

## CHAPTER 280.

[ S. B. 138. ]

## SAVINGS AND LOAN ASSOCIATIONS.

AN ACT relating to savings and loan associations; amending section 2, chapter 235, Laws of 1945 and RCW 33.08.010; amending section 57, chapter 235, Laws of 1945, as amended by section 5, chapter 20, Laws of 1949, and RCW 33.12.130; amending section 66, chapter 235, Laws of 1945, as amended by section 8, chapter 71, Laws of 1953, and RCW 33.24.090; amending section 69, chapter 235, Laws of 1945, as amended by section 7, chapter 20, Laws of 1949, and RCW 33.24.120; amending section 72, chapter 235, Laws of 1945 and RCW 33.24.150; amending section 74, chapter 235, Laws of 1945, as amended by section 8, chapter 20, Laws of 1949, and RCW 33.24.170; and adding three new sections to chapter 235, Laws of 1945 and to chapter 33.08 RCW; and declaring an emergency.

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

SECTION 1. No person, firm, company, association, fiduciary, co-partnership, or corporation, either foreign or domestic, shall organize as, carry on or conduct the business of an association except in conformity with the terms and provisions of this title or unless incorporated as a savings and loan association under the laws of the United States or use in name or advertising any of the following:

Any collocation employing either or both of the words "building" or "loan" with one or more of the words "saving," "savings," "thrift," or words of similar import except in conformity with this title;

Any collocation employing one or more of the words "saving," "savings," "thrift" or words of similar import, with one or more of the words "association," "institution," "society," "company," "corporation," or words of similar import, or abbreviations thereof except in conformity with this title or unless authorized to do business under the laws of this state or of the United States relating to savings and loan associations, banks, or mutual savings banks;

Compliance  
required—  
Use of words  
in name or  
advertising—  
Penalty—  
Savings.

nor shall the word "federal" be used as a part of such name unless the user is incorporated as a savings and loan association under the laws of the United States.

Neither shall the words "saving," or "savings," be used in any name or advertising or to represent in any manner to indicate that his or its business is of the character or kind of business carried on or transacted by an association or which is calculated to lead any person to believe that his or its business is that of an association unless authorized to do business under the laws of this state or of the United States relating to savings and loan associations, banks, or mutual savings banks.

Every person who, and every director and officer of every corporation which, to the knowledge of such director or officer, violates any provision of this section, shall be guilty of a gross misdemeanor. Such conduct shall also be deemed a nuisance and subject to abatement in the manner prescribed by law at the instance of the state supervisor of savings and loan associations or any other public body or officer authorized to do so.

The provisions of this section shall have no application to use of any word or collocation of words or to any representation or advertising which had been adopted and lawfully used by any person, firm, company, association, fiduciary, co-partnership or corporation lawfully engaged in business at the effective date of this act.

RCW 33.12.130  
amended.

SEC. 2. Section 57, chapter 235, Laws of 1945, as amended by section 5, chapter 20, Laws of 1949, and RCW 33.12.130 are each amended to read as follows:

Powers, re-  
strictions,  
available  
fund require-  
ments.

Every association shall have on hand at all times in available funds, to enable it to pay withdrawals in excess of receipts and to meet accruing expenses, a sum not less than three percent of the aggregate of the savings accounts of its members. Such fund

shall consist of cash on hand and balances due from solvent banks or checks in transit for collection from solvent banks, including funds deposited on time or demand with the federal home loan bank of which the association is a stockholder, certificates of deposit or time deposits in a bank, or savings accounts in other insured savings and loan associations or banks.

Available  
fund require-  
ments.

In addition, every association shall have on hand at all times, either in cash or in bonds or obligations authorized by RCW 33.24.020 to 33.24.040 and 33.24-.090, which cash, bonds or other obligations shall not be pledged or otherwise held as security for the payment of any obligations of the association, as follows:

Seven percent of the aggregate of the savings accounts of its members, if the principal place of business of the association shall be in a city or town having a population of not more than twenty-five thousand persons;

Nine percent of such savings accounts, if such principal place of business shall be in a city having a population in excess of twenty-five thousand persons and of not more than two hundred thousand persons; and

Eleven percent of such savings accounts, if such principal place of business shall be in a city having a population of more than two hundred thousand persons.

Whenever an association shall have on hand less available funds or bonds or obligations than are hereinabove required or when it shall owe borrowed money in an amount equal to one-half of its legal borrowing capacity as fixed by the federal home loan bank of which the association is a stockholder, it shall discontinue the making of any loans or other investments, except those for which its commitments have previously been issued, until a status

complying with the provisions of this section shall be re-established.

RCW 33.24.090 amended.

SEC. 3. Section 66, chapter 235, Laws of 1945, as amended by section 8, chapter 71, Laws of 1953, and RCW 33.24.090 are each amended to read as follows:

Loans, investments, obligations of federal and state agencies — Investment in other associations.

An association may invest its funds in stock or notes, bonds, debentures, or other such obligations of any federal home loan bank, the Home Owners' Loan Corporation, any federal land bank, the Federal Savings and Loan Insurance Corporation, the Federal Housing Administration, the Federal National Mortgage Association, or any other instrumentality of the federal government, or any state or federal agency organized under the laws of the United States or of the state of Washington authorized to loan to or act as a fiscal agency for, or insurer of, a savings and loan association.

An association may become a member of and invest its funds in other savings and loan associations organized under either federal or state law, which have an authorized office in this state: *Provided*, That the investment in any such other savings and loan association shall not exceed the amount which is insured by the Federal Savings and Loan Insurance Corporation.

RCW 33.24.120 amended.

SEC. 4. Section 69, chapter 235, Laws of 1945, as amended by section 7, chapter 20, Laws of 1949, and RCW 33.24.120 are each amended to read as follows:

Appraisal for mortgage loans.

For every mortgage loan, the borrower shall execute a note and a mortgage which shall constitute a first lien upon a fee estate in improved real property. For such loan, the appraised value shall be the value of the land and the permanent improvements thereon. Appraisals for loan purposes shall be made by two appraisers appointed by the board of directors, either or both of whom, if qualified, may be directors of the association: *Provided*, That the directors of an association may by resolution authorize

the reduction in the number of appraisers on every type loan to one qualified appraiser. In cases of loans insured or guaranteed in whole or in part by a government agency, an appraisal by an authorized appraiser appointed by the board shall be required in addition to the appraisal made by the government agency.

Every appraisal shall be made in writing, shall state that each appraiser has personally examined said property, has no personal interest therein, the conservative value of the property as so determined, and shall be signed by the appraisers. Such appraisal shall be filed with the association, before any mortgage loan shall be made.

Every mortgage loan, before making, shall be approved by the directors of the association or by a loan committee of the directors appointed for the purpose.

SEC. 5. Section 72, chapter 235, Laws of 1945 and RCW 33.24.150 are each amended to read as follows:

RCW 33.24.150 amended.

An association may invest its funds in promissory notes secured by the pledge or assignment of the savings account of the borrowing member. Any such loan shall not exceed ninety percent of the balance due to the member upon such savings account.

Notes secured by savings account.

An association may invest its funds in loans upon the security of a savings account in any other savings and loan association doing business in this state, if such account be insured by the federal savings and loan insurance corporation or any other federal or state agency. Any such loan shall not exceed ninety percent of the amount of such account or ninety percent of the amount of the insurance thereon, whichever is the smaller.

The pledge to any association or federal savings and loan association of all or part of a savings account in joint tenancy signed by that person or those

persons who are authorized in writing to make withdrawals from the account shall, unless the terms of the savings account provide specifically to the contrary, be a valid pledge and transfer to the association of that part of the account pledged, and shall not operate to sever or terminate the joint and survivorship ownership of all or any part of the account.

RCW 33.24.170  
amended.

SEC. 6. Section 74, chapter 235, Laws of 1945, as amended by section 8, chapter 20, Laws of 1949, and RCW 33.24.170 are each amended to read as follows:

Real estate  
for its own  
use.

An association may invest a reasonable amount of its funds in real property or leasehold interests therein for use in the transaction of its business when:

- (1) The aggregate of its contingent fund, surplus, and undivided profits accounts equals five percent of the aggregate of its savings accounts;
- (2) its directors, by three-fourths majority vote, approve the making of such investment; and
- (3) the total investment in such property does not exceed seven and one-half percent of the aggregate of its savings accounts.

The foregoing restrictions of this section shall not affect existing investments of associations. No association may invest its funds in real property or leasehold interests therein for use in the transaction of its business without the prior written approval of the supervisor.

Any real estate, except that used for the transaction of its business which is not sold by an association within five years from and after the time title is acquired, shall be depreciated at not less than ten percent of the book value at the close of each annual period, unless an extension of time be granted by the supervisor.

SEC. 7. There is added to chapter 235, Laws of 1945 and to chapter 33.08 RCW a new section to read as follows: New section.

An association with the written approval of the supervisor, may establish and operate branches in any county of the state. Branch associations authorized—Procedure—Limitations.

An association desiring to establish a branch shall file a written application therefor with the supervisor, who shall approve or disapprove the application within six months after receipt.

A branch shall not be established at a place in which the supervisor would not permit a proposed new association to engage in business, by reason of any consideration contemplated by RCW 33.08.060. A branch shall not be established or permitted if the contingent fund, loss reserves and guaranty stock are less than the aggregate paid-in capital which would be required by law as a prerequisite to the establishment and operation of an equal number of branches in like locations by a bank. If the application for a branch is not approved, the association shall have the right to appeal in the same manner and within the same time as provided by RCW 33.08.070. The association when delivering said application to the supervisor shall transmit to him a check for one hundred dollars to cover the expense of the investigation. An association shall not move any office from its immediate vicinity without prior approval of the supervisor.

SEC. 8. There is added to chapter 235, Laws of 1945 and to chapter 33.08 RCW a new section to read as follows: New section.

At least thirty days prior to approving an application for the establishment of a new association or branch the supervisor shall have published on three different dates in a newspaper of general circulation in the community in which the new office is to be established, a notice stating he has received an ap- New association or branch, notice of application for—Protests.

plication for a new association or branch office to be established in a given specific location. A similar notice shall also be mailed by the supervisor to all savings and loan association offices within a fifty mile area of the proposed new office. Persons interested in protesting the application may contact the supervisor in person or by writing prior to a date which shall be given in said notice.

Emergency.

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 February 27, 1959.

Passed the House March 6, 1959.

Approved by the Governor March 24, 1959.

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CHAPTER 281.

[ S. B. 151. ]

OFFICIAL STATE SONG.

AN ACT designating "Washington My Home" as the official song of the state of Washington; and adding a new section to chapter 1.20 RCW.

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

New section.

SECTION 1. There is added to chapter 1.20 RCW a new section to read as follows:

Official song designated.

The song, music and lyrics, "Washington My Home", composed by Helen Davis, is hereby designated as the official song of the state Washington.

Proceeds of sale used in promotion.

SEC. 2. All proceeds from the sale of the official song of the state as designated in section 1 of this act shall be placed in a special account of the general fund to be used by the department of commerce and economic development for advertising the state of