

CHAPTER 221.

[H. B. 199.]

REGULATION OF FIELD TRIALS FOR
HUNTING DOGS.

AN ACT providing for the regulation of field trials for hunting dogs and providing penalty for the violation thereof.

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

SECTION 1. Competitive field trials for hunting dogs, with or without the shooting or use of privately owned birds, may be held only in such months and under such rules and regulations as shall be prescribed by the State Game Commission: *Provided, however,* That no such trials shall be held between April 15 and September 1 of any year.

Field trials
under rules of
Game Dept.

Time.

SEC. 2. Any person violating any of the provisions of this act shall be guilty of a misdemeanor.

Penalty for
violation.

Passed the House February 7, 1941.

Passed the Senate March 9, 1941.

Approved by the Governor March 24, 1941.

CHAPTER 222.

[H. B. 330.]

SAVING AND LOAN ASSOCIATIONS.

AN ACT relating to the organization, management, and supervision of savings and loan associations, and amending sections 2 and 23 as heretofore amended, 49 as heretofore amended, 56 as heretofore amended, and 66 of chapter 183 of the Laws of 1933 (Remington's Revised Statutes, Supp. 3717-2, 3717-23, 3717-49, 3717-56 and 3717-66).

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

SECTION 1. That section 2 of chapter 183 of the Laws of 1933 (Remington's Revised Statutes, 3717-2 Supp.) be and the same hereby is amended to read as follows:

Vetoed.

Section 2. Wherever used in this act, unless the context otherwise requires, words and terms shall have the meanings attributed to them herein.

Capital: The contingent fund and other reserves, other than reserves for expenses and losses, of an Association.

Debenture: A written instrument evidencing an indebtedness of an Association, which is not secured by lien upon or pledge of any specific property, and constituting a charge upon the assets of the Association prior to that of its members.

Dues: Periodic payments made or to be made by a member on the purchase of installment shares.

Escheat Fund: An account into which is credited the investment of members who shall have been missing for more than seven years.

Matured Notice: A notice for withdrawal which has been on file with the Association for a period of six months and which remains unpaid, either wholly or in part.

Member: A holder of a savings account in or a borrower from an Association, each of whom, in addition to other voting privileges, shall have one vote at all membership meetings by virtue of such membership.

Operating Expenses: Includes salaries, wages, office rent, operating expenses of quarters actually occupied, advertising, printing, stationery, postage, telephone, telegraph, donations, premiums, and other like expenses.

Person: An individual, firm, association, or corporation.

Selling Agent: A person, firm or corporation representing an Association in the soliciting of members.

Share: A unit having a par value of one hundred dollars (\$100.00) evidencing a proportionate interest of a member in an Association, a free share being one

not pledged to the Association, and a pledge share being one pledged to the Association as collateral security.

SEC. 2. That section 23 of chapter 183 of the Laws of 1933, as amended by section 3 of chapter 98 of the Laws of 1939 (Remington's Revised Statutes, 3717-23 Supp.) be and the same hereby is amended to read as follows:

Section 23. An Association may, if provided in its by-laws, issue installment shares, juvenile shares, savings shares and fully paid certificate shares.

Installment shares are those upon which regular stipulated payments shall be made at stated periods until the sum of such payments and dividends credited thereon equal their par value. An Association may, in its by-laws, provide for and may in such case pay a higher dividend rate than is concurrently paid on savings shares to the holders of such installment shares if such installment shares are carried to their maturity and may so provide that if such installment shares are not carried to their maturity and are withdrawn theretofore, if withdrawn prior to two years from being subscribed shall receive fifty per cent of the dividend earnings thereon, if withdrawn between two and three years after being subscribed shall receive sixty per cent of the dividend earnings thereon, if withdrawn between three and four years after being subscribed, seventy per cent of the dividend earnings thereon, if withdrawn between four and five years after being subscribed, eighty per cent of the dividend earnings thereon, and if withdrawn after five years after being subscribed, ninety per cent of the dividend earnings thereon.

Savings and fully paid certificate shares are shares for which the purchaser shall pay the full par value at the time of issuance and such accounts may be issued in units of one or more shares and/or a

Vetoed.

Vetoed. } fractional part of a share. Trustees, administrators, executors, guardians and other fiduciaries, either individual or corporation, in their fiduciary capacity, and municipal corporations, may invest in such accounts to the extent of and while the same are covered by insurance in the Federal Savings and Loan Insurance Corporation or any state or federal corporation or agency authorized to write such insurance.

SEC. 3. That section 49 of chapter 183, Laws of 1933, as amended by section 8 of chapter 98 of the Laws of 1939 (Remington's Revised Statutes, 3717-49 Supp.) be and the same hereby is amended to read as follows:

Section 49. Every Savings and Loan Association shall have on hand at all times, in cash, or available deposits in banks and trust companies, exclusive of cash held for commitments on loans and loans in process, a sum not less than three per cent (3%) of its outstanding privately owned shares and, in addition, a sum, in cash, deposited in banks and trust companies, or invested in bonds or obligations of the United States of America, or invested in any bonds in which an Association may invest, in an aggregate amount equal to not less than three per cent (3%) of its outstanding privately owned shares.

Subject to the foregoing provision, if an Association, at any time, shall have less than the six per cent (6%) hereinabove prescribed in cash or deposited in banks and trust companies, or invested as hereinabove prescribed, such Association shall immediately discontinue lending or the making of investments, except those for which its commitments have previously been issued, until a status complying with the provisions of this section shall be reestablished.

SEC. 4. That section 56 of chapter 183 of the Laws of 1933, as amended by section 11 of chapter 98 of the Laws of 1939 (Remington's Revised Statutes, 3717-56 Supp.) be and the same hereby is amended to read as follows:

Section 56. A Savings and Loan Association may invest its funds:

(1) In the bonds or obligations of the United States of America, 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 the interest and principal, including bonds of the District of Columbia: *Provided, That*, in the case of bonds of the Dominion or those for which its faith is pledged, the interest and principal 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.

(2) In the bonds or interest bearing obligations of this state, issued pursuant to the authority of any law of this state, for which the faith of the state is pledged to provide for payment of interest and principal.

Vetoed.

(3) In the bonds or obligations of any other state of the United States for which the faith of such state is pledged to provide for payment of interest and principal and upon which there has been no default of any general obligation for ten (10) years last past.

(4) In the valid warrants or bonds of any city, town, county, school district, port district, or other municipal corporation in the State of Washington issued pursuant to law and for the payment of which the faith and credit of such municipality, county, or district is pledged and taxes are leviable upon all taxable property within its limits.

(5) In the valid bonds or warrants of any city, county, school district, port district, or other mu-

nicipal corporation in the United States having a population of not less than 50,000 inhabitants as determined by the last Federal census, which city, county, or district has not defaulted in interest or principal of any general obligation within ten years last past and for the payment of which the faith and credit of such municipality, county, or district are pledged and taxes are leviable upon all property within its limits.

No such investment shall be made, however, unless such bonds or warrants are rated not less than BAA by Moodys Investors Service or have equivalent rating of another standard rating bureau.

(6) In the light, water, or sewer revenue bonds of any city for the payment of which the entire revenue of the city's light, water, or sewer system, less maintenance and operating costs, is irrevocably pledged.

Vetoed. (7) In the bonds of any irrigation, diking, drainage, diking improvement, or drainage improvement district of the county in this state in which is located the principal office of the Association, unless the total indebtedness of the district, after the completion of the improvements for which the bonds are issued, plus the amount of all other assessments of a local or special nature against the land assessed or liable to be assessed to pay the bonds, exceeds forty per cent (40%) of the value of the benefited property, exclusive of improvements, at the time the bonds are purchased or taken by the Association, according to the actual valuation last placed upon the property for general taxation.

Before any such bonds are purchased or taken as security, the condition of the district's affairs shall be ascertained and the property of the district examined by at least two members of the Board of the Savings and Loan Association or two competent appraisers appointed by the Board, who shall report in writing their findings and recommendations; and no

bonds shall be taken unless such report be favorable, nor unless the executive committee of the Board of Directors, after careful investigation, is satisfied of the validity of the bonds and of the sufficiency of the assessment or other means provided for payment thereof: *Provided, however,* That no Association shall invest a sum greater than three per cent (3%) of its funds, or, in any event, more than One Hundred Thousand Dollars (\$100,000), in the bonds of any one district described in this section.

(8) In the bonds of any local improvement district of any city of this state (except bonds issued for an improvement consisting of grading only), the ultimate payment of which is guaranteed by the municipality under the provisions of guaranty laws of this state: *Provided,* That one-half of the lots in the local improvement district be improved with revenue producing houses or other improvements and that local improvement district bonds falling within the fifty per cent (50%), in amount of any issue, last callable for payment shall neither be acquired, nor taken as security, and that no Association shall invest a sum greater than three per cent (3%) of its funds, or, in any event, not more than One Hundred Thousand Dollars (\$100,000) in the bonds of any one district described in this section. Vetoed.

(9) In stock or bonds 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, or any state or Federal agency organized under authority of the laws of the United States or of the State of Washington, authorized to loan to or act as a fiscal agency for a Savings and Loan Association, and in bonds of a National Mortgage Association created under the laws of the United States Government.

(10) In the 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. Loans not amortized at least annually are prohibited. Notwithstanding any law limiting the amount that an Association may loan to an individual or upon any property, an Association may make any mortgage loan insured by the Federal Housing Administrator or other Federal or state agency, or for which such administrator or agency has issued commitment to insure. Monthly repayment loans not so insured shall not be in excess of sixty per cent (60%) of the appraised value of the property except that, where secured by property on which the house is less than one year old at the date of the mortgage or is under construction, the loan shall not be in excess of seventy-five per cent (75%) 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 ex-

Vetoced.

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

Vetoed.

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 be improved to the extent required by this section.

(11) In the purchase of real estate contracts, under the following conditions only:

(a) That it must acquire the title in fee to the property covered by such contract;

(b) That the property be such as would be eligible for a mortgage loan under paragraph (10) of this section;

(c) Either that not less than twenty per cent (20%) of the principal of the purchase price under said contract shall have been paid or that the amount due under said contract shall not exceed seventy-five per cent (75%) of the appraised value of the property, whichever is the higher, and that the pur-

chaser shall not be in default in performance of any of the terms of said contract;

(d) That the remainder of the purchase price of the contract will, by its terms, be paid within the periods provided in this act for the payment of mortgage loans.

(12) Not to exceed ten per cent (10%) of its funds in promissory notes payable to the order of the Association upon demand, secured by the pledge or assignment of any bonds, warrants, or interest bearing obligations lawfully purchasable by an Association, or secured by pledge or assignment of one or more real estate mortgages of the class prescribed in paragraph (10) of this section, but no such loan shall exceed seventy-five per cent (75%) of the cash market value of the securities so pledged.

Vetoed. Should any of the securities so held in pledge depreciate in value after the making of such loan, the Association shall require an immediate payment of such loan, or of a part thereof, or additional security therefor, so that the amount loaned thereon shall at no time exceed seventy-five per cent (75%) of the market value of the securities so pledged for such loan.

(13) When permitted by its by-laws and if not on notice as to withdrawal of shares, in promissory notes made payable to the order of the Association on demand, secured by the pledge and assignment of the pass book of the borrowing member as collateral security for the payment thereof. No such loan shall exceed ninety per cent (90%) of the balance due to the holder of such pass book as shown therein.

(14) If not on notice as to withdrawal of shares, in loans upon its own debentures and upon the debentures of any other Association doing business in this state in a sum not exceeding ninety per cent (90%) of the principal amount due upon such debentures.

(15) In its shares or savings accounts or the shares or savings accounts of any other Association in this state, either state or Federal, the shares or savings accounts of which are insured by the Federal Savings and Loan Insurance Corporation or any other Federal or state agency authorized thereto. Such investments may be either by loan or purchase: *Provided, however,* That such investments shall not exceed, in any purchase or loan, ninety per cent (90%) of the face value of such shares or savings account.

Vetoed.

(16) In furniture, fixtures, and office equipment convenient and necessary for the carrying on of its business.

SEC. 5. That section 66 of chapter 183 of the Laws of 1933 (Remington's Revised Statutes, 3717-66 Supp.) be and the same hereby is amended to read as follows:

Amendments.

Section 66. No Association shall pay or obligate itself to pay, either directly or indirectly, in the course of any calendar year, for its operating expenses, any sum or sums, the aggregate of which, exclusive of any premium costs for the insurance protection as provided by Title IV of the National Housing Act, as now or hereafter amended, shall exceed two per cent (2%) of the average amount of the assets of such Association during such year: *Provided,* That Associations having assets of less than one million dollars (\$1,000,000.00) may lawfully incur operating expenses not to exceed two and one-half per cent (2½%) of the average amount of such assets during such year: *And further provided,* That an Association having such assets of less than fifty thousand dollars (\$50,000.00) may lawfully incur operating expenses not to exceed a total of one thousand dollars (\$1,000.00) per annum, and, in the event such operating expenses exceed such sums, the

Operating expenses.

Maximum amount.

Exception.

Restriction small associations.

Supervisor
may alter.

Supervisor shall have power to make such changes as he deems advisable in the management of such Association by removal of officers and directors thereof, which shall not be construed as a limitation upon other powers of the Supervisor.

Passed the House February 24, 1941.

Passed the Senate March 10, 1941.

Approved by the Governor March 25, 1941, with the exception of sections 1, 2 and 4, which are vetoed.

CHAPTER 223.

[S. H. B. 1.]

GRANTS TO NEEDY SCHOOL DISTRICTS.

AN ACT relating to education; providing for urgently needed facilities for school districts in the State of Washington, appropriating funds to carry out the provisions of the act; providing for the powers and duties of certain officers; and declaring an emergency.

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

Premise.

SECTION 1. Education being primarily a state obligation as enunciated in our State Constitution, it is the paramount duty of the state to make ample provision for the education of all children residing within its borders, without distinction or preference on account of race, color, caste, or sex. It is therefore essential that adequate provisions be made for the care of all children so as to make effective this provision in our Constitution. The state through its Progress Commission and in countless ways has advertised the many advantages to the nation of our climate, agriculture, industry, scenic, and educational possibilities. The rapid expansion of our defense industries and the heavy migration of people to Washington is taxing the financial ability of our school districts to meet adequately the education of

Purpose.