(2) A policy of title insurance; or

(3) 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.

No loan on real estate shall be for an amount greater than eighty percent of the value of such real estate, including improvements, except that 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 percent of the cash surrender value of such assigned life insurance.

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

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 qualify under this section.

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

Mutual sav-  
ings banks—  
Investments  
—Real estate  
mortgages.

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 nondelinquent 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.

RCW 32.20.270  
amended.

Sec. 7. Section 32.20.270, chapter 13, Laws of 1955 as last amended by section 9, chapter 176, Laws of 1963, and RCW 32.20.270 are each amended to read as follows:

First mort-  
gages upon  
leaseholds.

A mutual savings bank may invest its funds in loans secured by first mortgages upon leasehold estates in improved real property, subject to the following restrictions:

In all cases of loans upon leasehold estates, a note secured by a mortgage upon the leasehold interest 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

(1) 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 upon the leasehold estate; or

(2) A policy of title insurance; or

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

The mortgage shall contain provisions requiring the mortgagor to maintain insurance on the buildings in such reasonable amount as shall be stipulated in the mortgage, the policy to be payable to the savings bank in case of loss, or the proceeds of



such policy to be impounded or payable to a trustee for use in repairing or rebuilding or replacing improvements on the leasehold.

No mortgage loan upon a leasehold, or any renewal or extension thereof for a period of more than six months, shall be made except on a written application showing the date, the name of the applicant, the amount of the 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 upon such application according to their best judgment the value of the leasehold interest to be mortgaged and recommending the loan; and the application and written report thereon shall be filed with the bank records.

Every leasehold mortgage and every assignment of a leasehold 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 property under lease is situated.

No loan shall be made upon a leasehold interest in real estate for a period in excess of twenty-five years, or in any case where the term of the loan will exceed eighty percent of the unexpired term of the lease.

No loan shall be made upon a leasehold interest in real estate unless its terms require substantially equal semiannual, quarterly or monthly payments which, if continued at the same rate, would extinguish the debt at least five years prior to the expiration of the lease.

No loan on a leasehold estate shall be for an amount greater than seventy-five percent of the value of such leasehold estate. A loan may be made on a leasehold 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 pro-

ceeds will be used for that purpose and that when so used the property will qualify under this section.

RCW 32.20.290 amended.

Sec. 8. Section 32.20.290, chapter 13, Laws of 1955 and RCW 32.20.290 are each amended to read as follows:

Mutual savings banks—investments—Depository of funds.

No savings bank shall deposit any of its funds with any bank, trust company, or other moneyed corporation or concern which has not been approved by the supervisor as a depository for the savings bank's funds and designated a depository by vote of a majority of the trustees of the savings bank, exclusive of any trustee who is an officer, director, or trustee of or who owns more than one-half of one percent of the outstanding stock in the depository so designated.

RCW 32.20.370 amended.

Sec. 9. Section 6, chapter 41, Laws of 1949 and RCW 32.20.370 are each amended to read as follows:

Investments—Corporate bonds and other interest bearing obligations.

A mutual savings bank may invest its funds in bonds or other interest bearing or discounted obligations of corporations not otherwise eligible for investment by the savings bank which are prudent investments for such bank in the opinion of its board of trustees or of a committee thereof whose action is ratified by such board at its regular meeting next following such investment. The total amount a mutual savings bank may invest pursuant to this section shall not exceed fifty percent of the total of its guaranty fund, undivided profits, and unallocated reserves, or five percent of its deposits, whichever is less.

RCW 32.20.400 amended.

Sec. 10. Section 18, chapter 176, Laws of 1963 and RCW 32.20.400 are each amended to read as follows:

Investments—Home loans.

A mutual savings bank may invest not to exceed five percent of its funds in loans for home or property repairs, alterations, appliances, improvements, or additions, home furnishings, for installation of underground utilities, for educational purposes, or

for mobile homes used or to be used for permanent or semi-permanent housing: *Provided, That*

Investments—  
Loans for  
home or prop-  
erty repairs,  
alterations,  
appliances,  
additions,  
home furnish-  
ings.

(1) The principal amount of any loan shall not exceed five thousand dollars; except in the case of loans for mobile homes which shall not exceed fifteen thousand dollars;

(2) The application therefor shall state that the proceeds are to be used for one of the above purposes;

(3) The term of the loan shall not exceed sixty-two months, except in the case of loans for underground utilities, mobile homes or educational loans which may require repayment at such time and upon such terms as the bank may determine; and

(4) Nothing in this section shall permit a mutual savings bank to make secured or unsecured loans on or for inventory as that term is defined in section 9-109(4), chapter 157, Laws of 1965, RCW 62A.9-109 (4).

Sec. 11. There is added to chapter 13, Laws of 1955 and to chapter 32.20 RCW a new section to read as follows:

New section.

A mutual savings bank may invest not to exceed five percent of its funds in loans on the security, and for the purpose of financing the acquisition and development, of land for primarily commercial, industrial, or residential usage. Within the five percent limit, the bank may loan up to seventy-five percent of the borrower's investment in the land, but no loan shall be made under this section in an amount equal to more than seventy percent of the value of the real estate security therefor as of the completion of the development thereof into building lots or sites ready for construction thereon. Each such loan shall be repayable within a period of not more than ten years and the interest thereon shall be payable at least semiannually. Upon the sale or release from

Mutual savings  
banks—Invest-  
ment of funds  
for acquisition  
and develop-  
ment of lands.

the lien of any portion of the security property, the principal amount of any such loan shall be reduced in an amount at least equal to that portion of the total loan secured by the property sold or released. No disbursement of any of the proceeds of any loan made under this section shall be made at any time if such disbursement, together with the aggregate amount of such proceeds previously disbursed by the bank and not repaid to it, would exceed an amount equal to the sum of (1) seventy percent of the value at such time of that portion of the security property which is building lots or sites the development of which is in progress or completed and, (2) seventy percent of the value at such time of the remaining security property.

Passed the Senate February 17, 1967.

Passed the House March 6, 1967.

Approved by the Governor March 21, 1967.

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CHAPTER 146.

[Senate Bill No. 215.]

ANNEXATION OF FIRE PROTECTION DISTRICT  
TERRITORY BY CITY OR TOWN.

AN ACT relating to annexation of fire protection district territory by cities and towns; and amending section 35.13.248, chapter 7, Laws of 1965 and RCW 35.13.248.

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

RCW 35.13.248  
amended.

Section 1. Section 35.13.248, chapter 7, Laws of 1965 and RCW 35.13.248 are each amended to read as follows:

Cities and  
towns. Annex-  
ation of fire  
protection  
district.

If a portion of a fire protection district including less than sixty percent of the assessed value of the real property of the district is annexed to or incorporated into a city or town, the ownership of all