

Partial
invalidity.

SEC. 8. If any section, provision, or subdivision of a section of this act shall be adjudged to be invalid or unconstitutional, such adjudgment shall not affect the validity of the act as a whole, or any other section, subdivision, or provision thereof.

Effective
immediately.

SEC. 9. This act is necessary for the immediate preservation of the public peace, health and safety, the support of the state government and its existing public institutions, and shall take effect immediately.

Passed the Senate March 9, 1935.

Passed the House March 14, 1935.

Approved by the Governor March 22, 1935.

CHAPTER 171.

[S. B. 76.]

SAVINGS AND LOAN ASSOCIATIONS; NATIONAL HOUSING ACT.

AN ACT relating to the organization, management and supervision of savings and loan associations; authorizing associations to procure mortgage insurance from the Federal housing administration and savings insurance from the Federal savings and loan insurance corporation; enabling such associations to correlate with the Federal housing administration under titles II, III, and IV of the national housing act; authorizing associations to cancel notices of withdrawal; amending sections 47, 49, 56, 78 and 112 of chapter 183, Laws of 1933, and declaring that this act shall take effect immediately.

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

Amends § 47,
ch. 183, Laws
of 1933.

Correlation
with Federal
housing ad-
ministration.

SECTION 1. That section 47 of chapter 183 of the Laws of 1933 be amended to read as follows:

Section 47. Every association shall have power to purchase, own, vote, and sell stock in, or act as agent for, a Federal home loan bank; to procure insurance from the Federal housing administration or the administrator thereof, under the provisions of title II of the national housing act, upon any or all of

the mortgages owned by it; to sell any of its mortgages, with the approval of the supervisor, to any national mortgage association formed under the provisions of title III of the Federal housing act; to procure insurance from the Federal savings and loan insurance corporation, under the provisions of title IV of the national housing act, of the savings accounts of any or all of its members; and, in the exercise of these powers, may comply with any requirements of law or rules, regulations or orders promulgated by the Federal home loan bank board, Federal housing administration or the administrator thereof or Federal savings and loan insurance corporation, may execute any contracts or pay any premiums required in connection therewith, and may segregate its assets into classes where advisable for any of these purposes and, when directed by the supervisor, shall cancel the then existing notices of withdrawal of its shareholders, which cancellations shall be effective as of the date on which the respective notices of withdrawal were filed. Premiums paid for insurance procured pursuant to the provisions of this section shall not be included in computing operating expenses under the provisions of section 66 hereof.

May cancel notices of withdrawal.

An association so segregating its assets may transfer the assets in one or more classes, with the approval of the supervisor, to a corporation formed or to be formed for the purpose under and pursuant to the uniform business corporation act, the directorate of which shall be identical with that of the association and the capital stock of which shall be owned by the association. The association, however, may cause qualifying shares of such corporation to be issued to its directors, to be held, however, by them in trust for the association; and, upon the transfer to such corporation of a portion of the assets of the association, the shareholdings of the

Transfer of assets.

association shall be reduced proportionately and the corporation shall issue its debentures, upon such terms and conditions as the directors shall decide and the supervisor shall approve, proportionately to the shareholders of the association for the assets so received by it.

Supervision
by division
of savings
and loan.

Such corporation shall be subject to examination and supervision by the division of savings and loan for the same purposes and to the same extent as are savings and loan associations.

§ 12 shall
not apply.

The provisions of section 12 hereof shall not apply to a director of an association transferring a portion of its assets to such corporation: *Provided, however,* That each director of the association shall at all times hold, in shares of the association and debentures of such corporation, an aggregate amount equal to the requirements of said section 12.

Amends § 49,
ch. 185, Laws
of 1933.

SEC. 2. That section 49 of chapter 183 of the Laws of 1933 be amended to read as follows:

Mortgage
loans.

Section 49. An association may employ its funds in the making of first mortgage loans, substantially all of which shall be made to members. For every mortgage loan made the borrower shall execute a note stating the terms of the contract, and in every case such loan shall constitute a first lien upon a fee estate in improved real property. Straight loans not amortized at least annually are prohibited. Loans insured under the provisions of title II of the national housing act shall not be in excess of eighty (80) per cent of the appraised value of the property as of the date the mortgage is executed. Monthly repayment loans not so insured shall not be in excess of sixty (60) per cent of the appraised value of the property except that, where secured by property occupied by or intended for the occupancy of the borrower as his home, on which the house is less than one year old at the date of the mortgage or is under construction, the loan shall

Terms and
conditions.

not be in excess of sixty-six and two-thirds ($66\frac{2}{3}$) per cent of such appraised value. Such appraised value shall be based upon the value of the land, together with the permanent improvements thereon. Appraisals of the value of property upon which loans are to be made shall be determined by two appraisers appointed by the board of directors and approved for such service by the supervisor, such appraisal to be made in writing stating the conservative value of the property, and that each appraiser has personally examined said property, and signed by the appraisers, to be filed with the association before any mortgage loan shall be made. Before any mortgage loan shall be made, the association shall require abstract of title as to the mortgaged property, duly certified by a responsible person or corporation maintaining a complete set of abstract indices to land in the county where such real estate is situated, to be accompanied by a written opinion of a competent attorney to the effect that the proposed mortgage will constitute a first lien upon such property; or a policy of title insurance executed by a responsible title insurance corporation; or in the case of lands registered under the Torrens system, a duplicate certificate of ownership issued by a registrar of titles, and which loan shall provide that the mortgagor maintain fire insurance upon the buildings and improvements on the mortgaged premises, to be in a company authorized to transact the business of writing fire insurance in this state in such amount as shall be stipulated in the mortgage with mortgagee loss payable clause attached thereto in favor of the association, and that the said policies be deposited with and held by the association pending payment of the loan. No association shall make any real estate loans except on first mortgages, as in this act provided; and provided, that every association shall have at least eighty per cent (80%) in

Appraisers.

Abstract
required.Monthly
installments.

amount of its real estate mortgage loan investments in the form of monthly installment loans.

SEC. 3. That section 56 of chapter 183 of the Laws of 1933 be amended to read as follows:

Section 56. Subject to the provisions of this act, an association may buy, sell, lease and deal in real property; furniture, fixtures and office equipment convenient and necessary for the carrying on of its business; bonds and treasury certificates of the United States and obligations the payment of which is guaranteed by the United States; general obligation bonds and warrants of the State of Washington or any other state of the United States of America; general obligation bonds and warrants of any county in the United States and of any county or city in the United States having a population of over one hundred thousand (100,000) inhabitants as determined by the last Federal census, which states, counties and/or cities have not defaulted in interest or principal of any general obligation within ten years last past; general obligation bonds and warrants of any county, or city of the first or second class or school districts within the State of Washington which have not defaulted in interest or principal of any general obligation within ten years last past; first mortgages on fee estate on improved real property in the State of Washington; its shares and the debentures of any corporation, the entire capital stock of which is owned by it; the capital stock or bonds of a Federal home loan bank: *Provided, however,* That an association may not invest or deal in real estate bonds. All profits on insurance written on the loans made by the institution or by any officer or employee or agent of the institution shall be considered as earnings and placed in a proper account and distributed to depositors as other earnings of the institution.

Vetoed.

SEC. 4. That section 78 of chapter 183 of the Laws of 1933 be amended to read as follows:

Section 78. At any time prior or subsequent to the taking over of an association by the supervisor as in this act provided or prior or subsequent to the appointment of a liquidator therefor, such association, when such action is approved by the supervisor and by a two-thirds majority in amount of the shareholders present and voting at a special meeting called as in this act provided, may (first) proceed to voluntary liquidation or (second), being already in liquidation and not indebted otherwise than to its shareholders as such, and its excess losses having been charged pro rata against all classes of outstanding shares other than juvenile shares, to such extent as may have been required by the supervisor, reopen as an active association. In event an association shall elect to voluntarily liquidate, the assets of the association shall be converted into money and shall be applied, first, to the payment of the expenses and indebtedness of the association; second, to the payment of the juvenile shares, and third, to the pro rata payment of the shares of all other members of every class and kind. Nothing herein shall prevent the supervisor from taking over such association at any time during the progress of such voluntary liquidation or of such reopening for active business, as in this act provided for the taking over of associations by such supervisor. Nothing in this section shall limit the right of the supervisor to permit voluntary liquidation after he has taken over an association as provided in this act. Where an association is in voluntary liquidation as in this act provided, it shall pay all fees which would be required by law were it not in such form of voluntary liquidation. All acts of the supervisor and of all other officers and boards, and of all associations and their officers and directors heretofore performed in

Voluntary
liquidation.

Reopening.

Payment
of debts in
case of
liquidation.

Taking
over by
supervisor.

Payment of
fees.

the manner provided in this section are hereby validated, ratified and confirmed as fully, and to the same extent, as though this act has been in full force, effect and operation when the acts of such boards, officers and associations were so performed.

Amends § 112, ch. 183, Laws of 1933. Partial invalidity.

SEC. 5. That section 112 of chapter 183 of the Laws of 1933 be amended to read as follows:

Section 112. If any section, provision or part of this act shall be adjudged to be invalid or unconstitutional, such adjudication shall not affect the validity of the act as a whole, or of any section, provision or part thereof not adjudged to be invalid or unconstitutional.

Repeals §§ 9, 12, 17, 21, 22, 25, 26, ch. 110, Laws of 1913; §§ 1, 4, 5, 7, 8, 9, 10, 11, 12, 13, 14, 15, 17, 18, 19, 20, 21, 22, 23, ch. 169, Laws of 1919; ch. 144, Ex. Laws of 1925.

Sections 9, 12, 17, 21, 22, 25 and 26 of chapter 110, Laws of Washington, approved March 19, 1913; sections 1, 4, 5, 7, 8, 9, 10, 11, 12, 13, 14, 15, 17, 18, 19, 20, 21, 22 and 23 of chapter 169, Laws of Washington, approved March 19, 1919, and all of chapter 144, Laws of Washington, Extraordinary Session, approved January 15, 1926 (being sections 3716 to 3748 inclusive, of chapter 1, title XXI, of Remington's Compiled Statutes of Washington and Remington's 1927 Supplement to Remington's Compiled Statutes of Washington), be and they are hereby repealed.

Such repeal shall not operate to revive any acts or sections repealed thereby.

Effective immediately.

SEC. 6. This act is necessary for the immediate support of the state government and its existing public institutions and shall take effect immediately.

Passed the Senate February 5, 1935.

Passed the House March 7, 1935.

Approved by the Governor March 23, 1935, with the exception of section 3, which is vetoed.