

CHAPTER 20.

[H. B. 39.]

SAVINGS AND LOAN ASSOCIATIONS.

AN ACT relating to savings and loan associations; regulating their organization, management, savings, dividends, investments, liquidation and conversion; amending sections 4, 12, 50, 57, 67, 69, 102, 116, and section 52 as amended, chapter 235, Laws of 1945.

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

SECTION 1. Section 4, chapter 235, Laws of 1945, Amendment. (section 3717-123, Rem. Supp. 1945) is amended to read as follows:

Section 4. Such persons shall subscribe and acknowledge articles of incorporation in quadruplicate, which articles shall specifically state: Contents of articles of incorporation.

(a) The name of the association, which shall include the words "Savings Association" and may include the words "and Loan";

(b) The city or town and county in which it is to have its principal place of business;

(c) The name, occupation, and place of residence of each incorporator;

(d) Its purposes;

(e) Its duration, which may be for a stated number of years or perpetual;

(f) The amount of paid-in savings with which the association will commence business;

(g) The first directors (not less than seven), with their respective occupations and post office addresses.

The articles of incorporation may contain any other provisions consistent with the laws of this state and the provisions of this act pertaining to the association's business or the conduct of its affairs.

SEC. 2. Section 12, chapter 235, Laws of 1945, Amendment. (section 3717-131, Rem. Supp. 1945) is amended to read as follows:

Members' proportionate proprietary interest.

Section 12. Each member having savings in an association shall have a proportionate proprietary interest in its assets or net earnings subordinate to the claims of its other creditors. Each borrower and each contract purchaser indebted to an association shall also be a member thereof but, as such, shall have no interest in its assets. At any meeting of the members of an association, each member shall be entitled to at least one vote. An association, by its by-laws, may provide that each savings member shall be entitled to one vote for each one hundred dollars (\$100) of his savings account. At any meeting of the members, voting may be in person or by proxy. Proxies shall be in writing and signed by the member and, when filed with the secretary, shall continue in force until revoked or superseded by subsequent proxies. Written notice of the time and place of the holding of special meetings (other than the regular annual meeting) shall be mailed to each member at his last known address not more than thirty (30) days, nor less than 10 days prior to the meeting. The regular annual meeting of the association shall be announced by publication of a notice thereof in a newspaper published in the city or town, or, if the association is not in a city or town, in the county in which the association is located at least ten (10) days prior to the date of such meeting, or by ten (10) days' written notice to the members mailed to the last known address of each member.

Voting.

Proxies.

Annual meeting.

Amendment.

SEC. 3. Section 50, chapter 235, Laws of 1945, (section 3717-169, Rem. Supp. 1945) is amended to read as follows:

Section 50. As of June 30 and December 31 of each year the net earnings of the association shall be determined and placed in an account to be known as undivided profits or unallocated reserve account from which shall be transferred to the contingent

Undivided profit fund.

fund the amount required and to other reserve accounts additional amounts as the directors may deem expedient for the security of the members. The Board of Directors shall as of close of business on June 30 and December 31 declare dividends from the amount thereafter remaining in the undivided profits (or unallocated reserve) account including any amounts remaining in said account from previous semiannual periods.

Dividends.

An association may not be required to pay dividends on balances of less than five dollars (\$5.00).

SEC. 4. Section 52, chapter 235, Laws of 1945, as amended (section 3717-171, Rem. Supp. 1947) is amended to read as follows:

Amendment.

Section 52. Any Federal insurance reserve fund of an association may be incorporated into the contingent fund. Whenever the aggregate of the contingent fund, undivided profits account and other reserves except those allocated for specific losses, shall exceed ten per cent (10%) of the amount of members' savings of an association, the credits to the contingent fund as set forth in section 51 shall not be required.

Credits to contingent fund.

SEC. 5. Section 57, chapter 235, Laws of 1945, (section 3717-176, Rem. Supp. 1945) is amended to read as follows:

Amendment.

Section 57. 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 per cent (3%) of the aggregate of the savings accounts of its members. Such funds shall consist of cash on hand and balances due from 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.

Cash reserve required.

In addition, every association shall have on hand at all times, either in cash or in bonds or obligations

Assets
required to
be on hand.

authorized by sections 59 to 61 of this act, 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 per cent (7%) 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 (25,000) persons;

Nine per cent (9%) of such savings accounts, if such principal place of business shall be in a city having a population in excess of twenty-five thousand (25,000) persons and of not more than two hundred thousand (200,000) persons; and

Eleven per cent (11%) of such savings accounts, if such principal place of business shall be in a city having a population of more than two hundred thousand (200,000) persons.

Loans dis-
continued.

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.

Amendment.

SEC. 6. Section 67, chapter 235, Laws of 1945, (section 3717-186, Rem. Supp. 1945) is amended to read as follows:

Real estate
mortgages.

Section 67. An association may invest its funds in loans secured by first mortgages on improved real estate, subject to the following conditions and restrictions:

50% of value
of security.

(1) No mortgage loan shall be made in excess of fifty per cent (50%) of the value of the security

unless its terms require the payment of the 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 twenty-five (25) years, beginning within one (1) year and continuing until the loan is reduced to fifty per cent (50%) or less of the value of the security as then determined upon a re-appraisal. No loan upon which payments in reduction of principal are not being made at least annually shall continue for more than five (5) years, unless, at the expiration of each five (5) year period, it shall be re-appraised and the loan reduced to an amount not in excess of fifty per cent (50%) of the new appraised value.

(2) Notwithstanding any other provision of this act, an association may make any loan which is insured or guaranteed in whole or in part by the Federal housing administrator, the veterans' administration, or any other state or Federal agency, or for which said administrator, administration, or agency has issued commitment to insure or guarantee such loan.

Federal
guaranteed
loans.

(3) Loans not so insured or guaranteed shall not be in excess of:

(a) Eighty per cent (80%) of the appraised value, if secured by a first mortgage lien on property on which is situated a dwelling not over thirty (30) months old.

(b) Sixty-six and two-thirds per cent ($66\frac{2}{3}\%$) of the appraised value, if secured by a first mortgage lien on property on which is situated a dwelling not over fifteen (15) years old or which is fully repaired and modernized at the time the loan is made.

(c) Sixty per cent (60%) of the appraised value, if secured by a first mortgage lien on property improved with a dwelling or apartment building other than as above described.

(d) Fifty per cent (50%) of the appraised value, if secured by a first mortgage lien on property im-

proved with a building or buildings other than as above described.

(4) Notwithstanding the provisions of this section, an association may make any loan which is permitted to a Federal Savings and Loan Association doing business in this state.

Amendment. SEC. 7. Section 69, chapter 235, Laws of 1945, (section 3717-188, Rem. Supp. 1945) is amended to read as follows:

Note and mortgage of borrower.

Section 69. 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. In cases of loans insured or guaranteed in whole or in part by a government agency one such appointed appraiser shall suffice.

Appraisal. 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.

Approval by directors.

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.

Amendment. SEC. 8. Section 74, chapter 235, Laws of 1945, (section 3717-193, Rem. Supp. 1945) is amended to read as follows:

Section 74. An association may invest a reasonable amount of its funds in real property or lease-

hold interests therein for use in the transaction of its business when:

Real property for office for business.

(1) the aggregate of its contingent fund, surplus, and undivided profits accounts equals five per cent (5%) of the aggregate of its savings accounts;

(2) its directors, by unanimous vote, approve the making of such investment; and

(3) the total investment in such property does not exceed seven and one-half per cent (7½%) 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 per cent (10%) of the book value at the close of each annual period, unless an extension of time be granted by the Supervisor.

SEC. 9. Section 102, chapter 235, Laws of 1945, (section 3717-218, Rem. Supp. 1945) is amended to read as follows:

Amendment.

Section 102. Any domestic association may determine to enter upon voluntary liquidation, to transfer its assets and liabilities to another association, to merge with another association, to segregate its assets into classes, to charge off its losses in excess of its reserves.

Liquidation or merger.

Any such liquidation, transfer, merger, segregation, or charge-off shall be effected by the vote of a majority in amount of the members present, in person or by proxy, at any regular or special meeting of the members called for such purpose. Notice of such meeting, stating the purpose thereof, shall be

Notice of meeting.

given the Supervisor at least thirty (30) days prior to the meeting and to the members pursuant to the provisions contained in section 12.

If such liquidation, transfer, merger, segregation, or charge-off be authorized by the members at the meeting, the directors of the association are authorized and shall effect such action, and the officers of the association shall execute all proper conveyances, documents, and other papers necessary or proper thereunto.

Amendment.

SEC. 10. Section 116, chapter 235, Laws of 1945, (section 3717-235, Rem. Supp. 1945) is amended to read as follows:

Conversion
to Federal
association.

Section 116. Any domestic association may convert itself into a Federal Savings and Loan Association. Any such conversion shall be effected by the vote of a majority in amount of the members present, in person or by proxy, at any regular or special meeting of the members called for such purpose. Notice of such meeting, stating the purpose thereof, shall be given the Supervisor at least thirty (30) days prior to the meeting and to the members pursuant to the provisions contained in section 12.

If such conversion be authorized by the members at the meeting, the directors of the association are authorized and shall effect such action, and the officers of the association shall execute all proper conveyances, documents, and other papers necessary or proper thereunto.

If conversion be authorized, a copy of the minutes of the meeting shall be filed forthwith with the Supervisor.

Upon consummation of such conversion, the successor Federal Savings and Loan Association shall succeed to all right, title, and interest of the domestic association in and to its assets, and to its liabilities to the creditors and members of the association.

Upon such conversion, after the execution and delivery of all instruments of transfer, conveyance and assignment, the domestic association shall be deemed dissolved.

Passed the House February 4, 1949.

Passed the Senate February 16, 1949.

Approved by the Governor February 24, 1949.

CHAPTER 21.

[H. B. 55.]

REBATE OF PROPERTY TAXES.

AN ACT relating to revenue and taxation; relating to the dates for payment of real and personal property taxes; reducing the rate of interest on delinquent property taxes; eliminating the rebate for early payment of property taxes and amending sections 83, 86 and 89, chapter 130, Laws Extraordinary Session, 1925, as amended, and declaring an emergency.

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

SECTION 1. Section 83, chapter 130, Laws Extraordinary Session 1925, as last amended by section 2, chapter 30, Laws of 1935, is hereby amended to read as follows: Amendment.

Section 83. The County Treasurer shall be the receiver and collector of all taxes extended upon the tax rolls of the county, whether levied for state, county, school, bridge, road, municipal or other purposes, and also of all fines, forfeitures or penalties received by any person or officer for the use of his county. All taxes upon real and personal property made payable by the provisions of this act shall be due and payable to the Treasurer as aforesaid on or before the thirtieth day of April in each year, after which date they shall become delinquent, and interest at the rate of eight per cent per annum shall be charged upon such unpaid taxes from the County Treasurer collects all taxes.
Date payable.
Delinquencies.
Interest.