

rate of six per cent per annum during said year of redemption and for taxes becoming delinquent during the year of redemption together with interest thereon: *And, provided further*, That in case of any homestead selected in the manner provided by law and occupied for that purpose at the time of sale, the judgment debtor shall have the right to retain possession thereof during the period of redemption without accounting for issues or value of occupation. Homestead.

Passed the House March 6, 1939.

Passed the Senate March 5, 1939.

Approved by the Governor March 11, 1939.

CHAPTER 95.

[H. B. 148.]

INDUSTRIAL LOAN COMPANIES.

AN ACT relating to industrial loan companies; amending section 3, section 4 and section 5 of chapter 186 of the Laws of 1925, Extraordinary Session; amending section 24 of chapter 172 of the Laws of 1923; and repealing section 21, section 22 and section 23 of chapter 172 of the Laws of 1923.

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

SECTION 1. That section 3 of chapter 186 of the Laws of 1925, Extraordinary Session (section 3862-7 of Remington's Revised Statutes; section 4691-7 of Pierce's Code) be amended to read as follows:

Amends
§ 3862-7 Rem.
Rev. Stat.;
§ 4691-7 P. C.

Section 3. (a) The capital stock of any corporation incorporated under the provisions of this act shall be not less than thirty-five thousand dollars in any city having a population of one hundred thousand inhabitants, or less; and shall be not less than seventy-five thousand dollars in any city having a population in excess of one hundred thousand and not more than two hundred thousand inhabitants;

Capital
stock.

and shall be not less than one hundred thousand dollars in any city having more than two hundred thousand inhabitants, according to the last official census. The capital stock of any such corporation shall be divided into shares of the par value of one hundred dollars each. No corporation organized hereunder shall create more than one class of stock.

Increase or
decrease of
capital
stock.

(b) Any Industrial Loan Company may increase or decrease its capital stock or otherwise amend its articles of incorporation, in any manner not inconsistent with the provisions of this act, by a vote of the stockholders representing two-thirds of its capital at any regular meeting, or special meeting called for that purpose in the manner prescribed by its by-laws: *Provided*, That notice of a meeting to increase or decrease capital stock shall first be published once a week for four weekly issues in a newspaper published in the place in which such corporation is located, or if there be no newspaper published in such place, then in some newspaper published in the same county. The notice shall state the purpose of the meeting, the amount of the present capital of the Industrial Loan Company and the proposed new capital. A certificate of the fact and the terms of the amendment shall be executed by a majority of the directors and filed as required herein for articles of incorporation. No increase of capital stock shall be valid until twenty-five per cent of the amount thereof shall have been subscribed and actually paid in and a certificate of increase received from the Supervisor of Banking. Not less than one-twelfth of the balance of the authorized increase shall be paid in cash to the corporation within thirty days from the date the increase is authorized, and each thirty days thereafter until fully paid. No reduction of the capital stock shall be made to an amount less than is required for capital, nor be valid, nor warrant the

cancellation of stock certificates until such reduction has been approved by said Supervisor of Banking.

SEC. 2. That section 4 of chapter 186 of the Laws of 1925, Extraordinary Session (section 3862-8 of Remington's Revised Statutes; section 4691-8 of Pierce's Code) be amended to read as follows:

Amends
§3862-8 Rem.
Rev. Stat.;
§ 4691-8 P. C.

Section 4. Every corporation under the provisions of this act shall have power:

Corporate
powers.

(a) To loan money on personal security, or otherwise, and to deduct interest therefor in advance at the rate of ten per cent per annum, or less. To require the borrower to purchase simultaneously with the loan transaction or otherwise and pledge as security therefor an investment certificate not to exceed one-fifth more than the loan made; and to receive weekly, semi-monthly or monthly installment payments thereon with an allowance of not less than three per cent interest on such installments if paid on or before the date due. To charge a delinquency charge of five cents or less on each dollar delinquent one full week or more—no interest shall be collected on delinquent installments. At the time the certificate is paid for in full the company shall liquidate the loan by cancelling an equal amount of the certificate pledged as security therefor. No certificate or securities of any nature shall be sold to the borrower simultaneously with the loan transaction at a price in excess of the actual book value of the certificate or securities so sold.

(b) To charge for a loan made pursuant to this section a fee of two dollars or less on loans under one hundred dollars, and a maximum fee of two per cent on loans of one hundred dollars or more, for expenses in examining and investigating the character and circumstances of the borrower; and to charge a service fee of not to exceed fifty cents per month to be collected monthly. No additional charge shall be made except to reimburse the cor-

poration for money actually expended for filing fees. No charge shall be collected unless a loan shall have been made.

(c) To borrow money and to sell or negotiate for cash its promissory notes. Nothing herein contained shall be construed to authorize corporations hereunder to receive deposits or to issue certificates of deposit or to create any liability due on demand. The issuance of written evidences of debt herein authorized shall be approved as to form by the Supervisor of Banking.

(d) To establish branches subject to the approval and authority of the Supervisor of Banking.

(e) Conferred upon corporations by section 3803-11 of Remington's Revised Statutes.

Amends
§ 3862-9 Rem.
Rev. Stat.;
§ 4691-9 P. C.

SEC. 3. That section 5 of chapter 186 of the Laws of 1925, Extraordinary Session (section 3862-9 of Remington's Revised Statutes; section 4691-9 of Pierce's Code) be amended to read as follows:

Restrictions.

Section 5. No corporation under the provisions of this act shall:

(a) Make any loan, on the security of makers, co-makers, endorsers, sureties or guarantors, for a longer period than two years from the date thereof.

(b) Hold at any one time the primary obligation or obligations of any person, firm or corporation, for more than two per cent of the amount of the paid-up capital and surplus of such industrial loan company.

(c) Hold at any one time the obligation or obligations of persons, firms, or corporations purchased from any person, firm or corporation in excess of twenty per cent of the aggregate paid-up capital and surplus of such industrial loan company.

(d) Make any loans secured by chattel mortgage for a longer period than three years from the date thereof.

(e) Make any loan or discount on the security of its own capital stock, or be the purchaser or holder

of any such shares, unless such security or purchase shall be necessary to prevent loss upon a debt previously contracted in good faith. Stock so purchased or acquired shall be sold at public or private sale or otherwise disposed of within ninety days from the time of its purchase or acquisition.

(f) Invest any of its funds, otherwise than as herein authorized, except in such investments as are by law legal investments for commercial banks.

(g) Make any loan or discount, nor shall any officer or employee thereof on behalf of such corporation, make any loan or discount directly or indirectly to any director, officer or employee of such corporation.

(h) Have outstanding at any time its promissory notes or other evidences of debt in an aggregate sum in excess of three times the aggregate amount of its paid-up capital and surplus, exclusive of investment certificates hypothecated with the corporation issuing them.

Prohibited
acts.

(i) Exact a surrender charge on investment certificates issued by the corporation.

(j) Deposit any of its funds with any other moneyed corporation, unless such corporation has been designated as such depository by a vote of the majority of the directors or the executive committee, exclusive of any director who is an officer, director or trustee of the depository so designated.

(k) Make any loan or discount secured by real estate for an amount in excess of seventy-five per cent of the value of such real estate and improvements, including all prior liens against the same.

(l) Have outstanding at any time any investment certificates issued by it other than those authorized by this act.

(m) Pledge or hypothecate any of its securities to any creditor except that it may borrow and rediscount an amount not to exceed in the aggregate

three times the amount of the paid-up capital and surplus thereof, and may pledge as security for amounts borrowed assets of the corporation not exceeding one and one-half times the amount borrowed and may pledge as security for amounts rediscounted assets of the corporation not exceeding one-half the amount rediscounted.

Amends
§ 3862-24
Rem. Rev.
Stat.;
§ 4691-24 P. C.

SEC. 4. That section 24 of chapter 172 of the Laws of 1923 (section 3862-24 of Remington's Revised Statutes; section 4691-24 of Pierce's Code) be amended to read as follows:

Doing
business
without
authority.

Section 24. Any person, agent or corporation doing business, or attempting to do business in this state for any foreign industrial loan corporation shall be deemed guilty of a misdemeanor.

Penalty.

Repeal.

SEC. 5. That section 21, section 22 and section 23 of chapter 172 of the Laws of 1923 (sections 3862-21, 3862-22 and 3862-23 of Remington's Revised Statutes; section 4691-21, 4691-22 and 4691-23 of Pierce's Code) be and the same are hereby repealed.

Passed the House March 2, 1939.

Passed the Senate March 1, 1939.

Approved by the Governor March 11, 1939.