

shall such company make insurance in more than one of said classes unless it shall have additional capital of not less than fifty thousand dollars: *Provided, however,* That the requirement of a surplus as provided in this section shall only apply to domestic insurance companies organizing and commencing to transact the business of making insurance and that such companies may use such surplus in establishing the company in business without impairment of the company.

(8) *Assessment. Mutual—Fraternal Companies.*

Mutual
company
exempt.

The provisions of this section shall not apply to life or fire insurance companies operating on the mutual, or assessment, or fraternal plan.

Passed the House February 20, 1913.

Passed the Senate February 28, 1913.

Approved by the Governor March 19, 1913.

CHAPTER 110.

[H. B. 341.]

RELATING TO BUILDING AND LOAN ASSOCIATIONS.

[This repeats
all of Title
XXI of
Rem.-Bal.;
Pierce's
Code, 1912,
405 §§ 183-
257.]

AN ACT relating to the organization and to the management, regulation and control of building and loan and savings and loan associations and societies; providing penalties for the violation thereof; and repealing sections 3601 to 3638 inclusive of Remington & Ballinger's Annotated Codes and Statutes of Washington.

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

Ten or more
citizens may
organize.

SECTION 1. Ten or more persons, citizens of the State of Washington, may form a savings and loan association or savings and loan society for the purpose of accumulating the savings and funds of its members and lending its shareholders or others the funds so accumulated by making and acknowledging in quadruplicate and by filing as hereinafter required articles of incorporation specifying:

Name.

(a) The name of the proposed association, which shall terminate with the words "Savings and Loan Association," or "Savings and Loan Society."

(b) The city, town or village and the county wherein the principal place of business of the association is to be located and which must be within the State of Washington.

Place of business.

(c) The number of its directors, which shall not be less than seven nor more than fifteen. The first board of directors shall hold office for a term to be specified in said articles of not less than two, and not more than six months from the time said association is authorized to do business.

Board of directors.

(d) The names, occupation and postoffice addresses of its first directors.

Names.

(e) The names, occupation and postoffice addresses of the subscribers to the articles of incorporation, and a statement of the number of shares which each has agreed to take. The matured value of the total number of shares so subscribed shall be at least \$25,000.00.

Names of stockholders.

(f) The limit of capital to be accumulated.

Capital.

(g) The time of duration of said association, which shall not exceed fifty years.

Life of company.

Said articles shall be filed in the first instance in the office of the state auditor pending his approval thereof and of the by-laws of said association as hereinafter provided for.

Filed with state auditor.

The articles of incorporation may be amended by a vote of at least two-thirds in number of the shareholders voting at any general meeting, or by a special meeting called for that purpose, and a copy of the resolution making said amendment shall be certified in quadruplicate by the president and secretary under the seal of said corporation, and when so certified shall be so filed and kept the same as in the case of original articles, and from the time of said filing, said amendment shall have the same effect as if embraced in the original articles of incorporation: *Provided, however,* That no increase in the authorized capital shall be made unless three-fourths of the capital previously authorized has actually been issued.

Amendments.

SEC. 2. Each association shall adopt by-laws for its government and therein describe the manner in which its

By-laws.

State
auditor to
approve
by-laws.

business shall be transacted, which by-laws shall be in conformity with the provisions of this act, and the laws of this state, and at all times be open to the inspection of the state auditor and the members of the association at its home office. All by-laws shall be subject to the approval of the state auditor before going into effect, and in case any provision in such by-laws shall be contrary to the provisions of this act, or to the laws of this state, or be detrimental to the interests of the members of such organization, or against public policy, he may, under the advice and consent of the attorney-general, require the same to be stricken out.

Attorney
General
to advise.

Auditor to
determine
responsibility
of incor-
porators.

SEC. 3. Whenever said articles of incorporation are in due form and regularly executed and the by-laws have been duly approved as above required, the state auditor thereupon shall ascertain from the best source of information at his command the responsibility, character and general fitness of the incorporators. If he shall be satisfied concerning the several matters specified above, he shall, within a reasonable time, issue under his hand and official seal a certificate reciting in substance the filing in his office of the articles of incorporation and by-laws; that said articles and by-laws conform to all the requirements of law; that he has approved the same, and that he verily believes the incorporators are fit and proper to conduct the business of a savings and loan association as defined in this act and said by-laws. Said certificate shall be made in quadruplicate and attached to each copy of the articles of incorporation, one of which shall be retained by the state auditor and the other three shall be returned to the incorporators who shall forthwith file one copy thereof in the office of the secretary of state, one in the office of the auditor of the county in which the chief place of business of said association is located, and the other shall be retained by the association, whereupon the incorporation of said association shall be deemed complete.

Certificate
to do
business.

Triplicate
filings.

SEC. 4. Each officer and director, when appointed or elected, shall take an oath that he will, so far as the duty

devolves upon him, diligently and honestly administer the affairs of such association, and will not knowingly violate the by-laws or any of the provisions of law applicable to such association.

Oath of director.

Each officer or agent having the custody of money or securities of an association shall be required to give bond to such association in an amount to be determined by the board of directors of such association commensurate with his liability.

Bond of officers.

SEC. 5. The membership of the association shall consist of those persons holding shares therein.

The by-laws may provide for an entrance, membership or withdrawal fee, but the total of such fees shall not exceed two dollars upon each share, and no other fee, penalties, fines or forfeitures shall be charged, except reasonable charges for expenses in closing loans, and for delinquency in making payments on stock and loans.

Limitation on charges, etc.

The above provision shall not apply to dividends which may revert to the association as provided in section 7 of this act.

SEC. 6. The capital of every such association shall consist of the accumulated payments made by its members and dividends credited thereon, and shall be represented by shares. Every share issued shall have a matured value of one hundred dollars. Every such association shall be either permanent or serial in character as provided by the terms of its by-laws. A permanent association may issue shares at any time and credit its dividends upon the pass books of its members. A serial association may issue shares in series and credit its dividends equally upon each share issued in such series. No shares of a prior series shall be issued after the issuing of shares in a later series, when issued upon the serial plan, except at the book value at the last distribution of profits plus the dues and accumulated earnings thereon since such distribution. Shares which have not been transferred to the association as security for the repayment of a loan shall be called free

Value of shares.

Free shares.

Pledged
shares.

shares. Shares that have been so transferred shall be called pledged shares.

Preferred
stock pro-
hibited.

No preferred stock shall be issued, *i e.*, stock upon which a different or stipulated rate of dividends shall be guaranteed or paid before or regardless of the amount of dividends distributed to other classes of shares, neither shall any shares be issued which shall be exempt from bearing their *pro rata* portion of loss: *Provided, however,* That nothing herein contained shall be held to prohibit any association already having reserve stock outstanding from continuing to have an equal amount of such stock outstanding, and from issuing, if necessary, additional reserve fund stock so as to equal five per cent. of the capital as defined in this section; and when so provided in its by-laws, such reserve fund stock may participate in all earnings equitably with the general stock and be chargeable with all real estate taken under foreclosure or otherwise in the adjustment of delinquent loans together with all direct losses of whatever nature sustained by the association in the general course of business and in consideration of such guaranty against loss, and when provided in the by-laws such stock may receive additional dividends, and such stock shall not be subject to withdrawal until all other classes of stock and all other liabilities of the association shall first have been liquidated, and any such association may agree to mature its other classes of stock at a fixed time, providing any deficiency arising therefrom shall be chargeable only to such reserve fund stock.

Reserve
stock
authorized.

Any association may issue the shares classified below when so provided by its by-laws:

Installment
shares.

(a) Installment shares upon which a regular stipulated payment of dues shall be made at stated periods expressed in the by-laws.

Savings
shares.

(b) Savings shares, upon which payments shall be made in such sums and at such times as the holder thereof may elect until the shares reach their matured value or are withdrawn.

(c) Fully paid shares, upon which a single payment amounting to one hundred dollars per share shall be paid at the time of subscription. Fully paid shares.

(d) Juvenile shares. Any association may issue juvenile shares to, or in the name of, any minor which shall be held for the exclusive right and benefit of such minor and free from the control or lien of all other persons; and the accumulated savings on these shares together with the dividends credited thereon shall be paid to the persons in whose name the shares have been issued and the receipt or acquittance of such minor shall be valid and sufficient release and discharge to the association for such accumulated savings, together with the dividends credited thereon or any part thereof. Juvenile shares.

SEC. 7. Profits and losses shall be ascertained and distributed semi-annually or annually. Dividends shall be taken from the net earnings of the association and, subject to the provisions of section 6 relating to reserve fund stock shall be distributed ratably to all classes of shares and to each share in proportion to the accumulation made thereon: *Provided*, That when stock is withdrawn within two years of its issuance, the withdrawing member shall receive only such proportion of the dividends as may be provided in the by-laws, but when such stock is more than two years old, the withdrawing member shall receive at least seventy-five per cent. of the dividends. The remaining dividends may revert to the undivided earnings. No dividends shall be credited or paid except by a vote of the board of directors duly entered upon the minutes, whereupon shall be recorded the vote by ayes and nays. It shall be lawful for the association, in addition to the contingent fund required by section thirteen of this act, to hold in its fund of undivided earnings, such sum as the board of directors may from time to time deem necessary or wise: *Provided, however*, That when the undivided earnings, including the contingent fund, exceed fifteen per cent. of the dues and dividends credited to members, the board of directors shall declare such extra dividend in excess of Dividends. Extra dividends.

the dividend regularly apportioned, as may be necessary to distribute among the shareholders the accumulation in excess of such authorized surplus.

Loans.
how made.

SEC. 8. For every loan made, except a loan from one association to another, a note or bond secured by first mortgage on improved real estate shall be taken, which security shall be conservatively worth at least twice the value of the loan. No mortgage loan shall be made except upon the report in writing of an appraiser or a committee of appraisers appointed by the board of directors, which report shall state the conservative value of the mortgage security. The directors in their discretion may also loan upon the security of the shares in the association to the amount of ninety per cent. of their withdrawal value, and may loan upon or invest in bonds of the United States and of the State of Washington, and in such classes of bonds and warrants of the counties, school districts and other municipalities, as well as local improvement districts, in this state, as the state auditor may from time to time approve. Any association having a surplus for which there is no demand for loaning purposes or for the payment of withdrawals or matured shares, may loan the same to another domestic association, and such association may borrow from other associations or otherwise for loaning purposes or for the payment of withdrawals or matured shares: *Provided*, That no association shall borrow any amount or amounts which in the aggregate shall exceed twenty-five per cent. of the actual value of mortgages on deposit with the state auditor, as shown by the last preceding semi-annual statement of the borrowing associations, as provided in section 9 of this act.

Investments.

May loan
to other
associations.

Borrowing
authorized.

In borrowing said amount or amounts for the purposes specified, any such association may, at its election, borrow the same or any part thereof upon its debenture bonds, maturing on or before five years after date and bearing interest not exceeding six per cent. per annum, interest payable semi-annually. In no case shall any such bonds be issued when there are sufficient funds on hand or

receivable in time to meet approved applications for loans or for the payment of maturing stock or withdrawals of stock. Such debenture bonds may be retired by action of the board of directors at any time after one year from date of issue, by the secretary of the association giving notice in writing sixty days or more prior to the next interest date to the recorded holders thereof, and on return of said retired bonds, together with the coupons attached, said holders shall receive their par value. At the expiration of said interest period, the bonds so called shall cease to draw interest. Whenever the state auditor shall deem any indebtedness incurred under the provisions of this section to be detrimental to the interests of the shareholders of any such association, he shall notify such association to reduce its indebtedness to such amount as he shall consider reasonable, giving such association such reasonable time as may be necessary to effect such reduction of indebtedness.

State Auditor may order indebtedness reduced.

SEC. 9. Every savings and loan association heretofore or hereafter incorporated under the laws of this state, and governed by this act, shall deposit and keep with the state auditor, or with a duly chartered trust company of this state, approved by the state auditor, in trust for all its members and creditors, all mortgages and notes secured thereby, received by it in the usual course of business. When deposited with a trust company such company shall certify to the state auditor the possession of such securities, and the same shall not be surrendered without the authority or sanction of the state auditor. All associations except such as confine their business operations wholly to the county in which such associations are incorporated and adjoining counties, not having or owning mortgages to the amount of twenty-five thousand dollars, shall deposit with the state auditor additional securities to make with the securities so owned and deposited a total value of not less than twenty-five thousand dollars. Such additional securities shall consist of bonds of the United States and of the State of Washington, and such classes

Securities deposited with state.

Municipal obligations.

of bonds and warrants of the counties, school districts and other municipalities, as well as local improvement districts, in said state, as the state auditor may from time to time approve, and such additional securities may be withdrawn from time to time when mortgage securities of corresponding value shall be deposited, as provided in this act, or when other securities of like character are substituted therefor, and it shall be the duty of the state auditor, from time to time, to examine said associations to ascertain whether all of its securities are deposited, as required by this act: *Provided*, That all securities heretofore taken in any other state, territory or nation, by any association organized under the laws of this state, and subject to the provisions of this act, and there deposited under the laws of such state, territory or nation, with some officer, authorized to receive the same, shall not be deposited with the auditor of the State of Washington. But in every such case a certificate of such deposit shall be filed with the auditor of this state, and renewed annually, together with a statement verified by the affidavit of some officer of such association, who has knowledge of the facts, showing all of the securities taken by such association, in such other state, territory or nation, at the time of the filing of such certificate; and in case any securities taken in any such state, territory or nation are not deposited there, then the same shall be deposited here, as required by this act.

Foreign
securities.

Every foreign association doing business in this state and governed by this act shall deposit and keep with the auditor of this state, or with a duly chartered trust company of this state, approved by the state auditor, in trust for all its members and creditors in this state, all mortgages heretofore received by it in this state and now in effect, and all mortgages hereafter received by it in the usual course of its business in this state. Such securities shall be kept and dealt with by the state auditor or by such trust company in like manner as the securities deposited by savings and loan associations organized under the laws of this state. Every association governed by this act

Foreign
associations.

shall on or before the 1st day of February and on or before the 1st day of August in each year, file with the state auditor a verified statement of the total amount due to the association from the borrowers, upon the mortgage loans on deposit with the state auditor upon respectively the thirty-first day of December and the thirtieth day of June last preceding. Payments upon stock pledged to the association for a loan, which payments are accumulated for the purpose of meeting the loan at or prior to its maturity, shall be considered as payments upon such loan within the intent of this section.

SEC. 10. All interest and dividends which may accrue on securities held by the state auditor or such trust company as provided for herein and all dues, or monthly payments, which may become payable on stock pledged as security for loans, the notes and mortgages for which are deposited in accordance with the provisions of this act, may be collected and retained by the association depositing such securities or mortgages, so long as such association remains solvent and faithfully performs all contracts with its members, and when any mortgage shall have been fully paid to said association the same shall be surrendered by said state auditor, or under his order, upon filing with him a certificate of the auditor of the county where the real estate is situated, to the effect that the satisfaction of said mortgage has been filed for record. Any mortgage upon which default has been made may be surrendered as aforesaid, upon filing with the state auditor an affidavit sworn to by the president and secretary of the association owning the same, stating that such mortgage is in default and that it is withdrawn for the purpose of foreclosure.

Surrender
of securities.

SEC. 11. Any savings and loan association may purchase at any sale, public or private, any real estate upon which it may have a mortgage, judgment, lien, or other incumbrance or in which it may have any interest, and may sell, convey, lease or mortgage the same at pleasure to any person or persons, but shall not otherwise acquire or deal in real estate: *Provided*, That any such association may

May hold
real estate.

acquire such real estate or a lease hold interest therein as may be necessary or convenient for a location for the transaction of its business: *Provided further*, That no such association shall use more than ten per cent. of its assets at any time in acquiring real estate for its business location: *Provided further*, That all real estate except that used for its business location shall be sold by said association within five years from and after the time that title thereto is acquired.

Limitation.

Checking
accounts
prohibited.

SEC. 12. No savings and loan association shall carry any demand, commercial or checking account and no such association shall receive any savings account or any sum of money on deposit without issuing shares of stock for the same.

Contingent
fund.

SEC. 13. At each periodical distribution of profits, unless such association already has issued paid up reserve fund stock equal to five per cent. of the amount credited to members to which losses may be chargeable as provided in section 6 of this act, the board of directors shall reserve and carry to a contingent fund, a sum equal to at least five per cent. of the net earnings during the period since the last previous dividend was declared, until such contingent fund shall be equal to at least five per cent. of the amount credited to members. The directors may at any time carry to such contingent fund any further portion of the undivided earnings that in their discretion may seem wise, except as herein provided. Losses of the association may be paid therefrom, and whenever the contingent fund is reduced below five per cent. the board of directors shall at each periodical distribution of profits carry to such contingent fund at least five per cent. of the net earnings during the period since the last dividend was declared until such contingent fund shall again be equal to at least five per cent. of the amount credited to members.

Losses.

SEC. 14. Whenever the losses of an association exceed the contingent fund, or the reserve fund, if reserve fund stock has been issued as provided in section 6 of this act, they may be charged against the undivided earnings, if

any, and in the event that they also exceed such undivided earnings, shall be charged *pro rata* against all classes of shares according to the withdrawal value thereof.

SEC. 15. The expenses of such association shall be paid from its earnings, and no deduction from dues shall be made either directly or indirectly for that purpose. No such association shall pay or be or become liable to pay either directly or indirectly in the course of any calendar year as salaries, commissions, fees or other compensation to its officers, directors, auditor, attorneys, agents, clerks and all other employes and for rent, advertising, and all other operating expenses, sums of money the aggregate of which shall exceed two and one-half per cent. of the average amount of assets of such association during such year. The term "operating expenses" as used in this connection shall not be construed to include membership fees, taxes, assessments, repairs or insurance on real estate or commissions on the sale of real estate, or on the placing of loans, or any interest which the association may have paid or become liable to pay, proper legal charges for searching titles or the preparation of legal papers, expenses of foreclosure suits or other *bona fide* litigation, nor charges for examinations made by the direction of the state auditor. The provisions of this section, in so far as they limit the expenditure for expenses, shall not apply to any association whose accumulated capital is less than forty thousand dollars: *Provided, however,* That the annual expenses of every such latter association shall not exceed a total of one thousand dollars. The provisions of this section shall apply as well to foreign as to domestic corporations doing business under the permission and certificate of the state auditor and said auditor shall not renew such permission or issue such certificate to any corporation that shall have violated the provisions of this section.

SEC. 16. Shares shall not be withdrawn until after a lapse of three months from the time of issuance of such shares and not then except at the option of the association, and after one day's written notice of intention to

Expenses.

Operating expenses defined.

Withdrawal of shares.

withdraw such shares shall have been given subsequent to the expiration of such three months; but shares may be withdrawn at any time after one year from the time of issuance and after one day's written notice of such withdrawal has been given to the association. The withdrawing shareholder shall be paid the amount of the withdrawal value of the shares, as shown by the last prior distribution of profits and as determined by the by-laws, together with all the dues paid thereon since such distribution: *Provided*, That upon withdrawal of shares pledged to the association for a stock loan or stock loans, the association shall first deduct therefrom the indebtedness due the association. Withdrawals shall be paid in the order of their filing, except as hereinafter provided, and it shall be the duty of the secretary or other officer discharging such duties to enter upon each notice the order and date of such filing. Except as hereinafter provided, not more than two-thirds of the receipts of the association in any month shall be applied to the payment of withdrawals and matured shares without the consent of the board of directors. Whenever an application for withdrawal shall have been on file or the payment of matured shares demanded and either shall have remained unpaid for a period of six months, all the receipts of the association in any month from dues, loans, repaid, and the proceeds of all other investments, shall, after the payment of expenses and general indebtedness, be applied toward the payment of withdrawals and matured stock; and the board of directors, or the state auditor, in his discretion, may direct that withdrawals be paid upon a ratable and proportionate basis. After filing the notice of withdrawal provided herein, the withdrawing member shall be entitled to the dividends credited to the same class of shares, until the final payment of his shares is made; and membership in the association shall remain unimpaired so long as any accumulation remains to his credit. No officer, director, attorney, clerk or agent of such association, and no person in any way interested or concerned in the management of its affairs

Withdrawal
value to
be paid.

shall discount or directly or indirectly purchase a share of any such association, whether filed for withdrawal or not, except by payment therefor of the withdrawal value of such share as determined herein. The board of directors of any association may retire all classes of free shares by enforcing withdrawals of the same: *Provided*, That the by-laws shall clearly state the manner in which such withdrawals may be enforced: *And provided also*, That the holders thereof shall be paid the full value of the shares, including, in such case, their proportion of the contingent fund.

Officers not to traffic in shares.

SEC. 17. Shares held by members shall be exempt from taxation and the association itself shall not be taxable, except that its tangible personal and real property shall be taxed as other tangible personal and real property is taxed.

Exemption from taxation.

SEC. 18. On or before the first day of September in each year every savings and loan association doing business in this state shall deposit with the state auditor a report of its affairs and operations for the year ending on the 30th day of June immediately preceding. Such report shall be verified under oath by the president and secretary or by three directors of the association, and shall contain such information as the state auditor from time to time request. Upon filing such report, there shall be paid to the state auditor for the state general fund, in lieu of all other corporation fees or licenses, a fee determined as follows: If the assets of the association as shown by said report amount to fifty thousand dollars or less, a fee of ten dollars; if more than fifty thousand dollars and less than one hundred thousand dollars a fee of twenty dollars; if more than one hundred thousand dollars and less than two hundred fifty thousand dollars, a fee of thirty dollars; if more than two hundred fifty thousand dollars and less than five hundred thousand dollars, a fee of forty dollars; if more than five hundred thousand dollars and less than one million dollars, a fee of sixty dollars; and if more than one million dollars, a fee of one hundred dollars. If such association shall fail to furnish to the auditor of the state

Annual reports.

Annual license fees.

any report required by this act, at the time so required, it shall forfeit the sum of twenty-five dollars per day for every day such report shall be delayed or withheld; and an action shall be started in the name of the state to recover such penalty and the same shall be paid into the treasury of the state. After receiving such report, the auditor, if satisfied that such association has complied with all the provisions of this act and is entitled to do business in this state, shall issue a certificate stating the compliance with such provisions, and that such association is entitled to do business in this state, which certificate shall be in force for the period of one year unless sooner revoked.

Certificate
to do
business.

SEC. 19. The state auditor shall have supervision of all such associations doing business in this state, and shall be charged with the execution of the laws of this state relating thereto. At least annually but not oftener than twice a year except in cases of extreme necessity he shall make or cause to be made an examination into the affairs of all such associations doing business in this state. Such examinations shall be made by an inspector of savings and loan associations to be appointed by the state auditor, and who shall hold office during his pleasure. Such inspector shall be paid for the time actually spent in examining the affairs of any association at the rate of eight dollars per diem and railroad fare. Such compensation shall be paid by the association and where several associations are examined in the course of a single trip made by the examiner, the railroad fare shall be equitably proportioned by the state auditor among the associations so examined. All examinations made by such inspector shall be full and complete, and in making the same he shall have full access to, and may compel the production of all books, papers, moneys, and records of the association under examination, and may administer oaths to and examine the officers of such association or any person connected therewith as to its business and affairs, and any wilful false swearing shall be deemed perjury and be punishable as such: *Provided*, Whenever by the laws of the state under which any for-

Auditor
to examine
association.

Inspector.

Expenses of
inspector.

eign association is organized, annual examinations of such association are required and are made pursuant thereto, then such foreign association shall not be examined hereunder: *Provided*, Such foreign association shall furnish to the auditor of this state annually a certificate of the proper officer of such other state that he has made an examination pursuant to the laws of such other state, and that the affairs of such association are in accord with the laws of such other state: *And provided further*, That the auditor of this state may, whenever he deems it advisable, cause examination of such foreign association to be made as is required in the case of associations organized under the laws of this state.

Certificate
of inspection
of foreign
association.

SEC. 20. Whenever it shall appear to the state auditor that the affairs of any savings and loan association are in an unsound condition or that it is conducting its business in an unsafe or unlawful manner, the state auditor shall at once notify the board of directors of such association, giving them twenty days in which to restore its affairs to a safe and sound condition or to discontinue its illegal practices. If after twenty days such restoration shall not have been made, or such illegal practices shall not have been discontinued, the state auditor shall direct the inspector of savings and loan associations to take possession of all books, records and assets of every description of such association and hold and retain the possession of same pending the further proceedings herein specified. Should the board of directors, secretary or person in charge of such association refuse to permit the said inspector to take possession as aforesaid, the state auditor shall communicate such fact to the attorney general, whereupon it shall become the duty of the attorney general at once to institute such proceedings as may be necessary to place such inspector in immediate possession of the property of such association. Upon taking possession of the effects of the association as aforesaid said inspector shall prepare a full and true statement of the affairs and condition of such association, including an itemized statement of its assets

State
Auditor to
take charge
of associa-
tion, when.

Inspector
to give bond.

and liabilities, and shall receive and collect all debts, dues and claims belonging to it and pay the immediate and reasonable expenses of his trust. Said inspector shall be required to execute to the state auditor a good and sufficient bond in a sum required by the state auditor conditioned upon the faithful discharge of his duties as custodian of such association, which said bond shall be approved by the state auditor, and the expense of which shall be borne by the association under examination.

Attorney
General to
ask for a
receiver.

When the condition of such association has been fully ascertained, and it shall appear that the affairs of said association are in fact in an unsound condition, or that it is in fact continuing its business in an unsafe or unlawful manner, the state auditor shall report the facts to the attorney general and it shall thereupon become the duty of the attorney general to institute proceedings in the superior court of the proper county for the appointment of a receiver and for the dissolution of such association, or such other proceedings as the occasion may require.

Disbarred
from state,
when.

SEC. 21. Any savings and loan association organized under the laws of any other state or territory that shall remove any action that shall be commenced against it in a court of this state to a United States court, or that shall fail to pay any judgment rendered against it upon a suit in any court in this state within sixty days after the rendition of final judgment in such case, or that shall fail to make reports to the state auditor as provided in this act, or to do any other act to be done or performed as required by law, and after the continued failure to do such act for twenty days after notice in writing from the state auditor of such failure, shall have no right or authority to do or transact any further business within the limits of this state, and the state auditor shall thereupon cause notice of the termination of such authority to do business to be mailed to such association, and to be published in some newspaper of general circulation at the capital of the state, and shall communicate the facts to the attorney general of this state, who shall institute such proceedings in

the matter as the case may require: *Provided*, Any such corporation may be again authorized to commence business upon such terms as the state auditor may deem just and proper, and upon full compliance with the provisions of this act. Re-entry.

SEC. 22. Any officer, director or agent of any savings and loan association or any other person who shall sell or issue or knowingly cause to be sold or issued to any resident of this state, any stock of said association while said association does not have on deposit with the state auditor as required by this act, securities of the value and at the time herein prescribed, or while such association shall not have the certificate of the state auditor authorizing it to do business as herein prescribed shall be guilty of a gross misdemeanor. Penalties.

SEC. 23. After the passage and approval of this act, it shall be unlawful for any person, association or persons or domestic associations not already organized and doing business under sections 3601 to 3638, both inclusive, of Remington & Ballinger's Annotated Codes and Statutes of Washington, to conduct a business in the form or of a character similar to that authorized by this act without first incorporating under this act. After the passage and approval of this act no foreign association not already lawfully engaged in the State of Washington in the business of a savings and loan association shall be permitted to conduct such a business in this state, and hereafter no savings and loan associations organized under the laws of this state not already lawfully engaged in the business of a savings and loan association outside of the state of Washington shall be permitted to engage in business outside of this state: *Provided*, That no such association shall loan on property outside of this state more than the aggregate of the amount from time to time standing to the credit of members outside of the state. This act exclusive as to new organizations.

SEC. 24. It shall be unlawful for any savings and loan association to make, publish, or circulate any advertisement, sign, circular or statement intended or calculated Foreign associations not already in state barred.

Advertising limited.

to induce persons to purchase stock of such association in the belief that such stock is subject to withdrawal on demand or that a stipulated or agreed rate of interest or dividend is payable thereon, except as provided in section 6.

Names
prohibited.

SEC. 25. After the passage and approval of this act, no person, association of persons, or corporation conducting a business not in the form and of a character similar to that authorized by this act shall have or continue to use for a part of its title or corporate name any combination of two or more of the following words, to-wit: "building", "savings", "loan", "home", "association", or "society".

This act
exclusive.

SEC. 26. The powers, rights, duties, privileges and obligations of every association heretofore or hereafter organized and doing business in the form or of a character similar to that authorized by this act, shall be governed, controlled, construed, extended, limited and determined by the provisions of this act, to the same extent and effect as if said association had been organized and incorporated under or pursuant to the provisions of this act, and the articles of incorporation, by-laws, and rules of every such association heretofore made or existing are hereby modified, altered and amended to conform with the provisions of this act and the same are declared void where such articles of incorporation, by-laws or rules are inconsistent with the provisions of this act; except that the obligations of any existing association, whether between such association and its shareholders or any one of them or any other person or persons or any valid contract between the shareholders of such association existing at the time this act takes effect shall not be in any way impaired by the provisions of this act; and with such exceptions every savings and loan association shall possess the powers, rights, duties and privileges, and be subject to the obligations, restrictions and liabilities conferred and imposed by this act, notwithstanding anything to the contrary in its articles of incorporation, by-laws or rules. All obligations to any such association heretofore contracted shall be enforceable by it and in its name, and demands, claims and rights of

Existing
contracts
not impaired
by this act.

action against any such association may be enforced against it as fully and completely as they might have been enforced before.

SEC. 27. Every officer, director, agent or other employee of any savings and loan association, who shall willfully violate or fail to comply with any of the provisions of this act, shall be guilty of a misdemeanor.

SEC. 28. Sections 3601 to 3638 inclusive of Remington & Ballinger's Annotated Codes and Statutes of Washington, and all acts and parts of acts in conflict herewith, are hereby repealed.

SEC. 29. This act shall take effect July first, 1913.

Passed the House February 14, 1913.

Passed the Senate March 12, 1913.

Approved by the Governor March 19, 1913.

Offenses.

Repeal of Rem.-Bal., §§ 3601-3638; Pierce's Code, 1912, 405; §§ 183-257.

Time of taking effect.

CHAPTER 111.

[H. B. 235.]

RELATING TO THE DISCHARGE OF PERSONS FROM THE STATE TRAINING SCHOOL.

AN ACT relating to the commitment of persons to the Washington State Training School, and to their discharge therefrom.

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

SECTION 1. Each boy or girl committed to the State Training School in the manner provided by law, shall remain there until he or she arrives at the age of twenty-one years unless sooner paroled or legally discharged. The discharge of any boy or girl having arrived at the age of twenty-one years shall be a complete release from all penalties incurred by conviction of the offense for which he or she was committed.

Passed the House February 28, 1913.

Passed the Senate March 12, 1913.

Approved by the Governor March 19, 1913.

[This act amends Rem.-Bal., §§ 1986 and 2276; Pierce's Code, 1912, 489 § 77 and 135 § 47.] (For commitments to training school, see Rem.-Bal., §§ 1980, 1983, 1995, 2276, 4382 and 8615; Pierce's Code, 1912, 489 § 65, 489 § 71, 69 § 25, 135 § 47, 413 § 159, and 413 § 943.)